



EUROPEAN CENTRAL BANK
EUROSYSTEM

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ECB-PUBLIC

GUIDELINE (EU) 2018/[XX*] OF THE EUROPEAN CENTRAL BANK

of 7 February 2018

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

(ECB/2018/3)

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 and 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 in order to implement such a policy in a uniform manner throughout the Member States whose currency is the euro.
- (2) With respect to monetary policy operations, Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60)¹ should be amended to incorporate some necessary technical and editorial refinements relating to operational aspects.
- (3) Some technical and editorial refinements relating to the counterparty framework need to be made. In addition, the Governing Council considers it necessary to introduce an automatic limitation of counterparties' access to monetary policy operations following a determination by a competent authority that they are 'failing or likely to fail'.
- (4) 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 the

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

¹ 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).

implementation of Guideline (EU) 2015/510 (ECB/2014/60)² in all Member States whose currency is the euro. The Governing Council considers it necessary to introduce some changes to the Eurosystem's collateral framework including excluding investment funds as eligible issuers or guarantors due to specific risks arising from the instability of investment fund's financing arrangements, and changing the rules on exceptions to the prohibition of own-use of eligible assets, on the use of guaranteed unsecured debt instruments issued by a counterparty or a closely-linked entity, on the use of guaranteed unsecured debt instruments issued by a credit institution or a closely-linked entity and on the covered bond rating transparency requirements.

- (5) Commercial mortgage-backed securities (CMBS) should be made ineligible as collateral under the Eurosystem collateral framework as the risks and complexity of CMBS are substantially different, both in terms of underlying assets and structural features, from other asset-backed securities (ABS) accepted by the Eurosystem as collateral.
- (6) The Eurosystem requires the provision of comprehensive and standardised loan-level data on the pool of cash-flow generating assets backing ABS. Loan-level data must be submitted by the relevant parties to a loan-level data repository designated by the Eurosystem. Eurosystem requirements for designating loan-level data repositories, as well as the actual designation process, need to be further clarified in the interest of transparency.
- (7) Eligible assets are required to meet the Eurosystem's credit quality requirements specified in the Eurosystem credit assessment framework (ECAF), which lays down the procedures, rules and techniques to ensure that the Eurosystem's requirement for high credit standards for eligible assets is maintained. Some necessary technical and editorial refinements relating to the ECAF need to be made.
- (8) The rules on penalties to be applied by the Eurosystem in the case of breaches of counterparties' obligations need to be clarified.
- (9) Eurosystem counterparties make use of securities settlement systems (SSSs) and links between SSSs operated by central securities depositories (CSDs) in order to mobilise adequate collateral for Eurosystem credit operations.
- (10) Under Article 18.2 of the Statute of the European System of Central Banks and of the European Central Bank, the European Central Bank (ECB) must establish general principles for open market and credit operations carried out by the ECB or by the national central banks (NCBs), including for the announcement of the conditions under which they stand ready to enter into such transactions.
- (11) The Eurosystem has developed a single framework for marketable and non-marketable assets eligible as collateral, which may be mobilised on a domestic or cross-border basis. For mobilising marketable assets within the Eurosystem, SSSs and links between SSSs may only be used if they are assessed as eligible by the Eurosystem.

² 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).

- (12) Since 1998 the Eurosystem has applied user standards for assessing SSSs and links between SSSs to determine their eligibility for use in Eurosystem credit operations.
- (13) With the adoption of Regulation (EU) No 909/2014 of the European Parliament and of the Council³ and related technical standards comprising regulatory technical standards and implementing technical standards, and given the substantial overlap between the requirements of Regulation (EU) No 909/2014 and the Eurosystem user standards, the Eurosystem has decided to streamline the procedure for assessing SSSs and links between SSSs.
- (14) The requirements specific to the Eurosystem not covered by the requirements laid down in Regulation (EU) No 909/2014 in respect of CSDs should be defined.
- (15) The Eurosystem has developed standards for the use of tri-party agents (TPAs) in Eurosystem credit operations. All TPAs, offering either cross-border or domestic services, should be subject to similar assessment processes.
- (16) Several amendments need to be made to reflect the changes decided upon by the Governing Council with respect to the collateral eligibility criteria applicable to unsecured bank bonds for Eurosystem credit operations.
- (17) Several minor technical amendments need to be made in the interests of clarity, including with regard to multi-issuer securities, the implicit credit assessment rule and the non-compliance framework.
- (18) Therefore, Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60)⁴ should be amended accordingly,

HAS ADOPTED THIS GUIDELINE:

Article 1

Amendments

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

1. Article 2 is amended as follows:

(a) point (7) is replaced by the following:

‘(7) “central securities depository” (CSD) means a central securities depository as defined in point (1) of Article 2(1) of Regulation (EU) No 909/2014 of the European Parliament and of the Council*;

³ Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p.1).

⁴ 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).

* Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p.1).’;

(b) the following point (22a) is inserted:

‘(22a) “direct link” means an arrangement between two SSSs operated by CSDs, whereby one CSD becomes a direct participant in the SSS operated by the other CSD by opening a securities account, in order to allow the transfer of securities through a book-entry process;’;

(c) the following points (25a) and (25b) are inserted:

‘(25a) “eligible link” means a direct or relayed link that the Eurosystem has assessed as compliant with the eligibility criteria laid down in Annex VIa for use in Eurosystem credit operations and is published on the Eurosystem list of eligible links on the ECB’s website. An eligible relayed link is composed of underlying eligible direct links;

(25b) “eligible SSS” means an SSS operated by a CSD that the Eurosystem has assessed as compliant with the eligibility criteria laid down in Annex VIa for use in Eurosystem credit operations and is published on the Eurosystem list of eligible SSSs on the ECB’s website;’;

(d) point (33) is deleted;

(e) point (35) is replaced by the following:

‘(35) “financial corporation” means a financial corporation as defined in Annex A to Regulation (EU) No 549/2013 of the European Parliament and of the Council*;

* Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (ESA 2010) (OJ L 174, 26.6.2013, p. 1).’;

(f) point (46) is replaced by the following:

‘(46) “intraday credit” means intraday credit as defined in point (26) of Article 2 of Guideline ECB/2012/27 of the European Central Bank*;

* Guideline ECB/2012/27 of the European Central Bank of 5 December 2012 on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) (OJ L 30, 30.1.2013, p. 1).’;

(g) the following point (46b) is inserted:

‘(46b) “investment fund” means money market funds (MMFs) or non-money market funds (non-MMFs) as defined in Annex A to Regulation (EU) 549/2013;’;

(h) the following point (76a) is inserted:

‘(76a) “relayed link” means a link established between SSSs operated by two different CSDs which exchange securities transactions or transfers through a third SSS operated by a CSD acting as an intermediary or, in the case of SSSs operated by CSDs participating in TARGET2-Securities, through several SSSs operated by CSDs acting as intermediaries;’;

(i) point (82) is replaced by the following:

‘(82) “securities settlement system” (SSS) means a securities settlement system as defined in point (10) of Article 2(1) of Regulation (EU) No 909/2014, which allows the transfer of securities, either free of payment (FOP), or against payment (delivery versus payment (DVP));’;

