

**GUIDELINE (EU) 2015/[XX\*] OF THE EUROPEAN CENTRAL BANK**

**of 16 April 2015**

**amending Guideline (EU) 2015/510 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60)**

**(ECB/2015/20)**

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union, and in particular the first indent of Article 127(2) thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular the first indent of Article 3.1, Articles 9.2, 12.1, 14.3, 18.2 and the first paragraph of Article 20 thereof,

Whereas:

- (1) Achieving a single monetary policy entails defining the tools, instruments and procedures to be used by the Eurosystem, which consists of the European Central Bank (ECB) and the national central banks of those Member States whose currency is the euro (hereinafter the 'NCBs'), in order to implement such a policy in a uniform manner throughout the Member States whose currency is the euro.
- (2) In the light of Article 12.1 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statute of the ESCB'), the ECB has the authority to formulate the single monetary policy of the Union and to issue the necessary guidelines to ensure its proper implementation. In accordance with Article 14.3 of the Statute of the ESCB, the NCBs have an obligation to act in accordance with such guidelines. This Guideline is therefore addressed to the Eurosystem. The rules laid down in this Guideline will be implemented by the NCBs in contractual or regulatory arrangements. Counterparties will be required to comply with those rules as implemented by the NCBs in those contractual or regulatory arrangements.
- (3) The first indent of Article 18.1 of the Statute of the ESCB allows the Eurosystem to operate in the financial markets by buying and selling outright (spot and forward) or under repurchase agreements and by lending or borrowing claims and marketable instruments, whether in euro or other currencies, as well as precious metals. The second indent of Article 18.1 allows the Eurosystem to conduct credit operations with credit institutions and other market participants.

\* This number will be allocated by the Publications Office of the European Union when the Guideline is published in the Official Journal.

- (4) To protect the Eurosystem from counterparty risk, the second indent of Article 18.1 of the Statute of the ESCB provides that when the Eurosystem conducts credit operations with credit institutions and other market participants, lending should be based on adequate collateral.
- (5) To ensure the equal treatment of counterparties, as well as to enhance operational efficiency and transparency, assets must fulfil certain uniform criteria across the Member States whose currency is the euro in order to be eligible as collateral for Eurosystem credit operations.
- (6) The Eurosystem has developed a single framework for assets eligible as collateral so that all Eurosystem credit operations are carried out in a harmonised manner by means of implementing this Guideline in all Member States whose currency is the euro.
- (7) Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60)<sup>1</sup> should be amended to reflect changes to the Eurosystem's collateral framework relating to the acceptable coupon structures for marketable assets.
- (8) Therefore, Guideline (EU) 2015/510 (ECB/2014/60) should be amended accordingly,

HAS ADOPTED THIS GUIDELINE:

*Article 1*

Guideline (EU) 2015/510 (ECB/2014/60) is amended as follows:

1. Article 63 is replaced by the following:

*Article 63*

**Acceptable coupon structures for marketable assets**

1. In order to be eligible, debt instruments shall have either of the following coupon structures until final redemption:
  - (a) fixed, zero or multi-step coupons with a pre-defined coupon schedule and pre-defined coupon values that may not result in a negative cash flow; or
  - (b) floating coupons that may not result in a negative cash flow and that have the following structure: coupon rate = (reference rate \* I) ± x, with  $f \leq \text{coupon rate} \leq c$ , where:
    - (i) the reference rate is only one of the following at a single point in time:
      - a euro money market rate, e.g. EURIBOR, LIBOR or similar indices;
      - a constant maturity swap rate e.g. CMS, EIISDA, EUSA;

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<sup>1</sup> Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (OJ L 91, 2.4.2015, p. 3).

- the yield of one or an index of several euro area government bonds that have a maturity of one year or less;
  - a euro area inflation index; and
- (ii) f (floor), c (ceiling), l (leveraging/deleveraging factor) and x (margin) are, if present, numbers that are either pre-defined at issuance, or may change over time only according to a path pre-defined at issuance, where f and c are greater than or equal to zero and l is greater than zero throughout the entire lifetime of the asset. For floating coupons with an inflation index reference rate, l shall be equal to one.
2. Any coupon structure that does not comply with paragraph 1 shall not be eligible, including instances where only part of the remuneration structure, such as a premium, is non-compliant.
  3. For the purpose of this Article, if the coupon is either of a fixed multi-step type or of a floating multi-step type, the assessment of the relevant coupon structure shall be based on the entire lifetime of the asset with both a forward- and backward-looking perspective.
  4. Acceptable coupon structures shall have no issuer optionalities, i.e. during the entire lifetime of the asset, based on a forward- and backward-looking perspective, changes in the coupon structure that are contingent on an issuer's decision shall not be acceptable.'

## *Article 2*

### **Taking effect and implementation**

1. This Guideline shall take effect on the day of its notification to the NCBs.
2. The NCBs shall take the necessary measures to comply with this Guideline and apply them from 1 May 2015. They shall notify the ECB of the texts and means relating to those measures by 24 April 2015 at the latest.

## *Article 3*

### **Addressees**

This Guideline is addressed to all Eurosystem central banks.

Done at Frankfurt am Main, 16 April 2015.

[signed]

*The President of the ECB*

Mario DRAGHI