

Regulation of the “Banque centrale du Luxembourg” 2012/ N° 13 of 9 November 2012 implementing the Guideline of the European Central Bank of 10 October 2012 amending Guideline ECB/2012/18 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2012/23)

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In case of discrepancy between the French and the English text, the French text shall prevail

BANQUE CENTRALE DU LUXEMBOURG

Regulation of the “Banque centrale du Luxembourg” 2012/ N° 13 of 9 November 2012 implementing the Guideline of the European Central Bank of 10 October 2012 amending Guideline ECB/2012/18 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2012/23)

The “Direction” of the “Banque centrale du Luxembourg”;

Having regard to the Treaty on the functioning of the European Union and notably to article 127(2), first indent;

Having regard to the Statute of the European System of Central Banks and of the European Central Bank and in particular Article 12.1 and Article 14.3 in conjunction with the first indent of Article 3.1 and Article 18.2 thereof ;

Having regard to Article 108 *bis* of the Constitution;

Having regard to the law of 23 December 1998 concerning the monetary status and the “Banque centrale du Luxembourg” (hereafter the “Banque centrale”) as amended, in particular Articles 2 (1), 2 (2) and 34 (1);

Considering that pursuant to Article 18.1 of the Statute of the European System of Central Banks and of the European Central Bank, the European Central Bank (ECB) and the national central banks of Member States whose currency is the euro may conduct credit operations with credit institutions and other market participants, with lending being based on adequate collateral. The criteria determining the eligibility of collateral for Eurosystem monetary policy operations are laid down in Annex I to Guideline ECB/2011/14 of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem, as implemented by the General Terms and Conditions of the operations of the Banque centrale. Additional temporary measures on collateral eligibility are laid down in Guideline ECB/2012/18 of 2 August 2012 on additional temporary measures

relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9¹;

Considering that Pursuant to Section 1.6 of Annex I to Guideline ECB/2011/14, the Governing Council may, at any time, change the instruments, conditions, criteria and procedures for the execution of Eurosystem monetary policy operations. Furthermore, pursuant to Section 6.3.1, the Eurosystem reserves the right to determine whether an issue, issuer, debtor or guarantor fulfils its requirements for high credit standards on the basis of any information it may consider relevant;

Considering that to enhance the provision of liquidity to counterparties for Eurosystem monetary policy operations, the Governing Council has decided to temporarily widen the criteria determining the eligibility of assets to be used as collateral in Eurosystem monetary policy operations accepting marketable debt instruments denominated in pounds sterling, yen or US dollars as eligible assets for monetary policy operations. Valuation markdowns reflecting the historical volatility of the relevant exchange rates should be applied to such marketable debt instruments;

Considering that these additional measures should apply temporarily, until the Governing Council considers that they are no longer necessary, to ensure an appropriate monetary policy transmission mechanism. Therefore, they should be implemented by means of an amendment of Guideline ECB/2012/18. The implementation of these modifications by the Banque centrale implies that the Regulation of the BCL 2012/ N° 12 of 12 September 2012 implementing the Guideline of the European Central Bank of 2 August 2012 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2012/18) (hereinafter the “Regulation 2012/ N° 12”) is also amended.

¹ OJ L 218, 15.8.2012, p. 20.

Art. 1. Amendments

The Regulation 2012/ N°12 is amended as follows:

1) Article 1 is replaced by the following:

“Art. 1. Additional measures relating to refinancing operations and eligible collateral

1. The rules for the conduct of Eurosystem monetary policy operations and the eligibility criteria for collateral laid down in this Regulation, as further specified in paragraph 2, shall apply in conjunction with the General Terms and Conditions of the operations of the Banque centrale.

2. Only Articles 3, 4 and 4 bis of this Regulation shall apply to foreign currency denominated collateral.

3. In the event of any discrepancy between this Regulation and the General Terms and Conditions of the operations of the Banque centrale, this Regulation shall prevail. The BCL shall continue to apply all provisions of the General Terms and Conditions of the operations of the Banque centrale unaltered unless otherwise provided for in this Regulation.”;

2) the following Art. 4. bis is inserted:

“Art. 4. bis Admission of certain assets denominated in pounds sterling, yen or US dollars as eligible collateral

1. Marketable debt instruments as described in Section 4.1.1 of Annex 8 to the General Terms and Conditions of the operation of the Banque centrale, if denominated in pounds sterling, yen or US dollars shall constitute eligible collateral for Eurosystem monetary policy operations, provided that: (a) they are issued and held/settled in the euro area; (b) the issuer is established in the European Economic Area; and (c) they fulfil all other eligibility criteria included in Section 4.1.1 of Annex 8 to the General Terms and Conditions of the operation of the Banque centrale.

2. The Banque centrale shall apply the following valuation markdowns to such marketable debt instruments: (a) a markdown of 16 % on assets denominated in pounds sterling or US dollars; and (b) a markdown of 26 % on assets denominated in yen.”.

Art. 2. Entry into force

This Regulation shall enter into force on the day of its publication.

Art. 3. Publication

This Regulation shall be published in the Mémorial and on the Banque centrale's website (www.bcl.lu).

BANQUE CENTRALE DU LUXEMBOURG
La Direction