(j) point (95) is replaced by the following:

‘(95) “tri-party agent” (TPA) means a CSD operating an eligible SSS that has entered into a contract with an NCB whereby such CSD is to provide certain collateral management services as an agent of that NCB;’

2. in Article 4, Table 1 is replaced by the following:

‘Table 1

Overview of characteristics of the Eurosystem monetary policy operations

Categories of the monetary policy operations		Types of instruments		Maturity	Frequency	Procedure
		Provision of liquidity	Absorption of liquidity			
Open market operations	Main refinancing operations	Reverse transactions	—	One week	Weekly	Standard tender procedures
	Longer-term refinancing operations	Reverse transactions	—	Three months(*)	Monthly(*)	Standard tender procedures
	Fine-tuning operations	Reverse transactions	Reverse transactions	Non-standardised	Non-standardised	Tender procedures Bilateral procedures(**)
		Foreign exchange swaps	Foreign exchange swaps			
		—	Collection of fixed-term deposits			

		Reverse transactions	Reverse transactions	Non-standardised		Standard tender procedures (***)
	Structural operations	—	Issuance of ECB debt certificates	Less than 12 months	Non-standardised	
		Outright purchases	Outright sales	—		Bilateral procedures Tender procedures(****)
Standing facilities	Marginal lending facility	Reverse transactions	—	Overnight	Access at the discretion of counterparties	
	Deposit facility	—	Deposits	Overnight	Access at the discretion of counterparties	

(*) Pursuant to Article 7(2)(b), Article 7(2)(c), Article 7(3) and Article 7(4)

(**) Pursuant to Article 8(2)(c), Article 10(4)(c), Article 11(5)(c) and Article 12(6)(c)

(***) Pursuant to Article 9(2)(c), Article 10(4)(c) and Article 13(5)(d)

(****) Pursuant to Article 9(2)(c) and Article 14(3)(c)';

3. in Article 6(2), point (f) is replaced by the following:

'(f) are subject to the eligibility criteria laid down in Part Three, which must be fulfilled by all counterparties submitting bids for such operations;';

4. in Article 7(2), point (f) is replaced by the following:

'(f) are subject to the eligibility criteria as laid down in Part Three, which must be fulfilled by all counterparties submitting bids for such operations;';

5. in Article 8(2), point (e) is replaced by the following:

'(e) are subject to the eligibility criteria for counterparties as laid down in Part Three, depending on:

(i) the specific type of instrument for conducting fine-tuning operations; and

(j) the applicable procedure for that specific type of instrument;';

6. in Article 9(2), point (e) is replaced by the following:

- ‘(e) are subject to the eligibility criteria for counterparties as laid down in Part Three, depending on: (i) the specific type of instrument for conducting structural operations; and (ii) the applicable procedure for that specific type of instrument.’;
7. In Article 10, paragraph 4 is replaced by the following:
- ‘4. As regards their operational features, reverse transactions for monetary policy purposes:
- (a) may be conducted either as liquidity-providing or liquidity-absorbing operations;
 - (b) have a frequency and maturity that depends on the category of open market operation for which they are used;
 - (c) that fall into the category open market operations are executed by means of standard tender procedures, with the exception of fine-tuning operations, where they are executed by means of tender or bilateral procedures;
 - (d) that fall into the category marginal lending facility are executed as described in Article 18;
 - (e) are executed in a decentralised manner by the NCBs, without prejudice to Article 45(3).’;
8. in Article 11, paragraph 6 is replaced by the following:
- ‘6. Counterparties participating in foreign exchange swaps for monetary policy purposes shall be subject to the eligibility criteria as laid down in Part Three, depending on the applicable procedure for the relevant operation.’;
9. in Article 12, paragraph 7 is replaced by the following:
- ‘7. Counterparties participating in the collection of fixed term deposits shall be subject to the eligibility criteria as laid down in Part Three, depending on the applicable procedure for the relevant operation.’;
10. in Article 13, paragraph 6 is replaced by the following:
- ‘6. Counterparties participating in the standard tender procedure for the issuance of ECB debt certificates shall be subject to the eligibility criteria as laid down in Part Three.’;
11. in Article 14, paragraph 4 is replaced by the following:
- ‘4. Counterparties participating in outright transactions shall be subject to the eligibility criteria as laid down in Part Three.’;

12. in Article 25(2), Tables 5 and 6 are replaced by the following:

Table 5

Indicative time frame for the operational steps in standard tender procedures (times are stated in Central European Time ⁽¹⁾)

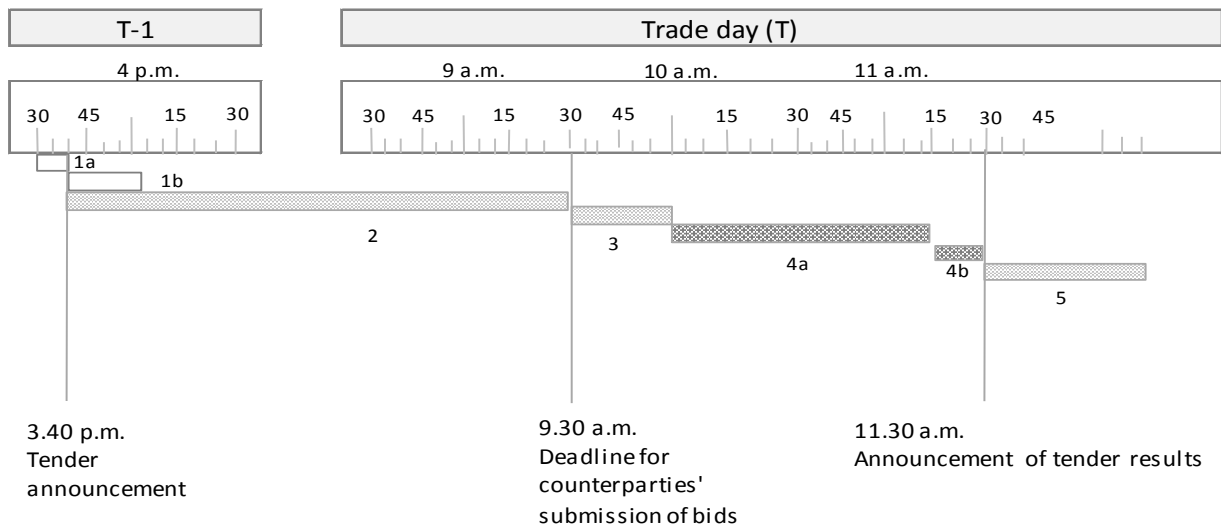
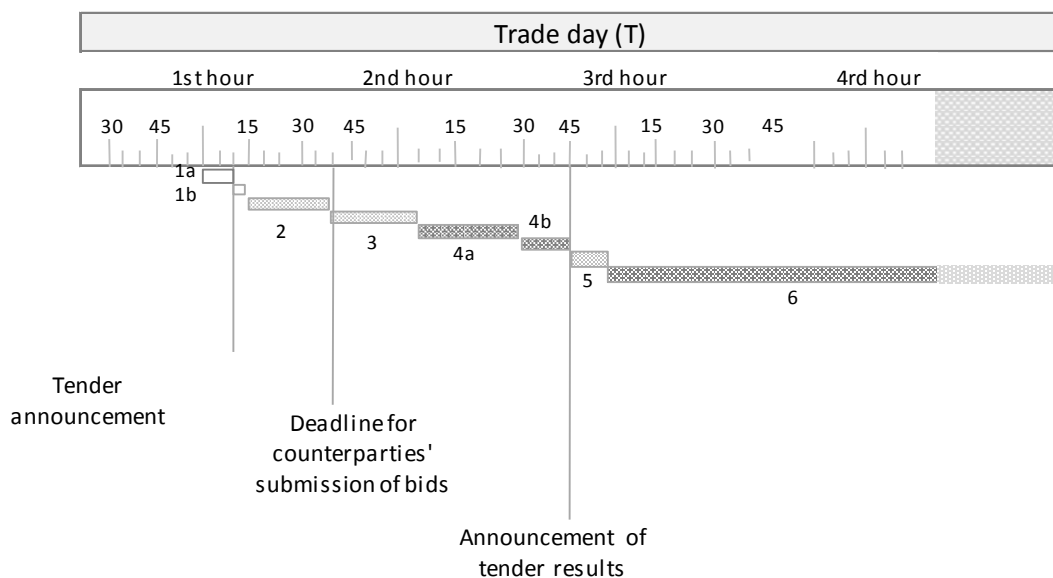


