Official Journal of the European Union

L 91

English edition

Legislation

Volume 58

2 April 2015

Contents

II *Non-legislative acts*

DECISIONS

GUIDELINES

EN

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

The titles of all other acts are printed in bold type and preceded by an asterisk.

II

(Non-legislative acts)

DECISIONS

DECISION (EU) 2015/509 OF THE EUROPEAN CENTRAL BANK

of 18 February 2015

repealing Decision ECB/2013/6 on the rules concerning the use as collateral for Eurosystem monetary policy operations of own-use uncovered government-guaranteed bank bonds, Decision ECB/2013/35 on additional measures relating to Eurosystem refinancing operations and eligibility of collateral and Articles 1, 3 and 4 of Decision ECB/2014/23 on the remuneration of deposits, balances and holdings of excess reserves (ECB/2015/9)

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, Article 12.1 and the second indent of Article 34.1 thereof,

Whereas:

(1) In the interest of clarity and consistency and with a view to simplifying the Eurosystem collateral framework, the obligations laid down in Decisions ECB/2013/6 [1] and ECB/2013/35 [2] and in Article 1 of Decision ECB/2014/23 [3] have been included in Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60) [4], which is the core legal act relating to monetary policy instruments and procedures of the Eurosystem.

(2) In the interest of clarity and consistency, and with a view to simplifying the Eurosystem legal framework, the provisions of Article 3 of Decision ECB/2014/23 have been incorporated into Guideline ECB/2012/27 [5] and the provisions of Article 4 of Decision ECB/2014/23 have been incorporated into Guideline ECB/2014/9 [6].

(3) Decisions ECB/2013/6 and ECB/2013/35 and Articles 1, 3 and 4 of Decision ECB/2014/23 should therefore be repealed,

HAS ADOPTED THIS DECISION:

Article 1

Repeal of Decisions ECB/2013/6 and ECB/2013/35 and Article 1 of Decision ECB/2014/23

1. Decisions ECB/2013/6 and ECB/2013/35 are hereby repealed.

---

[1] Decision ECB/2013/6 of 20 March 2013 on the rules concerning the use as collateral for Eurosystem monetary policy operations of own-use uncovered government-guaranteed bank bonds (OJ L 95, 5.4.2013, p. 22).
[2] Decision ECB/2013/35 of 26 September 2013 on additional measures relating to Eurosystem refinancing operations and eligibility of collateral (OJ L 301, 12.11.2013, p. 6).
[3] Decision ECB/2014/23 of 5 June 2014 on the remuneration of deposits, balances and holdings of excess reserves (OJ L 168, 7.6.2014, p. 115).
[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) (see page 1 of this Official Journal).
[5] Guideline ECB/2012/27 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).
[6] Guideline ECB/2014/9 of 20 February 2014 on domestic asset and liability management operations by the national central banks (OJ L 159, 28.5.2014, p. 56).

2. Article 1 of Decision ECB/2014/23 is hereby repealed.

3. References to the repealed Decisions and Article referred to in paragraphs 1 and 2 shall be construed as references to Guideline (EU) 2015/510 (ECB/2014/60).

Article 2

Repeal of Articles 3 and 4 of Decision ECB/2014/23

1. Articles 3 and 4 of Decision ECB/2014/23 are hereby repealed.

2. References to the repealed Article 3 in Decision ECB/2014/23 shall be construed as references to Article 12(5) of Annex II to Guideline ECB/2012/27.

3. References to the repealed Article 4 in Decision ECB/2014/23 shall be construed as references to Article 5(2) and (3) of Guideline ECB/2014/9.

Article 3

Entry into force

1. Article 1 of this Decision shall enter into force on 1 May 2015.

2. Article 2 of this Decision shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

Done at Frankfurt am Main, 18 February 2015.

The President of the ECB

Mario DRAGHI

GUIDELINES

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)

(recast)

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, 18.2 and the first paragraph of Article 20 thereof,

Whereas:

(1) Guideline ECB/2011/14 [1] has been substantially amended. Since further amendments are to be made, it should be recast in the interest of clarity.

(2) Achieving a single monetary policy entails defining the tools, instruments and procedures to be used by the Eurosystem, which consists of the European Central Bank (ECB) and the national central banks of those Member States whose currency is the euro (hereinafter the 'NCBs'), in order to implement such a policy in a uniform manner throughout the Member States whose currency is the euro.

(3) According to Article 127(1) and (2) of the Treaty on the Functioning of the European Union and Article 3.1 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statute of the ESCB'), the primary objective of the European System of Central Banks (ESCB) is to maintain price stability, and, as such, it has the basic tasks of defining and implementing the monetary policy of the Union and conducting foreign-exchange operations consistent with the provisions of Article 219 of the Treaty.

(4) The general framework of the Eurosystem is based on provisions laid down in the Statute of the ESCB. Under Article 127(1) of the Treaty and, as reflected in the Statute of the ESCB, the Eurosystem is required to act in accordance with certain principles, including the principles of an open market economy with free competition, favouring an efficient allocation of resources.

(5) To the extent deemed possible and appropriate, and with a view to ensuring operational efficiency, the ECB has recourse to the NCBs for carrying out the operations which form part of the tasks of the Eurosystem pursuant to the principle of decentralisation laid down in Article 12.1 of the Statute of the ESCB and subject to the conditions laid down in Article 14.3 of the Statute of the ESCB.

(6) In the light of Article 12.1 of the Statute of the ESCB, the ECB has the authority to formulate the single monetary policy of the Union and to issue the necessary guidelines to ensure its proper implementation. In accordance with Article 14.3 of the Statute of the ESCB, the NCBs have an obligation to act in accordance with such guidelines. This Guideline is therefore addressed to the Eurosystem. The rules laid down in this Guideline will be implemented by the NCBs in contractual or regulatory arrangements. Counterparties will be required to comply with those rules as implemented by the NCBs in those contractual or regulatory arrangements.

(7) The first indent of Article 18.1 of the Statute of the ESCB allows the Eurosystem to operate in the financial markets by buying and selling outright (spot and forward) or under repurchase agreements and by lending or borrowing claims and marketable instruments, whether in euro or other currencies, as well as precious metals. The second indent of Article 18.1 allows the Eurosystem to conduct credit operations with credit institutions and other market participants.

[1] Guideline ECB/2011/14 of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (OJ L 331, 14.12.2011, p. 1).

(8) In implementing its monetary policy, the Eurosystem employs the following monetary policy tools: it conducts open market operations, offers standing facilities and requires credit institutions to hold minimum reserves on accounts with the Eurosystem.

(9) In order to achieve its objectives, the Eurosystem has a set of instruments at its disposal for conducting open market operations, which include reverse transactions, outright transactions, the issuance of ECB debt certificates, foreign exchange swaps for monetary policy purposes and the collection of fixed-term deposits. Such instruments for the conduct of open market operations aim to ensure an orderly functioning of the money market and to help banks meet their liquidity needs in a smooth and well-organised manner.

(10) The set of instruments at the Eurosystem's disposal for offering standing facilities are the marginal lending facility and the deposit facility, which are aimed at providing and absorbing overnight liquidity respectively, signalling the stance of monetary policy and bounding overnight money market interest rates.

(11) The Eurosystem's minimum reserve system primarily pursues the monetary policy objectives of: (a) contributing to the stabilisation of money market interest rates by giving institutions an incentive to temper the effects of temporary liquidity fluctuations due to the averaging provision; and (b) creating or enlarging a structural liquidity shortage, which improves the ability of the Eurosystem to operate efficiently as a liquidity supplier. The legal framework of the Eurosystem's minimum reserve system is laid down in Article 19 of the Statute of the ESCB, Council Regulation (EC) No 2531/98 ([1]) and Regulation (EC) No 1745/2003 of the European Central Bank (ECB/2003/9) ([2]).

(12) With regard to their aims, regularity and procedures, the Eurosystem's open market operations can be divided into four categories: (a) main refinancing operations; (b) longer-term refinancing operations; (c) fine-tuning operations; (d) structural operations.

(13) The main refinancing operations are a category of open market operations conducted by the Eurosystem that play a pivotal role in pursuing the aims of steering interest rates, managing the liquidity situation in the market and signalling the stance of monetary policy.

(14) The longer-term refinancing operations are aimed at providing counterparties with liquidity that has a maturity longer than that of the main refinancing operations. With longer-term refinancing operations, the Eurosystem does not, as a rule, intend to send signals to the market and therefore normally acts as a rate taker.

(15) Fine-tuning operations are executed on an ad hoc basis with the aim of managing the liquidity situation in the market and steering interest rates, in particular in order to smooth the effects on interest rates caused by unexpected liquidity fluctuations in the market. The specific fine-tuning operations are adapted to the types of transactions and the specific objectives pursued by the relevant operations.

(16) Structural operations may be carried out whenever the structural position of the Eurosystem needs to be adjusted with regard to the financial sector.

(17) The implementation of the Eurosystem's monetary policy framework should ensure that a broad range of counterparties participate under uniform eligibility criteria. These criteria are specified to ensure the equal treatment of counterparties across the Member States whose currency is the euro and to ensure that counterparties fulfil certain prudential and operational requirements.

(18) In order to protect the Eurosystem from counterparty risk, the second indent of Article 18.1 of the Statute of the ESCB provides that when the Eurosystem conducts credit operations with credit institutions and other market participants, lending should be based on adequate collateral.

(19) In order to ensure the equal treatment of counterparties, as well as to enhance operational efficiency and transparency, assets must fulfil certain uniform criteria across the Member States whose currency is the euro in order to be eligible as collateral for Eurosystem credit operations.

([1]) Council Regulation (EC) No 2531/98 of 23 November 1998 concerning the application of minimum reserves by the European Central Bank (OJ L 318, 27.11.1998, p. 1).

([2]) Regulation (EC) No 1745/2003 of the European Central Bank of 12 September 2003 on the application of minimum reserves (ECB/2003/9) (OJ L 250, 2.10.2003, p. 10).

(20) 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 implementing this Guideline in all Member States whose currency is the euro. The single framework for assets eligible as collateral covers marketable and non-marketable assets that fulfil uniform eligibility criteria specified by the Eurosystem. Most eligible assets may be used on a cross-border basis by means of the correspondent central banking model (CCBM) and, in the case of marketable assets, through eligible links between eligible EEA securities settlement systems (SSSs) or eligible links between eligible EEA SSSs in combination with the CCBM.

(21) Intraday credit is provided by the Eurosystem to even out mismatches in payment settlements. As laid down in Article 12 of and Annex III to Guideline ECB/2012/27 ([1]), the collateral for the provision of intraday credit is required to comply with the same criteria that assets eligible as collateral must fulfil under Part Four.

(22) All eligible assets for Eurosystem credit operations need to be subject to specific risk control measures in order to protect the Eurosystem against financial losses in circumstances where its collateral has to be realised due to an event of default of a counterparty. Eligible assets are required to meet the Eurosystem's credit quality requirements specified in the Eurosystem credit assessment framework (ECAF) rules.

