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► **B**                      **DECISION (EU) 2015/774 OF THE EUROPEAN CENTRAL BANK**  
**of 4 March 2015**  
**on a secondary markets public sector asset purchase programme (ECB/2015/10)**  
(OJ L 121, 14.5.2015, p. 20)

Amended by:

		Official Journal		
		No	page	date
► <b><u>M1</u></b>	Decision (EU) 2015/2101 of the European Central Bank of 5 November 2015	L 303	106	20.11.2015
► <b><u>M2</u></b>	Decision (EU) 2015/2464 of the European Central Bank of 16 December 2015	L 344	1	30.12.2015
► <b><u>M3</u></b>	Decision (EU) 2016/702 of the European Central Bank of 18 April 2016	L 121	24	11.5.2016
► <b><u>M4</u></b>	Decision (EU) 2017/100 of the European Central Bank of 11 January 2017	L 16	51	20.1.2017



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BANK**  
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*Article 1*

**Establishment and scope of PSPP**

The Eurosystem hereby establishes the PSPP under which the Eurosystem central banks shall purchase eligible marketable debt securities, as defined in Article 3, on the secondary markets, from eligible counterparties, as defined in Article 7, under specific conditions.

*Article 2*

**Definitions**

For the purposes of this Decision, the following definitions apply:

- (1) ‘Eurosystem central bank’ means the ECB and the national central banks of the Member States whose currency is the euro (hereinafter the ‘NCBs’);
- (2) ‘recognised agency’ means an entity that the Eurosystem has classified as such for the purpose of the PSPP;
- (3) ‘international organisation’ means an entity within the meaning of Article 118 of Regulation (EU) No 575/2013 of the European Parliament and of the Council <sup>(1)</sup> and that the Eurosystem has classified as such for the purpose of the PSPP;
- (4) ‘multilateral development bank’ means an entity within the meaning of Article 117(2) of Regulation (EU) No 575/2013 and that the Eurosystem has classified as such for the purpose of the PSPP;
- (5) ‘positive outcome of a review’ means the later of the following two decisions: the decision by the Board of Directors of the European Stability Mechanism and, in case the International Monetary Fund co-finances the financial assistance programme, the Executive Board of the International Monetary Fund to approve the next disbursement under that programme, on the understanding that both decisions are necessary for the resumption of purchases under the PSPP.

Lists of the entities referred to in points (2) to (4) are published on the ECB's website.

<sup>(1)</sup> 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).

**▼ B***Article 3***Eligibility criteria for marketable debt securities****▼ M2**

1. Subject to the requirements laid down in Article 3, euro-denominated marketable debt securities issued by central, regional or local governments of a Member State whose currency is the euro, recognised agencies located in the euro area, international organisations located in the euro area and multilateral development banks located in the euro area shall be eligible for purchases by the Eurosystem central banks under the PSPP. In exceptional circumstances, where the envisaged purchase amount cannot be attained, the Governing Council may decide to purchase marketable debt securities issued by other entities located in the euro area, in accordance with the conditions laid down in paragraph 4.

**▼ M3**

2. In order to be eligible for purchase under the PSPP, marketable debt securities shall comply with the eligibility criteria for marketable assets for Eurosystem credit operations pursuant to Part Four of Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60) <sup>(1)</sup>, subject to the following requirements:

