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► B **DECISION (EU) 2016/948 OF THE EUROPEAN CENTRAL BANK**
of 1 June 2016
on the implementation of the corporate sector purchase programme (ECB/2016/16)
(OJ L 157, 15.6.2016, p. 28)

Amended by:

		Official Journal		
		No	page	date
► <u>M1</u>	Decision (EU) 2017/103 of the European Central Bank of 11 January 2017	L 16	57	20.1.2017
► <u>M2</u>	Decision (EU) 2017/1359 of the European Central Bank of 18 May 2017	L 190	20	21.7.2017
► <u>M3</u>	Decision (EU) 2020/441 of the European Central Bank of 24 March 2020	L 91	5	25.3.2020
► <u>M4</u>	Decision (EU) 2022/1613 of the European Central Bank of 9 September 2022	L 241	13	19.9.2022
► <u>M5</u>	Decision (EU) 2024/190 of the European Central Bank of 15 December 2023	L 190	1	5.1.2024
► <u>M6</u>	Decision (EU) 2024/2818 of the European Central Bank of 24 October 2024	L 2818	1	31.10.2024



**DECISION (EU) 2016/948 OF THE EUROPEAN CENTRAL
BANK**

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**on the implementation of the corporate sector purchase programme
(ECB/2016/16)**

Article 1

**Establishment and scope of the outright purchase of corporate
bonds**

The CSPP is hereby established. Under the CSPP specified Eurosystem central banks may purchase eligible corporate bonds from eligible counterparties in the primary and secondary markets, while public sector corporate bonds, as defined in Article 3(1), may only be purchased in the secondary markets, under specific conditions.

Article 2

Eligibility criteria for corporate bonds

In order to be eligible for outright purchase under the CSPP, marketable debt instruments issued by corporations shall comply with the eligibility criteria for marketable assets for Eurosystem credit operations pursuant to Part 4 of Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60) ⁽¹⁾ and the following additional requirements.

1. The issuer of the marketable debt instrument:

- (a) is incorporated in a Member State whose currency is the euro;
- (b) is not a credit institution as defined in point (14) of Article 2 of Guideline (EU) 2015/510 (ECB/2014/60);
- (c) does not have a parent undertaking as defined in point (15) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council ⁽²⁾ that is also a credit institution as defined in point (14) of Article 2 of Guideline (EU) 2015/510 (ECB/2014/60);
- (d) does not have a parent company which is subject to banking supervision outside the euro area;

⁽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).

⁽²⁾ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

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- (e) is not a supervised entity as defined in point (20) of Article 2 of Regulation (EU) No 468/2014 of the European Central Bank (ECB/2014/17) ⁽¹⁾ or a member of a supervised group as defined in subpoint (b) of point (21) of Article 2 of Regulation (EU) No 468/2014 (ECB/2014/17), in each case, as contained in the list published by the ECB on its website in accordance with Article 49(1) of Regulation (EU) No 468/2014 (ECB/2014/17), and is not a subsidiary, as defined in point (16) of Article 4(1) of the Regulation (EU) No 575/2013, of any of those supervised entities or supervised groups;
- (f) is not an investment firm as defined in point (1) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council ⁽²⁾;
- (g) has not issued an asset-backed security within the meaning of point (3) of Article 2 of Guideline (EU) 2015/510 (ECB/2014/60);
- (h) has not issued a *multi cédula* within the meaning of point (62) of Article 2 of Guideline (EU) 2015/510 (ECB/2014/60);
- (i) has not issued a structured covered bond within the meaning of point (88) of Article 2 of Guideline (EU) 2015/510 (ECB/2014/60);

▼M2

- (j) is not an entity, whether publicly or privately owned, that: (i) has as its main purpose the gradual divestment of its assets and the cessation of its business; or (ii) is an asset management or divestment entity established to support financial sector restructuring and/or resolution ⁽³⁾, including asset management vehicles resulting from a resolution action in the form of the application of an asset separation tool pursuant to Article 26 of Regulation (EU) No 806/2014 of the European Parliament and of the Council ⁽⁴⁾ or national legislation implementing Article 42 of Directive 2014/59/EU of the European Parliament and of the Council ⁽⁵⁾; and

⁽¹⁾ Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (ECB/2014/17) (OJ L 141, 14.5.2014, p. 1).