(23) The ECB imposes sanctions on institutions which do not comply with obligations arising from ECB regulations and decisions relating to the application of minimum reserves in accordance with Council Regulation (EC) No 2532/98 ([2]), European Central Bank Regulation (EC) No 2157/1999 (ECB/1999/4) ([3]), Regulation (EC) No 2531/98 and Regulation (EC) No 1745/2003 (ECB/2003/9). In the event of a serious infringement of the minimum reserve requirements, the Eurosystem may also suspend counterparties' participation in open market operations.

(24) In accordance with the provisions of the contractual or regulatory arrangements applied by the relevant NCB or by the ECB, if counterparties fail to comply with their obligations under the contractual or regulatory arrangements applied by the NCBs or by the ECB, as set out in this Guideline, the Eurosystem can impose financial penalties or suspend counterparties' participation in open market operations or standing facilities.

(25) In accordance with the provisions in the contractual or regulatory arrangements applied by the relevant NCB or by the ECB, the Eurosystem may also suspend, limit or exclude counterparties' access to open market operations or standing facilities on the grounds of prudence or if there is an event of default of a counterparty. On the grounds of prudence, the Eurosystem may also reject, limit the use of or apply supplementary haircuts to assets mobilised by specific counterparties as collateral in Eurosystem credit operations.

(26) All contractual or regulatory arrangements applied by the NCBs with their counterparties should contain minimum common features aimed at ensuring the application of the single monetary policy under terms and conditions which are not materially different among Member States whose currency is the euro,

HAS ADOPTED THIS GUIDELINE:

([1]) 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).
([2]) Council Regulation (EC) No 2532/98 of 23 November 1998 concerning the powers of the European Central Bank to impose sanctions (OJ L 318, 27.11.1998, p. 4).
([3]) European Central Bank Regulation (EC) No 2157/1999 of 23 September 1999 on the powers of the European Central Bank to impose sanctions (ECB/1999/4) (OJ L 264, 12.10.1999, p. 21).

CONTENTS

PART ONE

SUBJECT MATTER, SCOPE AND DEFINITIONS

Article 1

Subject matter and scope

1. This Guideline sets out the uniform rules for the implementation of the single monetary policy by the Eurosystem throughout the Member States whose currency is the euro.

2. The Eurosystem shall take all the appropriate measures to implement Eurosystem monetary policy operations in accordance with the principles, tools, instruments, requirements, criteria and procedures laid down in this Guideline.

3. The legal relationship between the Eurosystem and its counterparties shall be established in appropriate contractual or regulatory arrangements applied by the relevant NCB, in which the provisions of this Guideline are implemented accordingly.

4. The ECB's Governing Council may, at any time, change the tools, instruments, requirements, criteria and procedures for the implementation of Eurosystem monetary policy operations.

5. The Eurosystem reserves the right to request and obtain any relevant information from counterparties that is needed to carry out its tasks and achieve its objectives in relation to monetary policy operations. This right is without prejudice to any other existing specific rights of the Eurosystem to request information relating to monetary policy operations.

Article 2

Definitions

For the purposes of this Guideline, the following definitions shall apply:

(1) 'actual/360 day-count convention' means the convention applied in Eurosystem monetary policy operations which determines the actual number of calendar days included in the calculation of interest by using a 360-day year as the basis;

(2) 'agency' means entities that the Eurosystem has classified as agencies. The list of entities classified as agencies is published on the ECB's website;

(3) 'asset-backed securities' (ABSs) means debt instruments that are backed by a pool of ring fenced financial assets (fixed or revolving), that convert into cash within a finite time period. In addition, rights or other assets may exist that ensure the servicing or timely distribution of proceeds to the holders of the security. Generally, asset-backed securities are issued by a specially created investment vehicle which has acquired the pool of financial assets from the originator or seller. In this regard, payments on the asset-backed securities depend primarily on the cash flows generated by the assets in the underlying pool and other rights designed to assure timely payment, such as liquidity facilities, guarantees or other features generally known as credit enhancements;

(4) 'bilateral procedure' means a procedure whereby the NCBs or, in exceptional circumstances the ECB, conduct fine-tuning operations or outright transactions, directly with one or more counterparties, or through stock exchanges or market agents, without making use of tender procedures;

(5) 'book-entry system' means a system that enables transfers of securities and other financial assets which do not involve the physical movement of paper documents or certificates, e.g. the electronic transfer of securities;

(6) 'business day' means: (a) in relation to an obligation to make a payment, any day on which TARGET2 is operational to effect such a payment; or (b) in relation to an obligation to deliver assets, any day on which the SSS through which delivery is to be made is open for business in the place where delivery of the relevant securities is to be effected;

(7) 'central securities depository' (CSD) means an entity that: (a) enables securities transactions to be processed and settled by book entry; (b) provides custodial services (e.g. the administration of corporate actions and redemptions); (c) plays an active role in ensuring the integrity of securities issues. Securities can be held in a physical, but immobilised, form or in a dematerialised form (i.e. they exist only as electronic records);

(8) 'collateralised loan' means an arrangement between an NCB and a counterparty whereby liquidity is provided to a counterparty by way of a loan that is secured by an enforceable security interest granted by that counterparty to the NCB in the form of e.g. a pledge, assignment or charge granted over assets;

(9) 'collection of fixed-term deposits' means an instrument used in conducting open market operations, whereby the Eurosystem invites counterparties to place fixed-term deposits on accounts with their home NCBs in order to absorb liquidity from the market;

(10) 'competent authority' means a public authority or body officially recognised by national law that is empowered by national law to supervise institutions as part of the supervisory system in the relevant Member State;

(11) 'counterparty' means an institution fulfilling the eligibility criteria laid down in Part Three entitling it to access the Eurosystem's monetary policy operations;

(12) 'covered bonds' means debt instruments that have a dual recourse: (a) directly or indirectly to a credit institution; and (b) to a dynamic cover pool of underlying assets, and for which there is no tranching of risk. The term includes jumbo covered bonds, traditional covered bonds and other covered bonds;

(13) 'credit claim' means a claim for the repayment of money, which constitutes a debt obligation of a debtor vis-à-vis a counterparty. Credit claims also include *Schuldscheindarlehen* and Dutch-registered private claims on the government or other eligible debtors that are covered by a government guarantee, e.g. housing associations;

(14) 'credit institution' means a credit institution within the meaning of Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council [1] and point (1) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council [2], which is subject to supervision by a competent authority; or a publicly-owned credit institution within the meaning of Article 123(2) of the Treaty that is subject to supervision of a standard comparable to supervision by a competent authority;

(15) 'credit rating' has the same meaning as in Article 3(1)(a) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council [3];

[1] Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

[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).

[3] Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (OJ L 302, 17.11.2009, p. 1).

(16) 'cross-border use' means the submission, as collateral, by a counterparty to its home NCB of:

(a) marketable assets held in another Member State whose currency is the euro;

(b) marketable assets issued in another Member State and held in the Member State of the home NCB;

(c) credit claims where the credit claim agreement is governed by the laws of another Member State whose currency is the euro other than that of the home NCB;

(d) retail mortgage-backed debt instruments (RMBDs) in accordance with the applicable procedures of the CCBM;

(17) 'currency hedge' means an agreement entered into between a securities issuer and a hedge counterparty, pursuant to which a portion of the currency risk arising from the receipt of cash flows in a non-euro currency is mitigated by swapping the cash flows for euro currency payments to be made by the hedge counterparty, including any guarantee by the hedge counterparty of those payments;

(18) 'custodian' means an entity which undertakes the safekeeping and administration of securities and other financial assets on behalf of others;

(19) 'default market value' means, with regard to any assets on any date:

(a) the market value of such assets at the default valuation time calculated on the basis of the most representative price on the business day preceding the valuation date;

(b) in the absence of a representative price for a particular asset on the business day preceding the valuation date, the last trading price is used. If no trading price is available, the NCB undertaking the operation will define a price, taking into account the last price identified for the asset in the reference market;

(c) in the case of assets for which no market value exists, any other reasonable method of valuation;

(d) if the NCB has sold the assets or equivalent assets at the market price before the default valuation time, the net proceeds of sale, after deducting all reasonable costs, fees and expenses incurred in connection with such sale, such calculation being made and amounts determined by the NCB;

(20) 'delivery-versus-payment' or 'delivery-against-payment system' means a mechanism in an exchange-for-value settlement system which ensures that the final transfer, i.e. the delivery, of assets occurs only upon the occurrence of a corresponding final transfer of other assets, i.e. the payment;

(21) 'deposit facility' means a standing facility offered by the Eurosystem which counterparties may use to make overnight deposits at the Eurosystem through an NCB, which are remunerated at a pre-specified interest rate;

(22) 'deposit facility rate' means the interest rate applied to the deposit facility;

(23) 'domestic use' means the submission, as collateral, by a counterparty established in a Member State whose currency is the euro, of marketable assets issued and held in the same Member State as that of its home NCB or of credit claims where the credit claim agreement is governed by the laws of the Member State of its home NCB and RMBDs issued by entities established in the Member State of the home NCB;

(24) 'earmarking system' means a system for NCBs' collateral management whereby liquidity is provided against specified, identifiable assets earmarked as collateral for specified Eurosystem credit operations. The substitution of these assets with other specific eligible assets may be permitted by the home NCB provided that they are earmarked as collateral and are adequate for the specific operation;

(25) 'eligible assets' means assets that fulfil the criteria laid down in Part Four and are accordingly eligible as collateral for Eurosystem credit operations;

(26) 'end-of-day' means the time of the business day following closure of TARGET2 at which the payments processed in TARGET2 are finalised for the day;

(27) ‘euro area inflation index’ means an index provided by Eurostat or a national statistical authority of a Member State whose currency is the euro, e.g. the Harmonised Index of Consumer Prices (HICP);

(28) ‘European Economic Area’ (EEA) means all Member States, regardless of whether or not they have formally acceded to the EEA, together with Iceland, Liechtenstein and Norway;

(29) ‘Eurosystem’ means the ECB and the NCBs;

(30) ‘Eurosystem business day’ means any day on which the ECB and at least one NCB are open for the purpose of conducting Eurosystem monetary policy operations;

(31) ‘Eurosystem credit operations’ means: (a) liquidity-providing reverse transactions, i.e. liquidity-providing Eurosystem monetary policy operations excluding foreign exchange swaps for monetary policy purposes and outright purchases; and (b) intraday credit;

(32) ‘Eurosystem monetary policy operations’ means open market operations and standing facilities;

(33) ‘Eurosystem User Assessment Framework’ means the framework, which is available on the ECB's website, for the assessment of SSSs and links to determine their eligibility for use in Eurosystem credit operations;

(34) ‘final transfer’ means an irrevocable and unconditional transfer which effects the discharge of the obligation to make the transfer;