Table 6

Indicative time frame for the operational steps in quick tender procedures (times are stated in CET)



(1) Central European Time (CET) takes account of the change to Central European Summer Time.;

13. Article 55 is replaced by the following:

Article 55

Eligibility criteria for participation in Eurosystem monetary policy operations

With regard to Eurosystem monetary policy operations, subject to Article 57, the Eurosystem shall only allow participation by institutions that fulfil the following criteria:

- (a) they shall be subject to the Eurosystem's minimum reserve system pursuant to Article 19.1 of the Statute of the ESCB and shall not have been granted an exemption from their obligations under the Eurosystem's minimum reserve system pursuant to Regulation (EC) No 2531/98 and Regulation (EC) No 1745/2003 (ECB/2003/9);
- (b) they shall be one of the following:
 - (i) subject to at least one form of harmonised Union/EEA supervision by competent authorities in accordance with Directive 2013/36/EU and Regulation (EU) No 575/2013;
 - (ii) publicly owned credit institutions, within the meaning of Article 123(2) of the Treaty, subject to supervision of a standard comparable to supervision by competent authorities under Directive 2013/36/EU and Regulation (EU) No 575/2013;
 - (iii) institutions subject to non-harmonised supervision by competent authorities of a standard comparable to harmonised Union/EEA supervision by competent authorities under Directive 2013/36/EU and Regulation (EU) No 575/2013, e.g. branches established in Member States whose currency is the euro of institutions incorporated outside the EEA. For the purpose of assessing an institution's eligibility to participate in Eurosystem monetary policy operations, as a rule, non-harmonised supervision shall be considered to be of a standard comparable to harmonised Union/EEA supervision by competent authorities under Directive 2013/36/EU and Regulation (EU) No 575/2013, if the relevant Basel III standards adopted by the Basel Committee on Banking Supervision are considered to have been implemented in the supervisory regime of a given jurisdiction.
- (c) they must be financially sound within the meaning of Article 55a;
- (d) they shall fulfil all operational requirements specified in the contractual or regulatory arrangements applied by the home NCB or ECB with respect to the specific instrument or operation.';

14. in Article 61, paragraph 1 is replaced by the following:

- '1. The ECB shall publish an updated list of eligible marketable assets on its website, in accordance with the methodologies indicated on its website and shall update it every day on which TARGET2 is operational. Marketable assets included on the list of eligible marketable assets become eligible for use in Eurosystem credit operations upon their publication on the list. As an exception to this rule, in the specific case of debt instruments with same-day value

settlement, the Eurosystem may grant eligibility from the date of issue. Assets assessed in accordance with Article 87(3) shall not be published on this list of eligible marketable assets.’;

15. Article 66 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Subject to paragraph 2, in order to be eligible, debt instruments shall be issued in the EEA with a central bank or with an eligible SSS.’;

(b) paragraph 3 is replaced by the following:

‘3. International debt instruments issued through the ICSDs shall comply with the following criteria, as applicable.

(a) International debt instruments issued in global bearer form shall be issued in the form of new global notes (NGNs) and shall be deposited with a common safekeeper which is an ICSD or a CSD that operates an eligible SSS. This requirement shall not apply to international debt instruments issued in global bearer form issued in the form of classical global notes prior to 1 January 2007 and fungible tap issuances of such notes issued under the same ISIN irrespective of the date of the tap-issuance.

(b) International debt instruments issued in global registered form shall be issued under the new safekeeping structure for international debt instruments. By way of derogation, this shall not apply to international debt instruments issued in global registered form prior to 1 October 2010.

(c) International debt instruments in individual note form shall not be eligible unless they were issued in individual note form prior to 1 October 2010.’;

16. Article 67 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. In order to be eligible, debt instruments shall be transferable in book-entry form and shall be held and settled in Member States whose currency is the euro through an account with an NCB or with an eligible SSS, so that the perfection and realisation of collateral is subject to the law of a Member State whose currency is the euro.’;

(b) the following paragraph 1a is inserted:

‘1a. In addition, where the use of such debt instruments involves tri-party collateral management services, on a domestic and/or cross-border basis, those services shall be provided by a tri-party agent that has been positively assessed pursuant to the “Eurosystem standards for the use of triparty agents (TPAs) in Eurosystem credit operations”, which are published on the ECB’s website.’;

(c) paragraph 2 is replaced by the following:

‘2. If the CSD where the asset is issued and the CSD where the asset is held, are not identical, the SSSs operated by these two CSDs must be connected by an eligible link in accordance with Article 150.’;

17. Article 69 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. In order to be eligible, debt instruments shall be issued or guaranteed by central banks of Member States, public sector entities, agencies, credit institutions, financial corporations other than credit institutions, non-financial corporations, multilateral development banks or international organisations. For marketable assets with more than one issuer, this requirement shall apply to each issuer.’;

(b) the following paragraph 3 is added:

‘3. Debt instruments issued or guaranteed by investment funds shall be ineligible.’;

18. in Article 70, paragraph 1 is replaced by the following:

‘1. In order to be eligible, debt instruments shall be issued by an issuer established in the EEA or in a non-EEA G10 country, subject to the exceptions in paragraphs 3 to 6 of this Article and in paragraph 4 of Article 81a. For marketable assets with more than one issuer, this requirement shall apply to each issuer.’;

19. Article 73(1)(b) is deleted;

20. Article 73(6) is deleted;

21. Article 81a is replaced by the following:

‘Article 81a

Eligibility criteria for certain unsecured debt instruments issued by credit institutions or investment firms, or by their closely linked entities

1. By derogation from Article 64 and provided that they fulfil all other eligibility criteria, the following subordinated unsecured debt instruments issued by credit institutions or investment firms, or by their closely linked entities as referred to in Article 141(3), shall be eligible until maturity, provided that they are issued before 31 December 2018 and their subordination results neither from contractual subordination as defined in paragraph 2 nor from structural subordination pursuant to paragraph 3:

- debt instruments issued by recognised agencies as defined in Article 2 of Decision (EU) 2015/774 of the European Central Bank (ECB/2015/10)*,
- debt instruments guaranteed by a Union public sector entity which has the right to levy taxes by way of a guarantee that complies with the features laid down in Article 114(1) to (4) and Article 115.