⁽²⁾ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

⁽³⁾ A list of asset management and divestment entities relevant for the CSPP is published on the ECB website at www.ecb.europa.eu

⁽⁴⁾ Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ L 225, 30.7.2014, p. 1).

⁽⁵⁾ Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).

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- (l) is not an eligible issuer for the PSPP.

▼ M3

2. If a marketable debt instrument has an initial maturity of 365/366 days or less, the minimum remaining maturity shall be 28 days at the time of its purchase by the relevant Eurosystem central bank;

If a marketable debt instrument has an initial maturity of 367 days or more, the minimum remaining maturity shall be 6 months and the maximum remaining maturity shall be 30 years and 364 days at the time of its purchase by the relevant Eurosystem central bank.

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3. In deviation from Article 59(5) of Guideline (EU) 2015/510 (ECB/2014/60), only credit assessment information that is provided by an external credit assessment institution accepted within the Eurosystem credit assessment framework will be taken into account for the assessment of the credit quality requirements of the marketable debt instrument.

4. The marketable debt instrument is denominated in euro.

▼ M1

5. Purchases of nominal corporate bonds at a negative yield to maturity (or yield to worst) equal to or above the deposit facility rate are permitted. Purchases of nominal corporate bonds at a negative yield to maturity (or yield to worst) below the deposit facility rate are permitted to the extent necessary.

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Article 3

Limitations on the execution of purchases of public sector corporate bonds

1. For the purposes of this Decision, a ‘public sector corporate bond’ means a corporate bond that fulfils the requirements of Article 2 and is issued by a public undertaking within the meaning of Article 8 of Council Regulation (EC) No 3603/93 ⁽¹⁾.

2. To permit the formation of a market price for eligible public sector corporate bonds, no purchases shall be permitted of a newly issued or tapped public sector corporate bond, or of public sector corporate bonds issued by the same entity or by the entities within the issuer's group with maturities that expire close in time to, either just before or after, the maturity of the marketable debt instruments to be issued or tapped, over a period to be determined by the Governing Council.

⁽¹⁾ Council Regulation (EC) No 3603/93 of 13 December 1993 specifying definitions for the application of the prohibitions referred to in Articles 104 and 104b(1) of the Treaty (OJ L 332, 31.12.1993, p. 1).

▼B*Article 4***Purchase limits**

1. An issue share limit per international securities identification number (ISIN) shall apply under the CSPP, after consolidating holdings in all of the portfolios of the Eurosystem central banks. The issue share limit shall be 70 % per ISIN for all corporate bonds other than public sector corporate bonds.

A lower issue share limit may apply in specific cases, including for public sector corporate bonds or for risk management reasons. Public sector corporate bonds shall be dealt with in a manner consistent with their treatment under the PSPP.

2. The Eurosystem shall conduct appropriate credit risk and due diligence procedures on eligible corporate bonds on an ongoing basis.

3. The Eurosystem shall define additional purchase limits for issuer groups based on a benchmark allocation related to an issuer group's market capitalisation to ensure a diversified allocation of purchases across issuers and issuer groups.

▼M5*Article 4a***Incorporation of climate change considerations into the benchmark allocation**

1. The benchmark allocation referred to in Article 4(3) shall incorporate climate change considerations, in particular in order to manage the Eurosystem's exposure to climate-related financial risks, in accordance with the methodology approved by the Governing Council, including the elements thereof set out in the Annex.

2. The Governing Council may, when it considers it necessary to do so, review the methodology referred to in paragraph 1, in particular in order to take into account climate-related financial risks and the advancement in risk assessment capabilities.

▼B*Article 5***Purchasing Eurosystem central banks**

The Eurosystem central banks purchasing corporate bonds under the CSPP shall be specified in a list published on the ECB's website. The Eurosystem shall apply a specialisation scheme for the allocation of corporate bonds to be purchased under the CSPP based on the issuer's country of incorporation. The Governing Council shall allow ad hoc deviations from the specialisation scheme if there are objective considerations obstructing the scheme's implementation or if such deviations are advisable in order to achieve the CSPP's overall monetary policy objectives. In particular, each specified Eurosystem central bank shall only purchase eligible corporate bonds issued by issuers incorporated in specified Member States within the euro area. The geographical allocation of eligible corporate bond issuers' countries of incorporation in relation to the specified Eurosystem central banks shall be set out in a list published on the ECB's website.