(35) ‘financial corporation’ has the same meaning as in Regulation (EU) No 549/2013 of the European Parliament and of the Council ([1]);

(36) ‘fine-tuning operations’ means a category of open market operations executed by the Eurosystem, particularly to deal with liquidity fluctuations in the market;

(37) ‘fixed coupons’ means debt instruments with a predetermined periodic interest payment;

(38) ‘fixed-rate tender procedure’ means a tender procedure whereby the ECB specifies the interest rate, price, swap point or spread in advance of the tender procedure and participating counterparties bid the amount they want to transact at that fixed interest rate, price, swap point or spread;

(39) ‘floating coupon’ means a coupon linked to a reference interest rate with a resetting period corresponding to this coupon of no longer than one year;

(40) ‘foreign exchange swap for monetary policy purposes’ is an instrument used in conducting open market operations whereby the Eurosystem buys or sells euro spot against a foreign currency and, at the same time, sells or buys it back in a forward transaction on a specified repurchase date;

(41) ‘home NCB’ means the NCB of the Member State whose currency is the euro in which the counterparty is established;

(42) ‘indicative calendar for the Eurosystem's regular tender operations’ means a calendar prepared by the Eurosystem, as endorsed by the ECB's Governing Council, which indicates the timing of the reserve maintenance period, as well as the announcement, allotment and maturity of main refinancing operations and regular longer-term refinancing operations;

(43) ‘international central securities depository’ (ICSD) means a CSD that is active in the settlement of internationally traded securities from various national markets, typically across currency areas;

(44) ‘international organisation’ means an entity listed in Article 118 of Regulation (EU) No 575/2013, whereby exposures to such an entity are assigned a 0 % risk weight;

(45) ‘international securities identification number’ (ISIN) means the international identification code assigned to securities issued in financial markets;

([1]) 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).

(46) 'intraday credit' means credit extended for a period of less than one business day as defined in Guideline ECB/2012/27;

(47) 'issuance of ECB debt certificates' means a monetary policy instrument used in conducting open market operations, whereby the ECB issues debt certificates which represent a debt obligation of the ECB in relation to the certificate holder;

(48) 'jumbo covered bonds' means covered bonds issued in accordance with the requirements in Article 52(4) of Directive 2009/65/EC of the European Parliament and of the Council [1] and with an issuing volume of at least EUR 1 billion, for which at least three market-makers provide regular bid and ask quotes;

(49) 'leasing receivables' means the scheduled and contractually mandated payments by the lessee to the lessor under the terms of a lease agreement. Residual values are not leasing receivables;

(50) 'liquidity support' means any structural, actual or potential feature that is designed or deemed appropriate to cover any temporary cash flow shortfall that may occur during the lifetime of an ABS transaction;

(51) 'longer-term refinancing operations' (LTROs) means a category of open market operations that are executed by the Eurosystem in the form of reverse transactions that are aimed at providing liquidity with a maturity longer than that of the main refinancing operations to the financial sector;

(52) 'main refinancing operations' (MROs) means a category of regular open market operations that are executed by the Eurosystem in the form of reverse transactions;

(53) 'maintenance period' has the same meaning as defined in Regulation (EC) No 1745/2003 (ECB/2003/9);

(54) 'margin call' means a procedure relating to the application of variation margins, implying that if the value of the assets mobilised as collateral by a counterparty, as regularly measured, falls below a certain level, the Eurosystem requires the counterparty to supply additional eligible assets or cash. For pooling systems, a margin call is performed only in cases of under-collateralisation, and for earmarking systems symmetric margin calls are performed, each method as further specified in the national documentation of the home NCB;

(55) 'marginal interest rate' means the lowest interest rate in liquidity-providing variable rate tender procedures at which bids are fulfilled, or the highest interest rate in liquidity-absorbing variable rate tender procedures at which bids are fulfilled;

(56) 'marginal lending facility' means a standing facility offered by the Eurosystem which counterparties may use to receive overnight credit from the Eurosystem through an NCB at a pre-specified interest rate subject to a requirement for sufficient eligible assets as collateral;

(57) 'marginal lending facility rate' means the interest rate applied to the marginal lending facility;

(58) 'marginal swap point quotation' means the swap point quotation at which the total tender allotment is exhausted;

(59) 'marketable assets' means debt instruments that are admitted to trading on a market and that fulfil the eligibility criteria laid down in Part Four;

(60) 'maturity date' means the date on which a Eurosystem monetary policy operation expires. In the case of a repurchase agreement or swap, the maturity date corresponds to the repurchase date;

(61) 'Member State' means a Member State of the Union;

(62) '*multi cédulas*' means debt instruments issued by specific Spanish SPVs (Fondo de Titulización de Activos, FTA) enabling a certain number of small-sized single *cédulas* (Spanish covered bonds) from several originators to be pooled together;

---

[1] Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).

(63) 'multilateral development bank' means an entity listed in Article 117(2) of Regulation (EU) No 575/2013, whereby exposures to such an entity are assigned a 0 % risk weight;

(64) 'multiple rate auction (American auction)' means an auction in which the allotment interest rate or price or swap point equals the interest rate or price or swap point offered in each individual bid;

(65) 'multi-step coupon' means a coupon structure where the margin part (*x*) increases more than once during the life of the asset according to a predetermined schedule on predetermined dates, usually the call date or the coupon payment date;

(66) 'national central bank' (NCB) means a national central bank of a Member State whose currency is the euro;

(67) 'NCB business day' means any day on which an NCB is open for the purpose of conducting Eurosystem monetary policy operations, including days when branches of such an NCB may be closed due to local or regional bank holidays;

(68) 'non-EEA G10 countries' means the countries participating in the Group of Ten (G10) that are not EEA countries, i.e. the United States of America, Canada, Japan and Switzerland;

(69) 'non-financial corporation' has the same meaning as in Regulation (EU) No 549/2013;

(70) 'non-marketable asset' means any of the following assets: fixed-term deposits, credit claims and RMBDs;

(71) 'other covered bonds' means structured covered bonds and *multi cédulas*;

(72) 'outright transaction' means an instrument used in conducting open market operations, whereby the Eurosystem buys or sells eligible marketable assets outright in the market (spot or forward), resulting in a full transfer of ownership from the seller to the buyer with no connected reverse transfer of ownership;

(73) 'pooling system' means a system for NCBs' collateral management, whereby a counterparty maintains a pool account with an NCB to deposit assets collateralising that counterparty's related Eurosystem credit operations, whereby the assets are recorded in such a way that an individual eligible asset is not linked to a specific Eurosystem credit operation and the counterparty may substitute eligible assets on a continuous basis;

(74) 'public credit rating' means credit ratings which are: (a) issued by credit rating agencies registered in the Union and accepted by the Eurosystem; and (b) disclosed publicly or distributed by subscription;

(75) 'public sector entity' means an entity that is classified by a national statistical authority as a unit within the public sector for the purposes of Regulation (EU) No 549/2013;

(76) 'quick tender' means a tender procedure, which is normally executed within a time frame of 105 minutes from the announcement of the tender to the certification of the allotment result, and which can be restricted to a limited set of counterparties, as further specified in Part Two;

(77) 'repurchase agreement' means an arrangement whereby an eligible asset is sold to a buyer without any retention of ownership on the part of the seller, while the seller simultaneously obtains the right and the obligation to repurchase an equivalent asset at a specific price on a future date or on demand;

(78) 'repurchase date' means the date on which the buyer is obliged to sell back equivalent assets to the seller in relation to a transaction under a repurchase agreement;

(79) 'repurchase price' means the price at which the buyer is obliged to sell back equivalent assets to the seller in relation to a transaction under a repurchase agreement. The repurchase price equals the sum of the purchase price and the price differential corresponding to the interest on the advanced liquidity over the maturity of the operation;

(80) 'reverse transaction' means an instrument used in conducting open market operations and when providing access to the marginal lending facility whereby an NCB buys or sells eligible assets under a repurchase agreement or conducts credit operations in the form of collateralised loans;

(81) 'safe custody account' means a securities account managed by an ICSD, CSD or NCB on which credit institutions can place securities eligible for Eurosystem credit operations;

(82) 'securities settlement system' (SSS) means a system which allows the transfer of securities, either free of payment (FOP), or against payment (delivery-versus-payment);

(83) 'settlement date' means the date on which a transaction is settled;

(84) 'single rate auction (Dutch auction)' means an auction in which the allotment interest rate or price or swap point applied for all satisfied bids is equal to the marginal interest rate or price or swap point;

(85) 'Special Purpose Vehicle' (SPV) means a securitisation special purpose entity as defined in point 66 of Article 4(1) of Regulation (EU) No 575/2013;

(86) 'standard tender' means a tender procedure which is normally carried out within a time frame of 24 hours from the announcement of the tender to the certification of the allotment result;

(87) 'structural operations' means a category of open market operations executed by the Eurosystem to adjust the structural liquidity position of the Eurosystem vis-à-vis the financial sector or pursue other monetary policy purposes as further specified in Part Two;

(88) 'structured covered bonds' means covered bonds, with the exception of multi-cédulas, which are not issued in accordance with the requirements under Article 52(4) of Directive 2009/65/EC;

(89) 'swap point' means the difference between the exchange rate of the forward transaction and the exchange rate of the spot transaction in a foreign exchange swap, quoted according to general market conventions;

(90) 'tap issuance' or 'tap issue' means an issue forming a single series with an earlier issuance or issue;

(91) 'TARGET2' means the real-time gross settlement system for the euro, providing settlement of payments in euro in central bank money, regulated under Guideline ECB/2012/27;

(92) 'tender procedure' means a procedure whereby the Eurosystem provides liquidity to, or withdraws liquidity from, the market whereby the NCB enters into transactions by accepting bids submitted by counterparties after a public announcement;

(93) 'trade date (T)' means the date on which a trade, i.e. an agreement on a financial transaction between two counterparties, is struck. The trade date may coincide with the settlement date for the transaction (same-day settlement) or precede the settlement date by a specified number of business days (the settlement date is specified as T + the settlement lag);

(94) 'traditional covered bonds' means covered bonds, other than jumbo covered bonds, which are issued in accordance with the requirements under Article 52(4) of Directive 2009/65/EC;

(95) 'tri-party agent' (TPA) means an operator of an SSS that has entered into a contract with an NCB whereby such operator is to provide certain collateral management services as an agent of that NCB;

(96) 'Union' means the European Union;

(97) 'valuation haircut' means a percentage decrease applied to the market value of an asset mobilised as collateral in Eurosystem credit operations;

(98) 'valuation markdown' means a certain percentage decrease in the market value of assets, mobilised as collateral in Eurosystem credit operations, prior to the application of any valuation haircut;

(99) 'variable rate tender procedure' means a tender procedure whereby participating counterparties bid both the amount they want to transact and the interest rate, swap point or price at which they want to enter into transactions with the Eurosystem in competition with each other, and whereby the most competitive bids are satisfied first until the total amount offered is exhausted;

(100) 'zero coupon' means a debt instrument with no periodic coupon payments.