2. For the purposes of paragraph 1, contractual subordination means subordination based on the terms and conditions of an unsecured debt instrument, irrespective of whether such subordination is statutorily recognised.
3. Unsecured debt instruments issued by holding companies, including any intermediate holding companies, subject to national legislation implementing Directive 2014/59/EU or to similar recovery and resolution frameworks, shall be ineligible.
4. For unsecured debt instruments issued by credit institutions or investment firms, or by their closely linked entities as referred to in Article 141(3), other than unsecured debt instruments issued by multilateral development banks or international organisations as referred to in Article 70(4), the issuer shall be established in the Union.
5. Unsecured debt instruments which were eligible before 16 April 2018 but do not comply with the eligibility requirements set out in this Article shall remain eligible until 31 December 2018, provided that they fulfil all of the other eligibility criteria for marketable assets.

* Decision (EU) 2015/774 of the European Central Bank of 4 March 2015 on a secondary markets public sector asset purchase programme (OJ L 121, 14.5.2015, p.20).’;

22. in Article 84(a), point (iii) is replaced by the following:

‘(iii) In the absence of any ECAI issue rating or, in the case of covered bonds, in the absence of an issue rating fulfilling the requirements of Annex IXb, an ECAI issuer or ECAI guarantor rating may be considered by the Eurosystem. If multiple ECAI issuer and/or ECAI guarantor ratings are available for the same issue, then the first-best of those ratings shall be taken into account by the Eurosystem.’;

23. Article 87 is amended as follows:

(a) paragraph 2 is replaced by the following:

‘2. If the debt instruments are issued or guaranteed by a regional government or a local authority or a “public sector entity” as defined in point 8 of Article 4(1) of Regulation (EU) No 575/2013 (hereinafter a “CRR public sector entity”) established in a Member State whose currency is the euro, the credit assessment shall be performed by the Eurosystem in accordance with the following rules.

(a) If the issuers or guarantors are regional governments, local authorities or CRR public sector entities, which are treated for capital requirements purposes pursuant to Articles 115(2) or 116(4) of Regulation (EU) No 575/2013 equally to the central government in whose jurisdiction they are established, the debt instruments issued or guaranteed by these entities shall be allocated the credit quality step corresponding to the best credit rating provided by an accepted ECAI to the central government in whose jurisdiction these entities are established.

- (b) If the issuers or guarantors are regional governments, local authorities and CRR public sector entities which are not referred to in point (a) the debt instruments issued or guaranteed by these entities shall be allocated the credit step corresponding to one credit quality step below the best credit rating provided by an accepted ECAI to the central government in which jurisdiction these entities are established.
- (c) If the issuers or guarantors are “public sector entities” as defined in point (75) of Article 2 and that are not referred to in points (a) and (b), no implicit credit assessment is derived and the debt instruments issued or guaranteed by these entities shall be treated equally to debt instruments issued or guaranteed by private sector entities.’;

(b) Table 9 is replaced by the following:

Table 9:

Implicit credit quality assessments for issuers or guarantors without an ECAI credit quality assessment

	Allocation of issuers or guarantors under Regulation (EU) No 575/2013 (CRR*)	ECAF derivation of the implicit credit quality assessment of the issuer or guarantor belonging to the corresponding class
Class 1	Regional governments, local authorities and CRR public sector entities (CRR PSEs) that are treated by the competent authorities in the same manner as the central government for capital requirements purposes pursuant to Articles 115(2) and 116(4) of Regulation (EU) No 575/2013	Allocated the ECAI credit quality assessment of the central government in whose jurisdiction the entity is established
Class 2	Other regional governments, local authorities and CRR PSEs	Allocated a credit quality assessment one credit quality step** below the ECAI credit quality assessment of the central government in whose jurisdiction the entity is established
Class 3	Public sector entities as defined in point (75) of Article 2 that are not CRR PSEs	Treated like private sector issuers or debtors

* Regulation (EU) No 575/2013, also referred to as the CRR for the purposes of this table.

** Information on the credit quality steps is published on the ECB’s website.’;

24. Article 90 is replaced by the following:

'Article 90

Principal amount and coupons of credit claims

In order to be eligible, credit claims shall comply, until final redemption, with the following requirements:

- (a) a fixed, unconditional principal amount; and
- (b) an interest rate that cannot result in a negative cash flow, whereby the interest rate shall be one of the following:
 - (i) a “zero coupon”;
 - (ii) fixed;
 - (iii) floating, i.e. linked to a reference interest rate and with the following structure: coupon rate = reference rate \pm x, with $f \leq$ coupon rate \leq c, where:
 - 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;
 - the yield of one or an index of several euro area government bonds that have a maturity of one year or less;
 - f (floor) and c (ceiling) 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. The margin, x, may vary over the life of the credit claim.'

25. in Article 138, paragraph 3 is amended as follows:

- (a) point (c) is replaced by the following:

‘(c) non-marketable RMBDs;’;
- (b) the following point (d) is added:

‘(d) *multi-cédulas* issued before 1 May 2015, where the underlying *cédulas* comply with the criteria set out in Article 129(1) to (3) and (6) of Regulation (EU) No 575/2013.’;

26. in Article 139, the following paragraphs 3 and 4 are added:

- ‘3. If compliance with paragraph 1(b) needs to be verified, that is, for covered bonds, where the applicable legislation or prospectus do not exclude debt instruments referred to in paragraph 1(b) as cover pool assets and where the issuer or an entity closely linked to the issuer has issued such debt instruments NCBs may take all or some of the following measures to conduct ad hoc checks of compliance with paragraph 1(b).
 - (a) NCBs may obtain regular surveillance reports providing an overview of assets in the cover pool of covered bonds;

- (b) If surveillance reports do not provide sufficient information for verification purposes, NCBs may obtain a self-certification and undertaking of the counterparty mobilising a covered bond potentially in breach of paragraph 1(b) by which the counterparty shall confirm that the cover pool of covered bonds does not include unsecured bank bonds benefitting from a government guarantee issued by a counterparty or its closely linked entity that is mobilising the covered bond in breach of paragraph 1(b). The counterparty's self-certification must be signed by the counterparty's CEO, CFO or a manager of similar seniority, or by an authorised signatory on their behalf.
 - (c) On an annual basis, NCBs may obtain from the counterparty mobilising a covered bond potentially in breach of paragraph 1(b) an *ex post* confirmation by external auditors or cover pool monitors that the cover pool of covered bonds does not include unsecured bank bonds benefitting from a government guarantee issued by a counterparty or its closely linked entity that is mobilising the covered bond in breach of paragraph 1(b).
4. If the counterparty does not provide the self-certification and confirmation in accordance with paragraph 3 upon request from the NCB, the covered bond shall not be mobilised as collateral by that counterparty, in accordance with paragraph 1.;
27. Article 141 is replaced by the following:

'Article 141

Limits with respect to unsecured debt instruments issued by credit institutions and their closely linked entities

1. A counterparty shall not submit or use as collateral unsecured debt instruments issued by a credit institution or by any other entity with which that credit institution has close links, to the extent that the value of such collateral issued by that credit institution or other entity with which it has close links taken together exceeds 2,5 % of the total value of the assets used as collateral by that counterparty after the applicable haircut. This threshold shall not apply in the following cases:
 - (a) if the value of such assets does not exceed EUR 50 million after any applicable haircut;
 - (b) if such assets are guaranteed by a public sector entity which has the right to levy taxes by way of a guarantee that complies with the features laid down in Article 114; or
 - (c) if such assets are issued by an agency (as defined in point 2 of Article 2), a multilateral development bank or an international organisation.
2. If a close link is established or a merger takes place between two or more issuers of unsecured debt instruments, the threshold in paragraph 1 shall from six months after the date on which the close link is established or the merger becomes effective.

3. For the purposes of this Article, “close links” between an issuing entity and another entity has the same meaning as “close links” between a counterparty and another entity, as referred to in Article 138.’;

28. Article 148 is amended as follows:

- (a) in paragraph 2, point (a) is replaced by the following :

‘(a) marketable assets shall be mobilised via one of the following: (i) eligible links; (ii) applicable CCBM procedures; (iii) eligible links in combination with the CCBM; and’;

- (b) paragraph 5 is replaced by the following:

‘5. Counterparties shall execute the transfer of eligible assets via their securities settlement accounts with an eligible SSS.’;

- (c) paragraph 6 is replaced by the following:

‘6. A counterparty that does not have a safe custody account with an NCB or a securities settlement account with an eligible SSS may settle transactions through the securities settlement account or the safe custody account of a correspondent credit institution.’;

29. Article 150 is replaced by the following:

‘Article 150

Eligible links between SSSs

1. In addition to the CCBM, counterparties may use eligible links for the cross-border transfer of marketable assets. The ECB shall publish the list of eligible links on its website.
5. Assets held through an eligible link may be used for Eurosystem credit operations, as well as for any other purpose selected by the counterparty.
6. The rules on the use of eligible links are set out in Annex VI.’;

30. Article 151 is replaced by the following:

‘Article 151

CCBM in combination with eligible links

1. Counterparties may use eligible links in combination with the CCBM to mobilise eligible marketable assets on a cross-border basis.
2. When using eligible links between SSSs in combination with the CCBM, counterparties shall hold the assets issued in the issuer SSS in an account with an investor SSS directly or via a custodian
3. Assets mobilised under paragraph 2 may be issued in a non-euro area EEA SSS that the Eurosystem has assessed as compliant with the eligibility criteria laid down in Annex VIa, provided that there is an eligible link between the issuer SSS and the investor SSS.
4. The rules on the use of the CCBM in combination with eligible links are set out in Annex VI.’;

31. in Article 152, paragraph 2 is replaced by the following:

- ‘2. The CCBM (including the CCBM in combination with eligible links) may be used as a basis for the cross-border use of tri-party collateral management services. Cross-border use of tri-party collateral management services shall involve an NCB, where tri-party collateral management services are offered for cross-border Eurosystem use, acting as a correspondent for NCBs whose counterparties have requested to use such tri-party collateral management services on a cross-border basis for the purposes of Eurosystem credit operations.

In order to provide its tri-party collateral management services for cross-border use by the Eurosystem in accordance with the first subparagraph, the relevant TPA shall comply with the set of additional functional requirements laid down by the Eurosystem, as referred to in the “Correspondent central banking model (CCBM) – Procedures for Eurosystem counterparties” (Section 2.1.3, second paragraph).’;

32. in Article 156, paragraph 4 is replaced by the following:

- ‘4. If a counterparty fails to comply with an obligation referred to in Article 154(1)(c) on more than two occasions in a 12-month period and in respect of each failure:

- (a) a financial penalty was imposed;
- (b) each decision to impose a financial penalty was notified to the counterparty;
- (c) each occasion of non-compliance relates to the same type of non-compliance,

the Eurosystem shall, on the occasion of the third failure to comply, suspend the counterparty from the first liquidity-providing open market operation within the reserve maintenance period following the notification of the suspension.

If subsequently the counterparty again fails to comply, it shall be suspended from the first liquidity-providing open market operation within the reserve maintenance period following notification of suspension until a 12-month period lapses without any further such failure on the part of the counterparty.

Each 12-month period shall be calculated from the date of the notification of a sanction for failure to comply with an obligation referred to in Article 154(1)(c). Second and third breaches committed within 12 months from that notification will be taken into account.’

33. Article 158 is amended as follows

- (a) paragraph 3a is replaced by the following:

- ‘3a. The Eurosystem may suspend, limit or exclude, on the grounds of prudence, access to monetary policy operations by counterparties that channel Eurosystem liquidity to another entity that belongs to the same banking “group” (as defined in point (26) of Article 2(1) of Directive 2014/59/EU and point (11) of Article 2 of Directive 2013/34/EU of the European Parliament and of the Council*) where the entity receiving such

liquidity is (i) a non-eligible wind-down entity or (ii) subject to a discretionary measure on the grounds of prudence.

* Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ, L 182, 29.6.2013).’;

(b) paragraph 4 is replaced by the following:

‘4. Without prejudice to any other discretionary measures, the Eurosystem shall, on the grounds of prudence, limit access to Eurosystem monetary policy operations by counterparties deemed to be ‘failing or likely to fail’ by the relevant authorities based on the conditions laid down in Article 18(4)(a) to (d) of Regulation (EU) No 806/2014 or laid down in national legislation implementing Article 32(4)(a) to (d) of Directive 2014/59/EU. The limitation shall correspond to the level of access to Eurosystem monetary policy operations prevailing at the time when such counterparties are deemed to be “failing or likely to fail”. The NCBs shall ensure by means of their contractual or regulatory arrangements that the limitation of access is automatic vis-à-vis the relevant counterparty, without necessitating a specific decision, and that the limitation of access is effective on the day following the day on which the relevant authorities deemed the relevant counterparty “failing or likely to fail”. This limitation is without prejudice to any further discretionary measures that the Eurosystem may take.’;

34. in Article 159, paragraph 4 is replaced by the following:

‘4. The Eurosystem may exclude the following assets from the list of eligible marketable assets:

(a) assets issued, co-issued, serviced or guaranteed by counterparties, or entities closely linked to counterparties subject to freezing of funds and/or other measures imposed by the Union under Article 75 of the Treaty or by a Member State restricting the use of funds; and/or