- (a) the issuer or guarantor of the marketable debt securities shall have a credit quality assessment of at least Credit Quality Step 3 in the Eurosystem's harmonised rating scale expressed in the form of at least one public credit rating provided by an external credit assessment institution (ECAI) accepted within the Eurosystem credit assessment framework;
- (b) if multiple ECAI issuer ratings or ECAI guarantor ratings are available, the first-best rule shall apply, i.e. the best available ECAI issuer rating or ECAI guarantor rating shall apply. If the fulfilment of the credit quality requirements is established based on an ECAI guarantor rating, the guarantee shall fulfil the features of an acceptable guarantee as laid down in Article 87 and Articles 113 to 115 of Guideline (EU) 2015/510 (ECB/2014/60);
- (c) in the absence of an ECAI issuer rating and an ECAI guarantor rating, a marketable debt security shall have at least one ECAI issue rating of at least Credit Quality Step 3 on the Eurosystem's harmonised rating scale;
- (d) if the credit assessment provided by an accepted ECAI for the issuer, guarantor or issue does not comply with at least Credit Quality Step 3 in the Eurosystem's harmonised rating scale, marketable debt securities shall be eligible only if they are issued or fully guaranteed by the central governments of euro area Member States under a financial assistance programme and in respect of which the application of the Eurosystem's credit quality threshold is suspended by the Governing Council pursuant to Article 8 of Guideline ECB/2014/31 <sup>(2)</sup>;

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

<sup>(2)</sup> Guideline ECB/2014/31 of the European Central Bank of 9 July 2014 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9 (OJ L 240, 13.8.2014, p. 28).

**▼ M3**

- (e) in the event of a review of an ongoing financial assistance programme, eligibility for PSPP purchases shall be suspended and shall resume only in the event of a positive outcome of the review.

**▼ M4**

3. In order to be eligible for purchase under the PSPP, debt securities, within the meaning of paragraphs 1 to 2, shall have a minimum remaining maturity of 1 year and a maximum remaining maturity of 30 years at the time of their purchase by the relevant Eurosystem central bank. In order to facilitate smooth implementation, marketable debt instruments with a remaining maturity of 30 years and 364 days shall be eligible under the PSPP. National central banks shall also carry out substitute purchases of marketable debt securities issued by international organisations and multilateral development banks if the envisaged amounts to be purchased in marketable debt securities issued by central, regional or local governments and recognised agencies cannot be attained.

**▼ M2**

4. Eurosystem central banks may, in exceptional circumstances, propose to the Governing Council public non-financial corporations located in their jurisdiction as issuers of marketable debt instruments to be purchased as substitutes in case the envisaged amounts to be purchased in marketable debt instruments issued by central, regional or local governments and recognised agencies located in their jurisdiction cannot be attained.

The proposed public non-financial corporations shall at least fulfil both of the following criteria:

- be a ‘non-financial corporation’ as defined in Regulation (EU) No 549/2013 of the European Parliament and of the Council <sup>(1)</sup>,
- be a ‘public sector entity’, meaning an entity within the meaning of Article 3 of Council Regulation (EC) No 3603/93 <sup>(2)</sup>.

Following approval by the Governing Council, euro-denominated marketable debt instruments issued by such public non-financial corporations located in the euro area which comply with: (i) the eligibility criteria for marketable assets as collateral for Eurosystem credit operations, as per Part Four of Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60) <sup>(3)</sup>; and (ii) the requirements in paragraphs 2 and 3 shall be eligible for substitute purchases under the PSPP.

**▼ M4**

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

<sup>(1)</sup> 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 (OJ L 174, 26.6.2013, p. 1).

<sup>(2)</sup> 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).

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

**▼B***Article 4***Limitations on the execution of purchases**

1. To permit the formation of a market price for eligible securities, no purchases shall be permitted in a newly issued or tapped security and the marketable debt instruments with a remaining maturity that are close in time, before and after, to the maturity of the marketable debt instruments to be issued, over a period to be determined by the Governing Council ('blackout period'). For syndications, the blackout period in question is to be respected on a best effort basis before the issuance.

2. For debt securities issued or fully guaranteed by the central governments of euro area Member States under a financial assistance programme, the period of purchases under the PSPP after a positive outcome of each programme review shall, as a rule, be limited to two months, unless there are exceptional circumstances justifying a suspension of purchases before or a continuation of purchases after such period and until the start of the next review.