PART TWO

THE EUROSYSTEM MONETARY POLICY TOOLS, OPERATIONS, INSTRUMENTS AND PROCEDURES

Article 3

Eurosystem monetary policy implementation framework

1. The tools used by the Eurosystem in the implementation of monetary policy shall consist of:

(a) open market operations;

(b) standing facilities;

(c) minimum reserve requirements.

2. The minimum reserve requirements are specified in Regulation (EC) No 2531/98 and Regulation (EC) No 1745/2003 (ECB/2003/9). Certain features of the minimum reserve requirements are illustrated in Annex I for information purposes.

Article 4

Indicative characteristics of the Eurosystem monetary policy operations

An overview of the characteristics of the Eurosystem monetary policy operations is set out in Table 1.

Table 1

Overview of characteristics of the Eurosystem monetary policy operations

<table>
<tr><th colspan="2" rowspan="2">Categories of the monetary policy operations</th><th colspan="2">Types of instruments</th><th rowspan="2">Maturity</th><th rowspan="2">Frequency</th><th rowspan="2">Procedure</th></tr>
<tr><th>Provision of liquidity</th><th>Absorption of liquidity</th></tr>
<tr><td rowspan="8">Open market operations</td><td>Main refinancing operations</td><td>Reverse transactions</td><td>—</td><td>One week</td><td>Weekly</td><td>Standard tender procedures</td></tr>
<tr><td>Longer-term refinancing operations</td><td>Reverse transactions</td><td>—</td><td>Three months (*)</td><td>Monthly (*)</td><td>Standard tender procedures</td></tr>
<tr><td rowspan="3">Fine-tuning operations</td><td>Reverse transactions</td><td>Reverse transactions</td><td>Non-standardised</td><td>Non-standardised</td><td>Tender procedures</td></tr>
<tr><td>Foreign exchange swaps</td><td>Foreign exchange swaps</td><td></td><td></td><td>Bilateral procedures</td></tr>
<tr><td></td><td>Collection of fixed-term deposits</td><td></td><td></td><td></td></tr>
<tr><td rowspan="3">Structural operations</td><td>Reverse transactions</td><td>Reverse transactions</td><td>Non-standardised</td><td>Non-standardised</td><td rowspan="2">Standard tender procedures</td></tr>
<tr><td>—</td><td>Issuance of ECB debt certificates</td><td>Less than 12 months</td><td>Non-standardised</td></tr>
<tr><td>Outright purchases</td><td>Outright sales</td><td>—</td><td>Non-standardised</td><td>Tender procedures
Bilateral procedures</td></tr>
</table>

Categories of the monetary policy operations		Types of instruments		Maturity	Frequency	Procedure
		Provision of liquidity	Absorption of liquidity			
Standing facilities	Marginal lending facility	Reverse transactions	—	Overnight	Access at the discretion of counterparties	
	Deposit facility	—	Deposits	Overnight	Access at the discretion of counterparties	

(*) Subject to Article 7(4).

TITLE I

OPEN MARKET OPERATIONS

CHAPTER 1

Overview of open market operations

Article 5

Overview of categories and instruments in respect of open market operations

1. The Eurosystem may conduct open market operations to steer interest rates, manage the liquidity situation in the financial market and signal the stance of monetary policy.

2. Depending on their specific purpose, open market operations can be grouped under the following categories:

(a) main refinancing operations;

(b) longer-term refinancing operations;

(c) fine-tuning operations;

(d) structural operations.

3. Open market operations shall be conducted by means of the following instruments:

(a) reverse transactions;

(b) foreign exchange swaps for monetary policy purposes;

(c) the collection of fixed-term deposits;

(d) the issuance of ECB debt certificates;

(e) outright transactions.

4. As regards the specific categories of open market operations laid down in paragraph 2, the following instruments referred to in paragraph 3 shall be applicable:

(a) MROs and LTROs are conducted exclusively by means of reverse transactions;

(b) fine-tuning operations may be conducted by means of:

(i) reverse transactions;

(ii) foreign exchange swaps for monetary policy purposes;

(iii) the collection of fixed-term deposits;

(c) structural operations may be conducted by means of:

(i) reverse transactions;

(ii) the issuance of ECB debt certificates;

(iii) outright transactions.

5. The ECB shall initiate open market operations and shall also decide on the terms and conditions for their execution and on the instrument to be used.

CHAPTER 2

Categories of open market operations

Article 6

Main refinancing operations

1. The Eurosystem shall conduct MROs by means of reverse transactions.

2. As regards their operational features, MROs:

(a) are liquidity-providing operations;

(b) are normally conducted each week in accordance with the indicative calendar for the Eurosystem's regular tender operations;

(c) normally have a maturity of one week, as indicated in the indicative calendar for the Eurosystem's regular tender operations, subject to the exception laid down in paragraph 3;

(d) are executed in a decentralised manner by the NCBs;

(e) are executed by means of standard tender procedures;

(f) are subject to the eligibility criteria laid down in Article 55 which must be fulfilled by all counterparties submitting bids for such operations;

(g) are based on eligible assets as collateral.

3. The maturity of MROs may differ on the grounds of varying bank holidays in Member States whose currency is the euro.

4. The ECB's Governing Council shall decide on the interest rates for the MROs on a regular basis. The revised interest rates shall become effective from the beginning of the new reserve maintenance period.

5. Notwithstanding paragraph 4, the ECB's Governing Council may change the interest rate for the MROs at any point in time. Such decision shall become effective at the earliest from the following Eurosystem business day.

6. MROs are executed by means of fixed rate tender procedures or variable rate tender procedures, as decided by the Eurosystem.

Article 7

Longer-term refinancing operations

1. The Eurosystem shall conduct LTROs by means of reverse transactions to provide counterparties with liquidity with a maturity longer than that of the MROs.

2. As regards their operational features, LTROs:

(a) are liquidity-providing reverse operations;

(b) are conducted regularly each month in accordance with the indicative calendar for the Eurosystem's regular tender operations, subject to the exception laid down in paragraph 4;

(c) normally have a maturity of three months in accordance with the indicative calendar for the Eurosystem's regular tender operations, subject to the exceptions laid down in paragraphs 3 and 4;

(d) are executed in a decentralised manner by the NCBs;

(e) are executed by means of standard tender procedures;

(f) are subject to the eligibility criteria specified in Article 55 which must be fulfilled by all counterparties submitting bids for such operations;

(g) are based on eligible assets as collateral.

3. The maturity of LTROs may differ on the grounds of varying bank holidays in Member States whose currency is the euro.

4. The Eurosystem may conduct — on a non-regular basis — LTROs with a maturity other than three months. Such operations are not specified in the indicative calendar for the Eurosystem's regular tender operations.

5. LTROs with a maturity of more than three months that are conducted on a non-regular basis, as referred to in paragraph 4, may have an early repayment clause. Such an early repayment clause may represent either an option or a mandatory obligation for counterparties under which they repay all or part of the amounts they were allotted in a given operation. Mandatory early repayment clauses shall be based on explicit and predefined conditions. The dates on which the early repayments become effective shall be announced by the Eurosystem at the time of the announcement of the operations. The Eurosystem may decide in exceptional circumstances to suspend early repayments on specific dates on the grounds of, inter alia, bank holidays in Member States whose currency is the euro.

6. LTROs are executed by means of variable rate tender procedures, unless it is decided by the Eurosystem to execute them by means of a fixed-rate tender procedure. In such a case, the rate applicable to fixed-rate tender procedures may be indexed to an underlying reference rate (e.g. average MRO rate) over the life of the operation, with or without a spread.

Article 8

Fine-tuning operations

1. The Eurosystem may conduct fine-tuning operations by means of reverse transactions, foreign exchange swaps for monetary policy purposes or the collection of fixed-term deposits, in particular to deal with liquidity fluctuations in the market.

2. As regards their operational features, fine-tuning operations:

(a) may be conducted either as a liquidity-providing or as a liquidity-absorbing operation;

(b) have a frequency and maturity that are normally not standardised;

(c) are normally executed by means of quick tender procedures, unless the Eurosystem decides to conduct the specific fine-tuning operation by other means (standard tender procedure or bilateral procedure) in the light of specific monetary policy considerations or in order to react to market conditions;

(d) are executed in a decentralised manner by the NCBs, without prejudice to Article 45(3);

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

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

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

(f) when conducted by means of reverse transactions, they are based on eligible assets as collateral.

3. The ECB may conduct fine-tuning operations on any Eurosystem business day to counter liquidity imbalances in the reserve maintenance period. If the trade day, settlement day and reimbursement day are not NCB business days, the relevant NCB may not conduct such operations.

4. The Eurosystem shall retain a high degree of flexibility as regards its choice of procedures and operational features in the conduct of fine-tuning operations, in order to react to market conditions.

Article 9

Structural operations

1. The Eurosystem may conduct structural operations by means of reverse transactions, the issuance of ECB debt certificates or outright transactions to adjust the structural position of the Eurosystem vis-à-vis the financial system, or pursue other monetary policy implementation purposes.

2. As regards their operational features, structural operations:

(a) are liquidity-providing or liquidity-absorbing operations;

(b) have a frequency and maturity that is not standardised;

(c) are executed by means of tender or bilateral procedures, depending on the specific type of instrument for conducting the structural operation;

(d) are executed in a decentralised manner by the NCBs;

(e) are subject to the eligibility criteria for counterparties as specified 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;

(f) liquidity-providing structural operations are based on eligible assets as collateral, with the exception of outright purchases.

3. The Eurosystem shall retain a high degree of flexibility as regards its choice of procedures and operational features in the conduct of structural operations in order to react to market conditions and other structural developments.

CHAPTER 3

Instruments for open market operations

Article 10

Reverse transactions

1. Reverse transactions are specific instruments to conduct open market operations whereby an NCB buys or sells eligible assets under a repurchase agreement or conducts credit operations in the form of collateralised loans depending on the relevant contractual or regulatory arrangements applied by the NCBs.

2. Repurchase agreements and collateralised loans shall comply with the additional requirements for such instruments set out in Part Seven.

3. Liquidity-providing reverse transactions shall be based on eligible assets as collateral, pursuant to Part Four.

4. The operational features of reverse transactions shall depend on the category of open market operation for which they are used.

5. Liquidity-absorbing reverse transactions shall be based on assets provided by the Eurosystem. The eligibility criteria of those assets shall be identical to those applied for eligible assets used in liquidity-providing reverse transactions, pursuant to Part Four. No valuation haircuts shall be applied in liquidity-absorbing reverse transactions.

Article 11

Foreign exchange swaps for monetary policy purposes

1. Foreign exchange swaps for monetary policy purposes consist of simultaneous spot and forward transactions in euro against a foreign currency.

2. Foreign exchange swaps for monetary policy purposes shall comply with the additional requirements for such instruments set out in Part Seven.