(b) assets issued, co-issued, serviced or guaranteed by counterparties, or entities closely linked to counterparties in respect of which the ECB’s Governing Council has issued a decision suspending, limiting or excluding their access to Eurosystem open market operations or standing facilities.’;

35. in Article 166, paragraph 4a is replaced by the following:

‘4a. Each NCB shall apply contractual or regulatory arrangements which ensure that, at all times, the home NCB is in a legal position to impose a financial penalty for a failure of a counterparty to reimburse or pay, in full or in part, any amount of the credit or of the repurchase price, or to deliver the purchased assets, at maturity or when otherwise due, in

the event that no remedy is available to it pursuant to Article 166(2). The financial penalty shall be calculated in accordance with Annex VII, Section III, taking into account the amount of cash that the counterparty could not pay or reimburse, or the assets the counterparty could not deliver, and the number of calendar days during which the counterparty did not pay, reimburse or deliver.';

36. a new Annex VIa is inserted and Annexes VII, VIII and IXa are amended in accordance with the Annex to this Guideline.

Article 2

Taking effect and implementation

1. This Guideline shall take effect on the day of its notification to the NCBs of the Member States whose currency is the euro.
2. The NCBs of the Member States whose currency is the euro shall take the necessary measures to comply with this Guideline and apply them from 16 April 2018, except for point 24 of Article 1 in respect of which they shall take the necessary measures and apply them from 1 October 2018. They shall notify the ECB of the texts and means relating to those measures by 16 March 2018, except for the texts and means relating to the measures in respect of point 24 of Article 1 which they shall notify by 3 September 2018.

Article 3

Addressees

This Guideline is addressed to all Eurosystem central banks.

Done at Frankfurt am Main, 7 February 2018.

For the Governing Council of the ECB

[signed]

The President of the ECB

Mario DRAGHI

1. The following Annex VIa is inserted:

'ANNEX VIa

ELIGIBILITY CRITERIA FOR THE USE OF SECURITIES SETTLEMENT SYSTEMS AND LINKS BETWEEN SECURITIES SETTLEMENT SYSTEMS IN EUROSISTEM CREDIT OPERATIONS

I. Eligibility criteria for securities settlement systems (SSSs) and links between SSSs

1. The Eurosystem determines the eligibility of an SSS operated by a central securities depository (CSD) or a national central bank (NCB) or a public body as specified in Article 1(4) of Regulation (EU) No 909/2014 of the European Parliament and of the Council¹ established in a Member State whose currency is the euro (hereinafter an 'SSS operator' or an "operator of an SSS") on the basis of the following criteria:
- (a) the euro area SSS operator complies with the requirements for authorisation as a CSD laid down in Regulation (EU) No 909/2014; and
 - (b) the NCB of the Member State in which the respective SSS operates has set up and maintains appropriate contractual or other arrangements with the euro area SSS operator, which include the Eurosystem requirements laid down in Section II.

If the authorisation procedure laid down in Title III of Regulation (EU) No 909/2014 in respect of a euro area CSD has not been completed, points (a) and (b) do not apply. In this situation, the SSS operated by this CSD must instead be positively assessed under the "Framework for the assessment of securities settlement systems and links to determine their eligibility for use in Eurosystem credit operations", January 2014, which is published on the ECB's website.

2. The Eurosystem determines the eligibility of a direct link or a relayed link on the basis of the following criteria:
- (a) the direct link or, in the case of a relayed link, each of the underlying direct links, complies with the requirements laid down in Regulation (EU) No 909/2014;
 - (b) the NCBs of the Member States in which the investor SSS, any intermediary SSS and the issuer SSS are established have set up and maintain appropriate contractual or other arrangements with the euro area SSS operators, which include the Eurosystem requirements laid down in Section II;
 - (c) the investor SSS, any intermediary SSS and the issuer SSS involved in the link are all considered eligible by the Eurosystem.

If the authorisation procedure laid down in Title III of Regulation (EU) No 909/2014 in respect of any CSD operating an SSS involved in a link has not been completed, points (a) to (c) do

¹ Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).

not apply. In this situation, links involving an SSS operated by such a CSD must instead be positively assessed under the “Framework for the assessment of securities settlement systems and links to determine their eligibility for use in Eurosystem credit operations”, January 2014.

3. Before determining the eligibility of a direct link or relayed link involving one or more SSSs operated by CSDs or NCBs or public bodies established in a European Economic Area (EEA) State whose currency is not the euro (hereinafter a “non-euro area EEA SSS” operated by a “non-euro area EEA SSS operator”), the Eurosystem carries out a business case analysis which takes into account, inter alia, the value of the eligible assets issued by or held in those SSSs.
4. Subject to the business case analysis having a positive outcome, the Eurosystem determines the eligibility of a link involving non-euro area EEA SSSs on the basis of the following criteria.
 - (a) The non-euro area EEA operators of the SSSs involved in the link and the link itself comply with the requirements laid down in Regulation (EU) No 909/2014.
 - (b) For direct links, the NCB of the Member State in which the investor SSS operates has set up and maintains appropriate contractual or other arrangements with the euro area operator of the investor SSS. These contractual or other arrangements must stipulate the obligation of the euro area SSS operator to implement the provisions laid down in Section II in its legal arrangements with the non-euro area EEA operator of the issuer SSS.
 For relayed links, each of the underlying direct links in which a non-euro area EEA SSS acts as issuer SSS must fulfil the criterion in the first paragraph of point (b). In a relayed link where both the intermediary SSS and the issuer SSS are non-euro area EEA SSSs, the NCB of the Member State in which the investor SSS operates must set up and maintain appropriate contractual or other arrangements with the euro area operator of the investor SSS. These contractual or other arrangements must stipulate not only the obligation of the euro area SSS operator to implement the provisions laid down in Section II in its legal arrangements with the non-euro area EEA operator of the intermediary SSS, but also the obligation of the non-euro area EEA operator of the intermediary SSS to implement the legal provisions laid down in Section II in its contractual or other arrangements with the non-euro area EEA operator of the issuer SSS.
 - (c) All euro area SSSs involved in the link are considered eligible by the Eurosystem.
 - (d) The NCB of the non-euro area EEA State in which the investor SSS operates has committed to reporting information on the eligible assets traded on domestic acceptable markets in a manner determined by the Eurosystem.

If the authorisation procedure laid down in Title III of Regulation (EU) No 909/2014 in respect of any CSD operating the investor SSS, intermediary SSS or issuer SSS in a link has not been completed, points (a) to (d) do not apply. In this situation, links

involving an SSS operated by such a CSD must instead be positively assessed under the “Framework for the assessment of securities settlement systems and links to determine their eligibility for use in Eurosystem credit operations”, January 2014.