▼ M6*Article 6***Eligible counterparties**

The following shall be eligible counterparties for the CSPP, both for outright transactions and for securities lending transactions involving corporate bonds held in the CSPP Eurosystem portfolios:

- (a) entities that fulfil the eligibility criteria to participate in Eurosystem monetary policy operations pursuant to Article 55 of Guideline (EU) 2015/510 (ECB/2014/60);
- (b) any other counterparties that are used by Eurosystem central banks for the investment of their euro-denominated investment portfolios; and
- (c) the issuers of corporate bonds held in the CSPP Eurosystem portfolios, but only in the case of either:
 - (i) a repurchase of the relevant corporate bond by that issuer pursuant to a buyback, or
 - (ii) the exercise by a Eurosystem central bank of a put option under the relevant corporate bond that is structured as a sale and repurchase transaction.

*Article 7***Securities lending transactions**

The Eurosystem central banks purchasing corporate bonds under the CSPP shall make securities that meet the credit quality requirements for securities purchased under the CSPP available for lending, including repos, with a view to ensuring the effectiveness of the CSPP.

▼ B*Article 8***Final provisions**

This Decision shall enter into force on 6 June 2016.

▼ **M5***ANNEX***CLIMATE SCORING METHODOLOGY AND TILTING APPROACH****1. CLIMATE SCORING METHODOLOGY**

For each issuer, a score to assess its climate performance (the ‘climate score’) is computed based on three metrics: the disclosure metric, the backward-looking metric and the forward-looking metric, in accordance with a formula determined by the Governing Council. The climate score ranges from a minimum of zero to a maximum of five and focuses on climate-related financial risks estimated based on (a) the quality of the issuer’s disclosures, (b) the issuers’ recent emissions intensities⁽¹⁾ and (c) the issuer’s climate-related targets. The higher the score, the better the assessed climate performance.

1.1. The disclosure metric

The disclosure metric assesses the quality of disclosures by issuers in respect of their scope 1 and scope 2 greenhouse gas emissions as referred to in the Greenhouse Gas Protocol⁽²⁾, in accordance with a formula determined by the Governing Council. The disclosure metric rewards issuers with high-quality disclosures. Issuers receive a better score under this metric when their disclosures have been subject to third party verification. Issuers receive the poorest score if they have no self-reported emissions data.

1.2. The backward-looking metric

The backward-looking metric assesses the level of the issuers’ past greenhouse gas emissions both in terms of the level of emission intensity and the rate of decarbonisation. This metric takes into account the issuers’ scope 1 and scope 2 greenhouse gas emissions intensities and sector averages of scope 3 greenhouse gas emissions intensities. It combines a best-in-class with a best-in-universe approach, in accordance with a methodology determined by the Governing Council. The best-in-class approach compares companies against their peers within specific industry sectors. The best-in-universe approach compares companies across the entire corporate universe with respect to both their point-in-time emissions intensities, and the rate of decarbonisation.

1.3. The forward-looking metric

The forward-looking metric assesses the expected evolution of the issuers’ greenhouse gas emissions intensities. Factors leading to a higher score under this metric include the level of ambition and the credibility of the issuers’ stated greenhouse gas emissions intensity reduction targets (particularly if the target is science-based and has been validated by a third party) and observed adherence to their own greenhouse gas emissions intensity reduction targets, as assessed in accordance with a methodology determined by the Governing Council.

⁽¹⁾ The emissions intensity for an issuer is defined as the issuer’s greenhouse gas emissions (in tCO₂) divided by the issuer’s revenue (in EUR millions).

⁽²⁾ The Greenhouse Gas Protocol distinguishes between direct greenhouse gas emissions of companies from owned or controlled sources (scope 1); indirect emissions from purchased or acquired electricity, steam, heating or cooling (scope 2); and all other indirect emissions, including in particular those occurring along the corporate value chain, either upstream or downstream (scope 3): see the Greenhouse Gas Protocol website at ghgprotocol.org.

▼ M5**2. TILTING APPROACH**

Purchases of corporate bonds are tilted towards issuers with higher climate scores in accordance with a formula determined by the Governing Council. Tilting means that the market capitalisation weighted share of assets in the benchmark guiding Eurosystem corporate sector purchases will be increased for issuers with a better climate score relative to those issuers with poorer climate scores. The tilted benchmark is incorporated into issuer group limits to ensure that purchases are guided by the tilted benchmark.