3. Unless decided otherwise by the ECB's Governing Council, the Eurosystem shall operate only in widely traded currencies and in accordance with standard market practice.

4. In each foreign exchange swap for monetary policy purposes, the Eurosystem and the counterparties shall agree on the swap points for the transaction that are quoted in accordance with general market conventions. The exchange rate terms of foreign exchange swaps for monetary policy purposes are specified in Table 2.

5. As regards their operational features, foreign exchange swaps for monetary policy purposes:

(a) may be conducted either as liquidity-providing or as liquidity-absorbing operations;

(b) have a frequency and maturity that is not standardised;

(c) are executed by means of quick tender procedures or bilateral procedures, unless the Eurosystem decides to conduct the specific operation by other means (standard tender procedure), in the light of specific monetary policy considerations or in order to react to market conditions;

(d) are executed in a decentralised manner by the NCBs, without prejudice to Article 45(3).

6. Counterparties participating in foreign exchange swaps for monetary policy purposes shall be subject to the eligibility criteria specified in Part Three, depending on the applicable procedure for the relevant operation.

Table 2

The exchange rate terms of foreign exchange swaps for monetary policy purposes

S = spot (on the transaction date of the foreign exchange swap) of the exchange rate between the euro (EUR) and a foreign currency ABC

$$S = \frac{x \times ABC}{1 \times EUR}$$

FM = forward exchange rate between the euro and a foreign currency ABC on the repurchase date of the swap (M)

$$F_M = \frac{y \times ABC}{1 \times EUR}$$

ΔM = forward points between the euro and ABC at the repurchase date of the swap (M)

$$\Delta_M = F_M - S$$

N(.) = spot amount of currency; $N(.)_M$ is the forward amount of currency:

$$N(ABC) = N(EUR) \times S \text{ or } N(EUR) = \frac{N(ABC)}{S}$$

$$N(ABC)_M = N(EUR)_M \times F_M \text{ or } N(EUR)_M = \frac{N(ABC)_M}{F_M}$$

Article 12

Collection of fixed-term deposits

1. The Eurosystem may invite counterparties to place fixed-term deposits with their home NCBs.

2. The deposits accepted from counterparties shall be for a fixed term and a fixed rate of interest shall be applied.

3. The interest rates applied to fixed-term deposits may be: (a) positive; (b) set at zero per cent; (c) negative.

4. The interest rate applied to the fixed-term deposit shall be a simple interest rate based on the actual/360 day-count convention. The interest shall be paid at maturity of the deposit. In cases of a negative interest rate, its application to fixed-term deposits shall entail a payment obligation of the deposit holder to the home NCB, including the right of that NCB to debit the account of the counterparty accordingly. The NCBs shall not provide any collateral in exchange for the fixed-term deposits.

5. Fixed-term deposits shall be held in accounts with the home NCB, even where such operations are to be executed in a centralised manner by the ECB under Article 45(3).

6. As regards their operational features, the collection of fixed-term deposits:

(a) is conducted in order to absorb liquidity;

(b) may be conducted on the basis of a pre-announced schedule of operations with pre-defined frequency and maturity or may be conducted ad hoc to react to liquidity condition developments, e.g. the collection of fixed-term deposits may be conducted on the last day of a reserve maintenance period to counter liquidity imbalances which may have accumulated since the allotment of the last main refinancing operation;

(c) is executed by means of quick tender procedures, unless it is decided by the ECB to conduct the specific operation by other means (bilateral procedure or standard tender procedure), in the light of specific monetary policy considerations or in order to react to market conditions;

(d) is executed in a decentralised manner by the NCBs, without prejudice to Article 45(3).

7. Counterparties participating in the collection of fixed term deposits shall be subject to the eligibility criteria specified in Part Three, depending on the applicable procedure for the relevant operation.

Article 13

Issuance of ECB debt certificates

1. ECB debt certificates constitute a debt obligation of the ECB in relation to the certificate holder.

2. ECB debt certificates shall be issued and held in book-entry form in securities depositories in Member States whose currency is the euro.

3. The ECB shall not impose any restrictions on the transferability of ECB debt certificates.

4. The ECB may issue ECB debt certificates at:

(a) a discounted issue amount that is below the nominal amount; or

(b) an amount above the nominal amount,

which are to be redeemed at maturity at a nominal amount.

The difference between the issue and the nominal (redemption) amount shall equal the interest accrued on the issue amount, at the agreed interest rate, over the maturity of the certificate. The interest rate applied shall be a simple interest rate based on the actual/360 day-count convention. The calculation of the issue amount shall be made in accordance with Table 3.

Table 3

Issuance of ECB debt certificates

The issue amount is: $P_T = N \times \frac{1}{1 + \frac{r_I \times D}{36{,}000}}$

where:

N = nominal amount of the ECB debt certificate

r_I = interest rate (in %)

D = maturity of the ECB debt certificate (in days)

P_T = issue amount of the ECB debt certificate

5. As regards the operational features of ECB debt certificates:

(a) they are issued as a liquidity-absorbing open market operation;

(b) they may be issued on a regular or a non-regular basis;

(c) they have a maturity that is less than 12 months;

(d) they are issued by means of standard tender procedures;

(e) they are tendered and settled in a decentralised manner by the NCBs.

6. Counterparties participating in the standard tender procedure for the issuance of ECB debt certificates shall be subject to the eligibility criteria specified in Part Three.

Article 14

Outright transactions

1. An outright transaction shall involve a full transfer of ownership from the seller to the buyer with no connected reverse transfer of ownership.

2. In the execution of outright transactions and the calculation of prices, the Eurosystem shall act in accordance with the most widely accepted market convention for the debt instruments used in the transaction.

3. As regards their operational features, outright transactions:

(a) may be conducted as liquidity-providing operations (outright purchases) or liquidity-absorbing operations (outright sales);

(b) have a frequency that is not standardised;

(c) are executed by means of bilateral procedures, unless the ECB decides to conduct the specific operation by quick or standard tender procedures;

(d) are executed in a decentralised manner by the NCBs, without prejudice to Article 45(3);

(e) are based only on eligible marketable assets as specified in Part Four.

4. Counterparties participating in outright transactions shall be subject to the eligibility criteria specified in Part Three.

Article 15

Obligations of collateralisation and settlement in reverse transactions and foreign exchange swaps for monetary policy purposes

1. With regard to liquidity-providing reverse transactions and liquidity-providing foreign exchange swaps for monetary policy purposes, counterparties shall:

(a) transfer a sufficient amount of eligible assets in the case of reverse transactions or the corresponding foreign currency amount in the case of foreign exchange swaps to settle on the settlement day;

(b) ensure adequate collateralisation of the operation until its maturity;

(c) when applicable as regards point (b), provide adequate collateralisation by way of corresponding margin calls by means of sufficient eligible assets or cash.

2. With regard to liquidity-absorbing reverse transactions and liquidity-absorbing foreign exchange swaps for monetary policy purposes, counterparties shall:

(a) transfer a sufficient amount of cash to settle the amounts they have been allotted in the relevant liquidity absorbing operation;

(b) ensure adequate collateralisation of the operation until its maturity;

(c) when applicable as regards point (b), provide adequate collateralisation by way of corresponding margin calls by means of sufficient eligible assets or cash.

3. The failure to meet the requirements referred to in paragraphs 1 and 2 shall be sanctioned, as applicable, under Articles 154 to 157.

Article 16

Obligations for settlement for outright purchases and sales, the collection of fixed-term deposits and the issuance of ECB debt certificates

1. In open market operations executed by means of outright purchases and sales, collection of fixed term deposits and issuance of ECB debt certificates, counterparties shall transfer a sufficient amount of eligible assets or cash to settle the amount agreed in the transaction.

2. The failure to meet the requirement as referred to in paragraph 1 shall be sanctioned, as applicable, under Articles 154 to 157.

TITLE II

STANDING FACILITIES

Article 17

Standing facilities

1. The NCBs shall grant access to the standing facilities offered by the Eurosystem at their counterparties' initiative.

2. Standing facilities shall consist of the following categories:

(a) the marginal lending facility;

(b) the deposit facility.

3. The terms and conditions of the standing facilities shall be identical in all Member States whose currency is the euro.

4. The NCBs shall only grant access to the standing facilities in accordance with the ECB's objectives and general monetary policy considerations.

5. The ECB may adapt the conditions of the standing facilities or suspend them at any time.

6. The ECB's Governing Council shall decide on the interest rates for the standing facilities on a regular basis. The revised interest rates shall become effective from the beginning of the new reserve maintenance period, as defined in Article 7 of Regulation (EC) No 1745/2003 (ECB/2003/9). The ECB publishes a calendar of the reserve maintenance periods at least three months before the start of each calendar year.

7. Notwithstanding paragraph 6, the ECB's Governing Council may change the interest rate for the standing facilities at any point in time. Such decision shall become effective at the earliest from the following Eurosystem business day.

CHAPTER 1

Marginal lending facility

Article 18

Characteristics of the marginal lending facility

1. Counterparties may use the marginal lending facility to obtain overnight liquidity from the Eurosystem through a reverse transaction with their home NCB at a pre-specified interest rate using eligible assets as collateral.

2. The NCBs shall provide liquidity under the marginal lending facility by means of repurchase agreements or collateralised loans under the NCBs' applicable contractual or regulatory arrangements.

3. There shall be no limit on the amount of liquidity that may be provided under the marginal lending facility, subject to the requirement to provide adequate collateral under paragraph 4.

4. Counterparties are required to present sufficient eligible assets as collateral prior to using the marginal lending facility. These assets should be either pre-deposited with the relevant NCB or delivered with the request for access to the marginal lending facility.

Article 19

Access conditions for the marginal lending facility

1. Institutions fulfilling the eligibility criteria under Article 55 and which have access to an account with the NCB where the transaction can be settled, notably in TARGET2, may access the marginal lending facility.

2. Access to the marginal lending facility shall be granted only on days when TARGET2 is operational. On days when the SSSs are not operational, access to the marginal lending facility shall be granted on the basis of eligible assets which have already been pre-deposited with the NCBs.

3. If an NCB or any of its branches are not open for the purpose of conducting monetary policy operations on certain Eurosystem business days due to national or regional bank holidays, the home NCB shall inform its counterparties in advance of the arrangements to be made for access to the marginal lending facility on that bank holiday.

4. Access to the marginal lending facility can be granted either based on a specific request of the counterparty or automatically, as specified in paragraph 5 and 6 respectively.

5. A counterparty may send a request to its home NCB for access to the marginal lending facility. Provided that the request is received by the home NCB at the latest 15 minutes following the TARGET2 closing time, the NCB shall process the request on the same day in TARGET2. The deadline for requesting access to the marginal lending facility shall be postponed by an additional 15 minutes on the last Eurosystem business day of a reserve maintenance period. The request for access to the marginal lending facility shall specify the amount of credit required. The counterparty shall deliver sufficient eligible assets as collateral for the transaction, unless such assets have already been pre-deposited by the counterparty with the home NCB pursuant to Article 18(4).