II. Eurosystem requirements

1. In order to ensure legal soundness, an SSS operator must satisfy the NCB of the Member State in which the respective SSS operates, by reference to binding legal documentation, whether in the form of a duly executed contract or by reference to the mandatory terms and conditions of the relevant SSS operator or otherwise, that:
 - (a) the entitlement to securities held in an SSS operated by that SSS operator, including to securities held through the links operated by the SSS operator (held in accounts maintained by the linked SSS operators), is governed by the law of an EEA State;
 - (b) the entitlement of the participants in the SSS to securities held in that SSS is clear, unambiguous and ensures that the participants in the SSS are not exposed to the insolvency of that SSS operator;
 - (c) where the SSS acts in the capacity of an issuer SSS, the entitlement of the linked investor SSS to securities held in the issuer SSS is clear, unambiguous and ensures that the investor SSS and its participants are not exposed to the insolvency of the issuer SSS operator;
 - (d) where the SSS acts in the capacity of an investor SSS, the entitlement of that SSS to the securities held in the linked issuer SSS is clear, unambiguous and ensures that the investor SSS and its participants are not exposed to the insolvency of the issuer SSS operator;
 - (e) no lien or similar mechanism provided for under applicable law or contractual arrangements will have a negative impact on the NCB's entitlement to the securities held in the SSS;
 - (f) the procedure for allocating any shortfall of securities held in the SSS, in particular in the event of the insolvency of: (i) the SSS operator; (ii) any third party involved in safekeeping the securities; or (iii) any linked issuer SSS, is clear and unambiguous;
 - (g) the procedures to be followed in order to claim securities under the legal framework of the SSS are clear and unambiguous, including, where the SSS acts as an investor SSS, any formalities to be fulfilled towards the linked issuer SSS.
2. An SSS operator must ensure that when the SSS it operates acts as an investor SSS, securities transfers made via links will be final within the meaning of Directive 98/26/EC of the European Parliament and of the Council², i.e. it is not possible to revoke, unwind, rescind or otherwise undo such securities transfers.
3. When the SSS that it operates acts as an issuer SSS, an SSS operator must ensure that it does not make use of a third-party institution, such as a bank or any party other than the

² Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45).

SSS acting as intermediary between the issuer and the issuer SSS, or the SSS operator must ensure that its SSS has a direct or relayed link with an SSS which has this (unique and direct) relationship.

4. In order to utilise the links between SSSs used to settle central bank transactions, facilities must be in place to allow either intraday delivery-versus-payment settlement in central bank money or intraday free of payment (FOP) settlement, which may take the form of real-time gross settlement or a series of batch processes with intraday finality. Owing to the settlement features of TARGET2-Securities, this requirement is considered as already fulfilled for direct and relayed links in which all SSSs involved in the link are integrated in TARGET2-Securities.
5. With regard to operating hours and opening days:
 - (a) an SSS and its links must provide settlement services on all TARGET2 business days;
 - (b) an SSS must operate during daytime processing as referred to in Appendix V of Annex II to Guideline ECB/2012/27 of the European Central Bank³;
 - (c) SSSs involved in direct links or relayed links must enable their participants to submit instructions for same-day delivery-versus-payment settlement via the issuer and/or the intermediary SSS (as applicable) to the investor SSS until at least 3.30 p.m. Central European Time (CET)⁴;
 - (d) SSSs involved in direct links or relayed links must enable their participants to submit instructions for same-day FOP settlement via the issuer or intermediary SSS (as applicable) to the investor SSS until at least 4 p.m. CET;
 - (e) SSSs must have measures in place to ensure that the operating times specified in points (b) to (d) above are extended in the event of emergency.

Owing to the settlement features of TARGET2-Securities, these requirements are considered as already fulfilled for SSSs integrated in TARGET-2 Securities, and for direct and relayed links in which all SSSs involved in the link are integrated in TARGET2-Securities.

III. Application procedure

1. Euro area SSS operators that intend for their services to be used in Eurosystem credit operations should submit an application for an assessment of eligibility to the NCB of the Member State in which the SSS is established.
2. For links, including those involving a non-euro area EEA SSS, the operator of the investor SSS should submit the application for an assessment of eligibility to the NCB of the Member State in which the investor SSS operates.

³ Guideline ECB/2012/27 of the European Central Bank of 5 December 2012 on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) (OJ L 30, 30.1.2013, p. 1).

⁴ CET takes account of the change to Central European Summer Time.

3. The Eurosystem may reject an application or, where the SSS or link is already eligible, it may suspend or withdraw eligibility if:
 - (a) one or more of the eligibility criteria provided for in Section I are not met;
 - (b) the use of the SSS or link could affect the safety and efficiency of Eurosystem credit operations and expose the Eurosystem to the risk of financial losses, or is otherwise deemed, on the grounds of prudence, to pose a risk.
 4. The Eurosystem decision on the eligibility of an SSS or link is notified to the SSS operator which submitted the application for an assessment of eligibility. The Eurosystem will provide reasons for any negative decision.
 5. The SSS or link may be used for Eurosystem credit operations once it has been published in the Eurosystem lists of eligible SSSs and eligible links on the ECB's website.;
2. The title of Annex VII is replaced by the following:
 'CALCULATION OF SANCTIONS TO BE APPLIED IN ACCORDANCE WITH PART FIVE AND FINANCIAL PENALTIES TO BE APPLIED IN ACCORDANCE WITH PART SEVEN'.
 3. The title of Section I of Annex VII is replaced by the following:
 'CALCULATION OF FINANCIAL PENALTIES TO BE APPLIED IN ACCORDANCE WITH PART FIVE.
 4. The title of Section II of Annex VII is replaced by the following:
 'CALCULATION OF NON-FINANCIAL PENALTIES TO BE APPLIED IN ACCORDANCE WITH PART FIVE.'
 5. The following Section III is added to Annex VII:
 'III. CALCULATION OF FINANCIAL PENALTIES TO BE APPLIED IN ACCORDANCE WITH PART SEVEN
 1. NCBs calculate the financial penalty pursuant to Article 166(4a) in accordance with the following:
 - (a) For failure to comply with an obligation referred to in Article 166(4a), the financial penalty is calculated using the marginal lending facility rate that applied on the day when the non-compliance began plus 2,5 percentage points.
 - (b) The financial penalty is calculated by applying the penalty rate, in accordance with paragraph (a), to the amount of cash that the counterparty could not reimburse or pay, or to the value of the assets which were not delivered, multiplied by the coefficient $X/360$, where X is the number of calendar days, with a maximum of seven, during which the counterparty was unable to:
 - (i) reimburse any amount of the credit, pay the repurchase price or the cash otherwise due; or
 - (ii) deliver the assets at maturity or when otherwise due according to the contractual or regulatory arrangements.

2. The following formula shall be used for the calculation of the financial penalty in accordance with paragraph 1(a) and (b) above:

[EUR [amount of cash that the counterparty could not reimburse or pay, or value of assets that the counterparty could not deliver] * (the applicable marginal lending facility rate on the day when the non-compliance began plus 2,5 percentage points) * [X]/360 (where X is the number of calendar days during which the counterparty did not pay, reimburse or deliver) = EUR [...]].’

6. In Annex VIII, Section II, paragraph 3, is replaced by the following:

- ‘3. To capture non-available fields, a set of six “no data” (ND) options are included in the loan-level data templates and must be filled in whenever particular data cannot be submitted in accordance with the loan-level data template.

