

**Regulation of the “Banque centrale du Luxembourg” 2014/ N°16 of 12 May 2014
implementing the Guideline of the European Central Bank of 12 March 2014
amending Guideline ECB/2013/4 on additional temporary measures relating to
Eurosystem refinancing operations and eligibility of collateral and amending
Guideline ECB/2007/9**

(ECB/2014/12)

Unofficial English translation – For information purposes only

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” 2014/ N°16 of 12 May 2014 implementing the Guideline of the European Central Bank of 12 March 2014 amending Guideline ECB/2013/4 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9 (ECB/2014/12)

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 3.1, first indent, and Article 12.1, 14.3 and 18.2;

Having regard to Guideline ECB/2011/14 of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem¹, Decision ECB/2013/6 of 20 March 2013 on the rules concerning the use as collateral for Eurosystem monetary policy operations of own-use uncovered government-guaranteed bank bonds² and Decision ECB/2013/35 of 26 September 2013 on additional measures relating to Eurosystem refinancing operations and eligibility of collateral³;

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

¹ OJ L 331, 14.12.2011, p.1.

² OJ L 95, 5.4.2013, p.22.

³ OJ L 301, 12.11.2013, p.6.

Having regard to the law of 23 December 1998 concerning the monetary status and the “Banque centrale du Luxembourg” (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 (hereinafter the ‘NCBs’) may conduct credit operations with credit institutions and other market participants, with lending being based on adequate collateral. The general conditions under which the ECB and the NCBs stand ready to enter into credit operations, including the criteria determining the eligibility of collateral for the purposes of Eurosystem credit operations, are laid down in Annex I to Guideline ECB/2011/14, as well as Decision BCE/2013/6 and Decision BCE/2013/35;

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;

Considering that Guideline ECB/2013/4, Decision ECB/2013/22⁴ and Decision ECB/2013/36⁵ together with other legal acts, lay down the additional measures relating to Eurosystem refinancing operations and eligibility of collateral to be applied temporarily, until the Governing Council considers that they are no longer necessary to ensure an appropriate monetary policy transmission mechanism;

Considering that Guideline ECB/2014/12 has amended Guideline ECB/2013/4 in order to reflect changes to the Eurosystem’s collateral framework, relating to: (a) the extension of loan-level reporting requirements to asset-backed securities backed by credit card receivables in Annex I to Guideline ECB/2011/14 ; (b) the revision of the mapping of certain credit ratings in the context of the Eurosystem harmonised rating scale, and (c) clarification of the rating rules relating to asset-backed securities;

Considering that Guideline ECB/2013/4 was implemented at national level by the Regulation of the “Banque centrale du Luxembourg” 2013/ N°15 (hereafter the “Regulation BCL/2013/15”) and that amendments to Guideline ECB/2013/4 must be reflected by amendments to the Regulation BCL/2013/15;

HAS ADOPTED THIS GUIDELINE:

Article 1. Amendments

The Regulation BCL/2013/15 is amended as follows:

1. Article 1(3) is replaced by the following:

⁴ Decision ECB/2013/22 of 5 July 2013 on temporary measures relating to the eligibility of marketable debt instruments issued or fully guaranteed by the Republic of Cyprus (OJ L 195, 18.7.2013, p. 27).

⁵ Decision ECB/2013/36 of 26 September 2013 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral (OJ L 56, 12.11.2013, p. 13).

“3. For the purposes of Article 5(1) and Article 7, the Hellenic Republic and the Portuguese Republic shall be considered euro area Member States compliant with a European Union/International Monetary Fund programme.”;

2. Article 3(1) is replaced by the following:

“1. In addition to asset-backed securities eligible under Chapter 6 of Annex I to Guideline ECB/2011/14, asset-backed securities which do not fulfill the credit assessment requirements under Section 4.5.2 of Annex 8 of the General Terms and Conditions of the operations of the Banque centrale⁶, but which otherwise comply with all eligibility criteria applicable to asset-backed securities pursuant to the General Terms and Conditions of the operations of the Banque centrale⁷, shall be eligible as collateral for Eurosystem monetary policy operations, provided that they have two ratings of at least “triple B”⁸ level from any accepted ECAI for the issue. They shall also satisfy all the following requirements:

- a) the cash-flow generating assets backing the asset-backed securities belong to one of the following asset classes: i) residential mortgages; ii) loans to small and medium-sized enterprises (SMEs); iii) commercial mortgages; iv) auto loans; (v) leasing; vi) consumer finance; vii) credit card receivables;
- b) there shall be no mix of different asset classes in the cash- flow generating assets;
- c) the cash-flow generating assets backing the asset-backed securities do not contain loans which:
 - i) are non-performing at the time of issuance of the asset-backed securities;
 - ii) are non-performing when incorporated in the asset-backed securities during the life of the asset-backed securities, for example by means of a substitution or replacement of the cash-flow generating assets;
 - iii) are at any time, structured, syndicated or leveraged;
- d) the asset-backed securities transaction documents shall contain servicing continuity provisions.

Article 2. Taking effect and implementation

This Regulation takes effect on the day of its publication.

Article 3. Publication

⁶ Section 6.3 of Annex I to Guideline ECB/2011/14

⁷ Annex I to Guideline ECB/2011/14

⁸ A ‘triple B’ rating is a rating of at least ‘Baa3’ from Moody’s, ‘BBB-’ from Fitch or Standard & Poor’s, or a rating of ‘BBBL’ from DBRS.

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

BANQUE CENTRALE DU LUXEMBOURG
La Direction