**▼M3***Article 5***Purchase limits**

1. Subject to Article 3, an issue share limit per international securities identification number (ISIN) shall apply under the PSPP to marketable debt securities fulfilling the criteria laid down in Article 3, after consolidating holdings in all of the portfolios of the Eurosystem central banks. The issue share limit shall be as follows:

- (a) 50 % per ISIN for eligible marketable debt securities issued by eligible international organisations and multilateral development banks;
- (b) 33 % per ISIN for other eligible marketable debt securities, with the exception of 25 % per ISIN for such eligible marketable debt securities containing a collective action clause (CAC) that differs from the euro area model CAC elaborated by the Economic and Financial Committee and implemented by the Member States in accordance with Article 12(3) of the Treaty establishing the European Stability Mechanism, but will be increased to 33 %, subject to verification on a case-by-case basis that a holding of 33 % per ISIN of those securities would not lead the Eurosystem central banks to reach blocking minority holdings in orderly debt restructurings.

2. All marketable debt securities eligible for purchase under the PSPP and which have the remaining maturities specified in Article 3 shall be subject to an aggregate limit, after consolidating holdings in all of the portfolios of the Eurosystem central banks, of:

- (a) 50 % of the outstanding securities of an issuer which is an eligible international organisation or a multilateral development bank; or

**▼ M3**

- (b) 33 % of the outstanding securities of an issuer other than an eligible international organisation or a multilateral development bank.

3. With regard to the debt securities referred to in point (d) of Article 3(2), different issuer and issue share limits shall apply. These limits will be set by the Governing Council taking due account of risk management and market functioning considerations.

**▼ B***Article 6***Allocation of portfolios****▼ M3**

1. Of the book value of purchases of marketable debt securities eligible under the PSPP, 10 % shall be purchased in securities issued by eligible international organisations and multilateral development banks, and 90 % of that book value shall be purchased in securities issued by eligible central, regional or local governments and recognised agencies or, where applicable pursuant to Article 3(4) of this Decision, in securities issued by eligible public non-financial corporations. This allocation is subject to revision by the Governing Council. Purchases of debt securities issued by eligible international organisations, multilateral development banks and regional and local governments shall be made by NCBs only.

2. The NCBs' share of the book value of purchases of marketable debt securities eligible under the PSPP shall be 90 %, and the remaining 10 % shall be purchased by the ECB. The distribution of purchases across jurisdictions shall be in accordance with the key for subscription of the ECB's capital as referred to in Article 29 of the Statute of the ESCB.

**▼ B**

3. Eurosystem central banks shall apply a specialisation scheme for the allocation of marketable debt securities to be purchased under the PSPP. The Governing Council shall allow for *ad hoc* deviations from the specialisation scheme should objective considerations obstruct the achievement of the said scheme or otherwise render deviations advisable in the interests of attaining the overall monetary policy objectives of the PSPP. In particular, each NCB shall purchase eligible securities of issuers of its own jurisdiction. Securities issued by eligible international organisations and multilateral development banks may be purchased by all NCBs. The ECB shall purchase securities issued by central governments and recognised agencies of all jurisdictions.

*Article 7***Eligible counterparties**

The following shall be eligible counterparties for the PSPP:

- (a) entities that fulfil the eligibility criteria to participate in Eurosystem monetary policy operations pursuant to Section 2.1 of Annex I to Guideline ECB/2011/14; and
- (b) any other counterparties that are used by Eurosystem central banks for the investment of their euro-denominated investment portfolios.

**▼B***Article 8***Transparency**

1. The Eurosystem shall publish on a weekly basis the aggregate book value of the securities held under the PSPP in the commentary of its consolidated weekly financial statement.
2. The Eurosystem shall publish on a monthly basis the weighted average residual maturity by issuer residence, separating international organisations and multilateral development banks from other issuers, of its PSPP holdings.
3. The book value of securities held under the PSPP shall be published on the ECB's website under the open market operations section on a weekly basis.

*Article 9***Securities lending**

The Eurosystem shall make securities purchased under PSPP available for lending, including repos, with a view to ensuring the effectiveness of the PSPP.

*Article 10***Final provision**

This Decision shall enter into force on the day following its publication on the ECB's website. It shall apply from 9 March 2015.