<i>Table 1</i>	
<i>Explanation of the ND options</i>	
“no data” options	Explanation
ND1	Data not collected as not required by the underwriting criteria
ND2	Data collected on application but not loaded into the reporting system on completion
ND3	Data collected on application but loaded # on a separate system from the reporting one
ND4	Data collected but will only be available from MM-YYYY
ND5	Not relevant
ND6	Not applicable for the jurisdiction

7. In Annex VIII, Section III, point (a) of paragraph 1, replace ‘ND1 to ND7’ by ‘ND1 to ND6.’
8. In Annex VIII, Section III, paragraph 3, replace ‘ND5, ND6 and ND7’ by ‘ND5 and ND6’.
9. In Annex VIII, Section IV.I, point (a) of paragraph 3 is replaced by the following:

- ‘(a) must establish and maintain robust technology systems and operational controls to enable it to process loan-level data in a manner that supports the Eurosystem’s requirements for submission of and access to loan-level data in relation to eligible assets subject to loan-level data disclosure requirements, as specified both in Article 78 and in this Annex.

In particular, the loan-level data repository’s technology system must allow data users to extract loan-level data, loan-level data scores and the timestamp of data submissions, through both manual and automatic processes that cover all loan-level data submissions of all ABS transactions which have been submitted through that loan-level data repository and an extraction of multiple loan-level data files if required in one download request.’

10. In Annex VIII, Section IV.II, paragraph 4 is replaced by the following:

- ‘4. The Eurosystem will, within a reasonable time frame (aiming for 60 working days of the notification referred to in paragraph 3), examine an application for designation made by a loan-level data repository based on the compliance of the loan-level data repository with the requirements set out in this Guideline. As part of its examination, the Eurosystem may require the loan-level data repository to conduct one or more live interactive demonstrations with Eurosystem staff, to illustrate the loan-level data repository’s technical capabilities in relation to the requirements set out in Section IV.I, paragraphs 2 and 3 of this Annex. If such a demonstration is required, it shall be considered a mandatory requirement of the application process. The demonstration may also include the use of test files.’.
11. In Annex VIII, Section IV, the following Subsection IIa is added:
- ‘IIa. **Minimum information required for an application for designation to be deemed complete**
1. As regards the Eurosystem requirements of open access, non-discrimination, and transparency, applicants must provide information on the following:
- (a) detailed access criteria and any access restrictions to loan-level data for data users, and details of and reasons for any variations in such access criteria and access restrictions for data users;
 - (b) policy statements or other written description of the process and criteria applied for granting a data user access to a specific loan-level data file, as well as further details, whether in such policy statements or other written description, of any technical or procedural safeguards that exist to ensure non-discrimination.
2. As regards the Eurosystem requirement of coverage, applicants must provide information on the following.
- (a) The number of staff employed by the applicant in the area of loan-level data repository services, the technical background of the staff employed in and/or other resources dedicated to this area, and how the applicant manages and retains the technical know-how of such staff and/or other resources to ensure technical and operational continuity on a daily basis despite any changes to staff or resources.
 - (b) Up-to-date coverage statistics, including how many outstanding ABSs eligible for Eurosystem collateral operations are currently hosted by the applicant, including a breakdown of such ABSs based on geographical location of the debtors of the cash-flow generating assets and the type of cash-flow generating asset classes specified in Article 73(1). In the event that any asset class is not currently hosted by the applicant, information must be provided on the applicant’s plans and the technical feasibility to cover such asset class in the future.

- (c) The technical operation of the applicant's loan-level data repository system, including a written description of:
- (i) the user guide to its user interface, explaining how to access, extract and submit loan-level data, from both a data user perspective and a data provider perspective;
 - (ii) the current technical and operational capacity of the applicant's repository system, such as how many ABS transactions can be stored in the system (and whether the system can easily be upscaled), how loan-level data regarding historical ABS transactions are stored and accessed by data users and data providers and any maximum limits for the number of loans that can be uploaded by a data provider in one ABS transaction;
 - (iii) the applicant's current technical and operational capabilities regarding the submission of data by data providers, i.e. the technical process by which the data provider can submit loan-level data and whether this is a manual or automatic process; and
 - (iv) the applicant's current technical and operational capabilities regarding the extraction of data by data users, i.e. the technical process by which the data user can extract loan-level data, whether this is a manual or automatic process.
- (d) A technical description of:
- (i) the file formats submitted by data providers and accepted by the applicant for the submission of loan-level data (Excel template file, XML schemas, etc.), including an electronic soft copy of each such file format, and an indication of whether the applicant provides tools for data providers to convert loan-level data into the file formats accepted by the applicant;
 - (ii) the applicant's current technical and operational capabilities regarding the testing and validation documentation for the applicant's system, including the calculation of the loan-level data compliance score;
 - (iii) the frequency of updates and new releases of its system, and the maintenance policy and testing policy;
 - (iv) the applicant's technical and operational capabilities to adapt to future Eurosystem loan-level data template updates, such as changes in current fields, and the addition or deletion of fields;
 - (v) the applicant's technical capabilities regarding disaster recovery and business continuity, specifically with regard to the degree of redundancy of individual storage and backup solutions in its data centre and server architecture;

- (vi) a description of the applicant's current technical capabilities regarding its internal control architecture in relation to loan-level data, including information system controls and data integrity.
- 3. As regards the Eurosystem requirement of an appropriate governance structure, applicants must provide the following:
 - (a) details of its corporate status, i.e. its statute or articles of association, and its shareholder structure;
 - (b) information on the applicant's internal audit procedures (if any), including the identity of those responsible for conducting such audits, whether audits are externally verified and, if audits are conducted internally, what arrangements are taken to prevent or manage any conflicts of interest;
 - (c) information on how the applicant's governance arrangements serve the interests of ABS market stakeholders, in particular whether its pricing policy is considered in the context of this requirement;
 - (d) written confirmation that the Eurosystem will have access, on an ongoing basis, to the documentation necessary for it to monitor the continued appropriateness of the applicant's governance structure and compliance with the governance requirements in paragraph 4 of Section IV.I.
- 4. The applicant must provide a description of the following:
 - (a) how the applicant calculates the data quality score, and how the score is published in the applicant's repository system and thereby made available to data users;
 - (b) the data quality checks carried out by the applicant, including the process, the number of checks and the list of fields checked;
 - (c) the applicant's current capabilities regarding the reporting of consistency and accuracy checks, i.e. how existing reports are produced by the applicant for data providers and data users, the ability of the applicant's platform to build automated and custom reports according to data users' requests, and the ability of the applicant's platform to automatically send notifications to data users and data providers (for example, notifications of loan-level data having been uploaded for a particular transaction).¹.
- 12. In Annex IXa, the first subparagraph of Section 1 is replaced by the following:

'Concerning current coverage, in each of at least three out of the four asset classes (a) unsecured bank bonds, (b) corporate bonds, (c) covered bonds and (d) ABS, the CRA must provide a minimum coverage of:'.