6. At the end of each business day, a negative balance on a counterparty's settlement account with its home NCB after finalisation of the end-of-day control procedures shall automatically be considered as a request for recourse to the marginal lending facility. In order to meet the requirement in Article 18(4), counterparties shall have pre-deposited sufficient eligible assets as collateral for the transaction with the home NCB prior to such an automatic request arising. Failure to comply with this access condition shall be subject to sanctions in accordance with Articles 154 to 157.

Article 20

Maturity and interest rate of the marginal lending facility

1. The maturity of credit extended under the marginal lending facility shall be overnight. For counterparties participating directly in TARGET2, the credit shall be repaid on the next day on which: (a) TARGET2; and (b) the relevant SSSs are operational, at the time at which those systems open.

2. The interest rate remunerating the marginal lending facility shall be announced in advance by the Eurosystem and shall be calculated as a simple interest rate based on the actual/360 day-count convention. The interest rate applied to the marginal lending facility is referred to as the marginal lending facility rate.

3. Interest under the marginal lending facility shall be payable together with repayment of the credit.

CHAPTER 2

Deposit facility

Article 21

Characteristics of the deposit facility

1. Counterparties may use the deposit facility to make overnight deposits with the Eurosystem through the home NCB, to which a pre-specified interest rate shall be applied.

2. The interest rate applied to the deposit facility may be: (a) positive; (b) set at zero per cent; (c) negative.

3. The NCBs shall not give any collateral in exchange for the deposits.

4. There shall be no limit on the amount a counterparty may deposit under the deposit facility.

Article 22

Access conditions to the deposit facility

1. Institutions fulfilling the eligibility criteria under Article 55 and which have access to an account with the NCB where the transaction can be settled, notably in TARGET2, may access the deposit facility. Access to the deposit facility shall be granted only on days when TARGET2 is operational.

2. To be granted access to the deposit facility, the counterparty shall send a request to its home NCB. Provided that the request is received by the home NCB at the latest 15 minutes following the TARGET2 closing time, the home NCB shall process the request on the same day in TARGET2. The deadline for requesting access to the deposit facility shall be postponed by an additional 15 minutes on the last Eurosystem business day of a reserve maintenance period. The request shall specify the amount to be deposited under the facility.

3. Due to the existence of different account structures across the NCBs, the NCBs, subject to the ECB's prior approval, may apply access conditions which are different from those referred to in this Article. The NCBs shall provide information to the counterparties on any such deviations from the access conditions described in this Article.

Article 23

Maturity and interest rate of the deposit facility

1. The maturity of deposits under the deposit facility shall be overnight. For counterparties participating directly in TARGET2, deposits held under the deposit facility shall mature on the next day on which TARGET2 is operational, at the time at which this system opens.

2. The interest rate that applies to the deposit shall be announced in advance by the Eurosystem and shall be calculated as a simple interest rate based on the actual/360 day-count convention.

3. Interest on the deposits shall be payable on maturity of the deposit. In cases of negative interest rates, the application of the interest rate to the deposit facility shall entail a payment obligation of the deposit holder to the home NCB, including the right of that NCB to debit the account of the counterparty accordingly.

TITLE III

PROCEDURES FOR EUROSYSTEM MONETARY POLICY OPERATIONS

CHAPTER 1

Tender and bilateral procedures for Eurosystem open market operations

Article 24

Types of procedures for open market operations

Open market operations shall be executed through tender procedures or bilateral procedures.

Section 1

Tender Procedures

Article 25

Overview of tender procedures

1. Tender procedures shall be performed in six operational steps, as specified in Table 4.

Table 4

Operational steps for tender procedures

Step 1 Tender announcement

(a) Announcement by the ECB through public wire services and the ECB's website

(b) Announcement by the NCBs through national wire services and directly to individual counterparties (if deemed necessary)

Step 2 Counterparties' preparation and submission of bids

Step 3 Compilation of bids by the Eurosystem

Step 4 Tender allotment and announcement of tender results

(a) ECB allotment decision

(b) Announcement of the allotment results through public wire services and the ECB's website

Step 5 Certification of individual allotment results

Step 6 Settlement of the transactions

2. Tender procedures shall be conducted in the form of standard tender procedures or quick tender procedures. The operational features of standard and quick tender procedures are identical, except for the time frame (Tables 5 and 6) and the range of counterparties.

Table 5

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

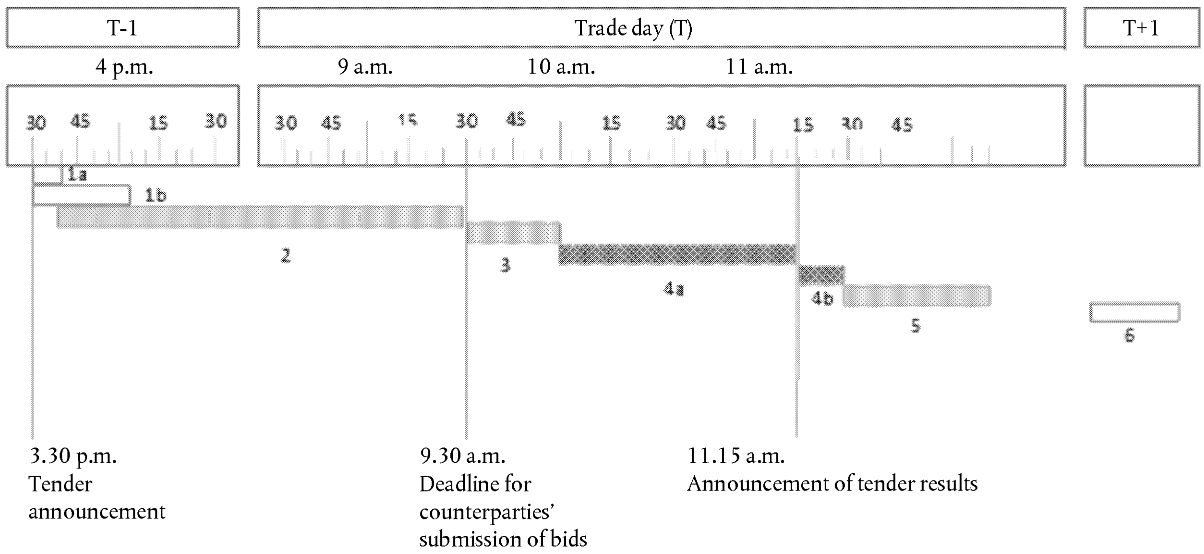
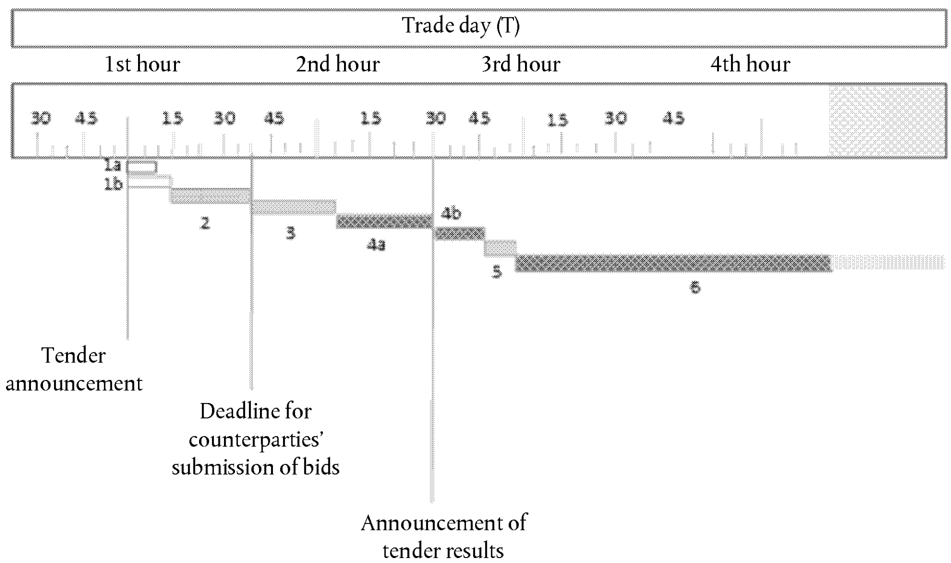


Table 6

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.

3. The Eurosystem may conduct either fixed-rate or variable rate tender procedures.

Article 26

Standard tender procedures

1. The Eurosystem shall use standard tender procedures for the execution of: (a) MROs; (b) LTROs; (c) specific structural operations, i.e. structural reverse operations and the issuance of ECB debt certificates.

2. The Eurosystem may also use standard tender procedures to conduct fine-tuning operations and structural operations executed by means of outright transactions in the light of specific monetary policy considerations or in order to react to market conditions.

3. For standard tender procedures, as a rule: (a) a maximum of 24 hours shall elapse from the announcement of the tender procedure to the certification of the allotment result; and (b) the time between the submission deadline and the announcement of the allotment result is approximately two hours.

4. The ECB may decide to adjust the time frame in individual operations, if deemed appropriate.

Article 27

Quick tender procedures

1. The Eurosystem normally uses quick tender procedures for the execution of fine-tuning operations, but may also use quick tender procedures for structural operations executed by means of outright transactions in the light of specific monetary policy considerations or in order to react to market conditions.

2. Quick tender procedures are executed within 105 minutes of the announcement of the tender procedure, with certification taking place immediately after the public announcement of the allotment result.

3. The ECB may decide to adjust the time frame in individual operations, if deemed appropriate.

4. The Eurosystem may select, according to the criteria and procedures specified in Article 57, a limited number of counterparties to participate in quick tender procedures.

Article 28

Execution of standard tender procedures for MROs and regular LTROs, based on the tender calendar

1. The tender procedures for MROs and regular LTROs shall be executed in accordance with the indicative calendar for the Eurosystem's regular tender operations.

2. The indicative calendar for the Eurosystem's regular tender operations is published on the website of the ECB and NCBs at least three months before the start of the calendar year for which it is valid.

3. The indicative trade days for MROs and regular LTROs are specified in Table 7.

Table 7

Normal trade days for MROs and regular LTROs

Category of open market operations	Normal trade day (T)
MROs	Each Tuesday (*)
Regular LTROs	The last Wednesday of each calendar month (**)

(*) Special scheduling can take place due to holidays.
(**) Due to the holiday period, the December operation is normally brought forward by one week, i.e. to the preceding Wednesday of the month.

Article 29

Execution of tender procedures for fine-tuning and structural operations without a tender operation calendar

1. Fine-tuning operations are not executed according to any pre-specified calendar. The ECB may decide to conduct fine-tuning operations on any Eurosystem business day. Only NCBs in relation to which the trade day, the settlement day and the reimbursement day are NCB business days participate in such operations.

2. Structural operations executed by means of standard tender procedures are not performed according to any pre-specified calendar. They are normally conducted and settled on days which are NCB business days in all Member States whose currency is the euro.

Section 2

Operational steps for tender procedures

Subsection 1

Announcement of tender procedures

Article 30

Announcement of standard and quick tender procedures

1. Standard tender procedures shall be announced by the ECB publicly in advance by means of wire services and on the ECB's website. In addition, the NCBs may announce standard tender procedures via national wire services and directly to counterparties, if deemed necessary.

2. Quick tender procedures may be announced by the ECB publicly in advance by means of wire services and on the ECB's website. In quick tender procedures that are publicly announced in advance, the NCB may contact the selected counterparties directly if deemed necessary. In quick tender procedures that are not announced publicly in advance, the selected counterparties shall be contacted directly by the NCBs.

3. The tender announcement represents an invitation to counterparties to submit bids, which are legally binding. The announcement does not represent an offer by the ECB or the NCBs.

4. The information to be included in the public announcement of a tender procedure is laid down in Annex II.

5. The ECB may take any action it deems appropriate to correct any error in the announcement of tender procedures, including cancelling or interrupting a tender procedure under execution.

Subsection 2

Preparation and submission of bids by counterparties

Article 31

Form and place of submission of bids

1. The bids must be submitted to a counterparty's home NCB. The bids of an institution may only be submitted to the home NCB by one establishment in each Member State whose currency is the euro where the institution is established, i.e. either by the head office or by a designated branch.

2. Counterparties shall submit bids in a format that follows the templates provided by the NCB for the relevant operation.

Article 32

Submission of bids

1. In fixed-rate tender procedures, counterparties shall state in their bids the amount that they are willing to transact with the NCBs.

2. In fixed-rate foreign exchange swap tender procedures, the counterparties shall state the amount of currency kept fixed that they intend to sell and buy back, or buy and sell back, at that rate.

3. In variable rate tender procedures, counterparties may submit bids for up to 10 different interest rates, prices or swap points. Under exceptional circumstances, the Eurosystem may impose a limit on the number of bids that may be submitted by each counterparty. In each bid, counterparties shall state the amount that they are willing to transact and the relevant interest rate or price or swap point. A bid for an interest rate or swap point shall be expressed as multiples of 0,01 percentage points. A bid for a price shall be expressed as multiples of 0,001 percentage points.

4. For variable rate foreign exchange swap tender procedures, the counterparties shall state the amount of the currency to be kept fixed and the swap point quotation at which they intend to enter into the operation.

5. For variable rate foreign exchange swap tender procedures, the swap points shall be quoted in accordance with standard market conventions and bids shall be expressed as multiples of 0,01 swap points.

6. With regard to the issuance of ECB debt certificates, the ECB may decide that bids shall be expressed in the form of a price rather than an interest rate. In such cases, prices shall be quoted as a percentage of the nominal amount, with three decimal places.

Article 33

Minimum and maximum bid amounts

1. For MROs, the minimum bid amount shall be EUR 1 000 000. Bids exceeding this amount shall be expressed as multiples of EUR 100 000. The minimum bid amount shall apply to each individual interest rate level.

2. For LTROs, each NCB shall set a minimum bid amount in the range from EUR 10 000 to EUR 1 000 000. Bids exceeding the minimum bid amount shall be expressed as multiples of EUR 10 000. The minimum bid amount shall be applied to each individual interest rate level.

3. For fine-tuning and structural operations, the minimum bid amount shall be EUR 1 000 000. Bids exceeding this amount shall be expressed as multiples of EUR 100 000. The minimum bid amount shall apply to each individual interest rate, price or swap point, depending on the specific type of transaction.

4. The ECB may impose a maximum bid amount, which is the largest acceptable bid from an individual counterparty, to prevent disproportionately large bids. If imposed, the ECB shall include details of such a maximum bid amount in the public tender announcement.

Article 34

Minimum and maximum bid rate

1. In liquidity-providing variable rate tender procedures, the ECB may impose a minimum bid rate, which is a lower limit to the interest rate at which counterparties may submit bids.

2. In liquidity-absorbing variable rate tender procedures, the ECB may impose a maximum bid rate, which is an upper limit to the interest rate at which counterparties may submit bids.

Article 35

Deadline for submission of bids

1. Counterparties may revoke their bids at any time up to the deadline for the submission of bids.

2. Bids submitted after the deadline shall not be considered and shall be treated as ineligible.

3. The home NCB shall determine if a counterparty has complied with the deadline for the submission of bids.

Article 36

Rejection of bids

1. An NCB shall reject:

(a) all of a counterparty's bids, if the aggregate amount bid exceeds any maximum bid limit established by the ECB;

(b) any bid of a counterparty, if the bid is below the minimum bid amount;

(c) any bid of a counterparty, if the bid is below the minimum accepted interest rate, price, or swap point or above the maximum accepted interest rate, price or swap point.

2. An NCB may reject bids that are incomplete or do not follow the appropriate template.

3. If the home NCB decides to reject a bid, it shall inform the counterparty of such decision prior to the tender allotment.

Subsection 3

Tender allotment

Article 37

Allotment in liquidity-providing and liquidity-absorbing fixed-rate tender procedures

1. In a fixed-rate tender procedure, the bids of counterparties shall be allotted in the following manner:

(a) The bids shall be added together.

(b) If the aggregate amount bid exceeds the total amount of liquidity to be allotted, the submitted bids shall be satisfied pro rata, based on the ratio of the amount to be allotted to the aggregate amount bid, in accordance with Table 1 of Annex III.

(c) The amount allotted to each counterparty shall be rounded to the nearest euro.

2. The ECB may decide to allot:

(a) a minimum allotment amount, which is a lower limit on the amount that may be allotted to each bidder; or

(b) a minimum allotment ratio, which is a lower limit, expressed in percentage terms, on the ratio of bids at the marginal interest rate that may be allotted to each bidder.

Article 38

Allotment in liquidity-providing variable rate tender procedures in euro

1. In a liquidity-providing variable rate tender procedure in euro, the bids of counterparties shall be allotted in the following manner:

(a) Bids shall be listed in descending order of offered interest rates or ascending order of offered prices.

(b) Bids with the highest interest rate (lowest price) levels shall be satisfied first and subsequently bids with successively lower interest rates (higher price) shall be accepted, until the total liquidity to be allotted is exhausted.

(c) If at the marginal interest rate (highest accepted price), the aggregate amount bid exceeds the remaining amount to be allotted, the remaining amount shall be allocated pro rata among the bids based on the ratio of the remaining amount to be allotted to the total amount bid at the marginal interest rate (highest accepted price), in accordance with Table 2 of Annex III.

(d) The amount allotted to each counterparty shall be rounded to the nearest euro.

2. The ECB may decide to allot a minimum allotment amount to each successful bidder.

Article 39

Allotment in liquidity-absorbing variable rate tender procedures in euro

1. In a liquidity-absorbing variable rate tender procedure in euro, used for the issuance of ECB debt certificates and the collection of fixed term deposits, the bids of counterparties shall be allotted in the following manner:

(a) Bids shall be listed in ascending order of offered interest rates or descending order of offered prices.

(b) Bids with the lowest interest rate (highest price) levels shall be satisfied first and subsequently bids with successively higher interest rates (lower price bids) shall be accepted until the total liquidity to be absorbed is exhausted.

(c) If at the marginal interest rate (lowest accepted price), the aggregate bid amount exceeds the remaining amount to be allotted, the remaining amount shall be allocated pro rata among the bids, based on the ratio of the remaining amount to be allotted to the total bid amount at the marginal interest rate (lowest accepted price), in accordance with Table 2 of Annex III.

(d) The amount allotted to each counterparty shall be rounded to the nearest euro. With regard to the issuance of ECB debt certificates, the allotted nominal amount shall be rounded to the nearest multiple of EUR 100 000.

2. The ECB may decide to allot a minimum allotment amount to each successful bidder.

Article 40

Allotment in liquidity-providing variable rate foreign exchange swap tender procedures

1. In a liquidity-providing variable rate foreign exchange swap tender procedure, the bids of counterparties shall be allotted in the following manner:

(a) Bids shall be listed in ascending order of swap point quotations by taking into account the sign of the quotation.

(b) The sign of quotation depends on the sign of the interest rate differential between the foreign currency and the euro. For the maturity of the swap:

(i) if the foreign currency interest rate is higher than the corresponding interest rate for the euro, the swap point quotation is positive, i.e. the euro is quoted at a premium to the foreign currency; and

(ii) if the foreign currency interest rate is lower than the corresponding interest rate for the euro, the swap point quotation is negative, i.e. the euro is quoted at a discount to the foreign currency.

(c) The bids with the lowest swap point quotations shall be satisfied first and subsequently successively higher swap point quotations shall be accepted until the total amount of the fixed currency to be allotted is exhausted.

(d) If, at the highest swap point quotation accepted, i.e. the marginal swap point quotation, the aggregate amount bid exceeds the remaining amount to be allotted, the remaining amount shall be allocated pro rata among the bids, based on the ratio of the remaining amount to be allotted to the total amount bid at the marginal swap point quotation, in accordance with Table 3 of Annex III.

(e) The amount allotted to each counterparty shall be rounded to the nearest euro.

2. The ECB may decide to allot a minimum allotment amount to each successful bidder.

Article 41

Allotment in liquidity-absorbing variable rate foreign exchange swap tender procedures

1. In a liquidity-absorbing variable rate foreign exchange swap tender procedure, the bids of counterparties shall be allotted in the following manner:

(a) Bids shall be listed in descending order of offered swap point quotations by taking into account the sign of the quotation.

(b) The sign of the quotation depends on the sign of the interest rate differential between the foreign currency and the euro. For the maturity of the swap:

(i) if the foreign currency interest rate is higher than the corresponding interest rate for the euro, the swap point quotation is positive, i.e. the euro is quoted at a premium to the foreign currency; and

(ii) if the foreign currency interest rate is lower than the corresponding interest rate for the euro, the swap point quotation is negative, i.e. the euro is quoted at a discount to the foreign currency.

(c) Bids with the highest swap point quotations shall be satisfied first and subsequently successively lower swap point quotations shall be accepted until:

(i) the total amount of the fixed currency to be absorbed is exhausted; and

(ii) at the lowest swap point quotation accepted, i.e. the marginal swap point quotation, the aggregate amount bid exceeds the remaining amount to be allotted.

(d) The remaining amount shall be allocated pro rata among the bids, based on the ratio of the remaining amount to be allotted to the total amount bid at the marginal swap point quotation, in accordance with Table 3 of Annex III. The amount allotted to each counterparty shall be rounded to the nearest euro.

2. The ECB may decide to allot a minimum allotment amount to each successful bidder.

Article 42

Type of auction for variable rate tender procedures

For variable rate tender procedures, the Eurosystem may apply either a single rate auction (Dutch auction) or multiple rate auction (American auction).

Subsection 4

Announcement of tender results

Article 43

Announcement of tender results

1. The ECB shall publicly announce its tender allotment decision with respect to the tender results by means of wire services and on the ECB's website. In addition, the NCBs may announce the ECB's tender allotment decision through national wire services and directly to counterparties if they deem it necessary.

2. The information to be included in the public announcement with respect to the tender results is laid down in Annex IV.

3. If the allotment decision contains erroneous information with respect to any of the information contained in the public tender result announcement referred to in paragraph 1, the ECB may take any action it deems appropriate to correct such erroneous information.

4. After the public announcement of the ECB's tender allotment decision on the tender results as referred to in paragraph 1, the NCBs shall directly certify the individual allotment results to counterparties, whereby each counterparty shall receive an individual and certain confirmation of its success in the tender procedure and the exact amount allotted to it.

Section 3

Bilateral procedures for Eurosystem open market operations

Article 44

Overview of bilateral procedures

1. The Eurosystem may execute any of the following open market operations by means of bilateral procedures:

(a) fine-tuning operations (reverse transactions, foreign exchange swaps or the collection of fixed-term deposits); or

(b) structural operations (outright transactions).

2. Bilateral procedures, depending on the specific transaction, may be executed by means of direct contact with counterparties, as laid down in Article 45, or through stock exchanges and market agents, as laid down in Article 46.

Article 45

Bilateral procedures executed by means of direct contact with counterparties

1. Bilateral procedures for fine-tuning operations and structural operations conducted by means of outright transactions may be executed by means of direct contact with counterparties.

2. The NCBs shall directly contact one or more institutions selected in accordance with the eligibility criteria laid down in Article 57. The NCBs shall follow the ECB's instructions in deciding whether to enter into a transaction with those institutions.

3. Without prejudice to paragraph 2, the ECB's Governing Council may decide that, under exceptional circumstances, the ECB or one or more NCBs, acting as the ECB's operating arm, shall conduct fine-tuning operations or structural operations conducted by means of outright transactions executed through bilateral procedures. In such an event, the procedures for those operations shall be adapted accordingly. The ECB shall decide whether to enter into a transaction with the contacted institutions.

Article 46

Bilateral procedures executed by means of stock exchanges and market agents

1. Without prejudice to Article 45, bilateral procedures for structural operations conducted by means of outright transactions may be executed through stock exchanges and market agents.

2. The range of counterparties shall not be restricted, as provided for in Article 57.

3. The procedures shall be adapted to the market conventions for the debt instruments transacted.

Article 47

Announcement of operations executed by means of bilateral procedures

1. Fine-tuning operations or structural operations conducted by means of outright transactions executed by means of bilateral procedures are not announced publicly in advance, unless the ECB decides otherwise.

2. The ECB may decide not to announce the results of such bilateral procedures publicly.

Article 48

Operating days for bilateral procedures

1. The ECB may decide to conduct bilateral procedures for fine-tuning operations on any Eurosystem business day. Only NCBs in relation to which the trade day, the settlement day and the reimbursement day are NCB business days may participate in such operations.

2. Bilateral procedures for structural operations conducted by means of outright transactions are normally executed and settled on days which are NCB business days in all Member States whose currency is the euro.

CHAPTER 2

Settlement procedures for Eurosystem monetary policy operations

Article 49

Overview of settlement procedures

1. Payment orders relating to the participation in open market operations or use of the standing facilities shall be settled on the counterparties' accounts with an NCB or on the accounts of a settlement bank participating in TARGET2.

2. Payment orders relating to the participation in open market liquidity-providing operations or use of the marginal lending facility shall only be settled at the moment of or after the final transfer of the eligible assets as collateral to the operation. For this purpose, counterparties shall:

(a) pre-deposit the eligible assets at an NCB; or

(b) settle the eligible assets with an NCB on a delivery-versus-payment basis.

Article 50

Settlement of open market operations

1. The Eurosystem shall endeavour to settle transactions related to its open market operations at the same time in all Member States whose currency is the euro with all counterparties that have provided sufficient eligible assets as collateral. However, owing to operational constraints and technical features (e.g. of SSSs), the timing within the day of the settlement of open market operations may differ across the Member States whose currency is the euro.

2. The indicative settlement dates are summarised in Table 8.

Table 8

Indicative settlement dates for Eurosystem open market operations (*)

Monetary policy instrument	Settlement date for open market operations based on standard tender procedures	Settlement date for open market operations based on quick tender procedures or bilateral procedures
Reverse transactions	T + 1	T
Outright transactions	According to market convention for the eligible assets	
Issuance of ECB debt certificates	T + 2	—
Foreign exchange swaps	T, T + 1 or T + 2	
Collection of fixed-term deposits	T	

(*) The settlement date refers to Eurosystem business days. T refers to the trade day.

Article 51

Settlement of open market operations executed by means of standard tender procedures

1. The Eurosystem shall endeavour to settle open market operations executed by means of standard tender procedures, on the first day following the trade day on which TARGET2 and all relevant SSSs are open.

2. The settlement dates for MROs and regular LTROs are specified in advance in the indicative calendar for the Eurosystem's regular tender operations. If the normal settlement date coincides with a bank holiday, the ECB may decide to apply a different settlement date, with the option of same-day settlement. The Eurosystem shall endeavour to ensure that the time of settlement of MROs and regular LTROs coincides with the time of reimbursement of a previous operation of corresponding maturity.

3. The issuance of ECB debt certificates shall be settled on the second day following the trade day on which TARGET2 and all relevant SSSs are open.

Article 52

Settlement of open market operations conducted by means of quick tender procedures or bilateral procedures

1. The Eurosystem shall endeavour to settle open market operations executed by means of quick tender procedures and bilateral procedures on the trade day. Other settlement dates may be applied, in particular for outright transactions and foreign exchange swaps.

2. Fine-tuning operations and structural operations conducted by means of outright transactions executed by means of bilateral procedures shall be settled in a decentralised manner through the NCBs.

Article 53

Further provisions relating to settlement and end-of-day procedures

1. Without prejudice to the requirements laid down in this Chapter, additional provisions relating to settlement may be laid down in the contractual or regulatory arrangements applied by the NCBs, or the ECB, for the specific monetary policy instrument.

2. The end-of-day procedures are specified in the documentation relating to the TARGET2 framework.

Article 54

Reserve holdings and excess reserves

1. Pursuant to Article 6(1) of Regulation (EC) No 1745/2003 (ECB/2003/9), a counterparty's settlement account with an NCB may be used as a reserve account. Reserve holdings on settlement accounts may be used for intraday settlement purposes. The daily reserve holding of a counterparty shall be calculated as the end-of-day balance on its reserve account. For the purposes of this Article, 'reserve account' shall have the same meaning as that in Regulation (EC) No 1745/2003 (ECB/2003/9).

2. Reserve holdings that exceed the minimum reserves required pursuant to Regulation (EC) No 2531/98 and Regulation (EC) No 1745/2003 (ECB/2003/9) shall be remunerated at zero per cent or the deposit facility rate, whichever is lower.

PART THREE

ELIGIBLE COUNTERPARTIES

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 criteria laid down in this Article.

(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 must be financially sound.

(c) 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;

(d) They shall fulfil any operational requirements specified in the contractual or regulatory arrangements applied by the home NCB or ECB in respect of the specific instrument or operation.

Article 56

Access to open market operations executed by means of standard tender procedures and to standing facilities

1. Institutions fulfilling the eligibility criteria under Article 55 shall have access to any of the following Eurosystem monetary policy operations:

(a) standing facilities;

(b) open market operations executed by means of standard tender procedures.

2. Access to the standing facilities or open market operations executed by means of standard tender procedures shall only be granted to institutions fulfilling the eligibility criteria under Article 55 through their home NCB.

3. Where an institution fulfilling the eligibility criteria under Article 55 has establishments, e.g. head office or branches, in more than one Member State whose currency is the euro, each establishment fulfilling the eligibility criteria under Article 55 may access the standing facilities or the open market operations executed by means of standard tender procedures through its home NCB.

4. Bids for open market operations executed by means of standard tender procedures and for recourse to the standing facilities shall be submitted by only one establishment in each Member State whose currency is the euro, i.e. either by the head office or by a designated branch.

Article 57

Selection of counterparties for access to open market operations executed by means of quick tender procedures or bilateral procedures

1. For open market operations executed by means of quick tender procedures or bilateral procedures, counterparties shall be selected in accordance with paragraphs 2 to 4.

2. For structural operations conducted by means of outright transactions that are executed by means of bilateral procedures, there shall be no restriction on the range of counterparties. For structural operations conducted by means of outright transactions, which are executed by means of quick tender procedures, the eligibility criteria laid down in Article 57(3)(b) shall apply.

3. For fine-tuning operations that are executed by means of quick tender procedures or bilateral procedures, counterparties shall be selected as follows:

(a) For fine-tuning operations that are conducted by means of foreign exchange swaps for monetary policy purposes and executed by means of quick tender or bilateral procedures, the range of counterparties shall be identical to the range of entities that are selected for Eurosystem foreign exchange intervention operations and are established in the Member States whose currency is the euro. Counterparties for foreign exchange swaps for monetary policy purposes by means of quick tender or bilateral procedures do not need to fulfil the criteria laid down in Article 55. The selection criteria for counterparties participating in Eurosystem foreign exchange intervention operations are based on the principles of prudence and efficiency, as laid down in Annex V. The NCBs may apply limit-based systems in order to control credit exposures vis-à-vis individual counterparties participating in foreign exchange swaps for monetary policy purposes.

(b) For fine-tuning operations conducted by means of reverse transactions or through the collection of fixed-term deposits and executed by means of quick tender procedures or bilateral procedures, each NCB shall select, for a specific transaction, a set of counterparties from among the institutions that fulfil the eligibility criteria laid down in Article 55 and are established in its Member State whose currency is the euro. The selection shall be primarily based on the relevant institution's activity in the money market. Additional selection criteria may be applied by the NCB, such as the efficiency of the trading desk and the bidding potential.

4. If the ECB's Governing Council, pursuant to Article 45(3), decides that the ECB shall conduct, by itself or by means of one or more NCBs fine-tuning operations executed by means of bilateral procedures, the ECB shall select its counterparties in accordance with a rotation scheme among the counterparties that are eligible to participate in quick tender procedures and bilateral procedures.

5. Without prejudice to paragraphs 1 to 4, open market operations executed by means of quick tender procedures or bilateral procedures may also be conducted with a broader range of counterparties than those indicated in paragraphs 2 to 4, if the ECB's Governing Council so decides.

PART FOUR

ELIGIBLE ASSETS

TITLE I

GENERAL PRINCIPLES

Article 58

Eligible assets and accepted collateralisation techniques to be used for Eurosystem credit operations

1. The Eurosystem shall apply a single framework for eligible assets common to all Eurosystem credit operations as laid down in this Guideline.

2. In order to participate in Eurosystem credit operations, counterparties shall provide the Eurosystem with assets that are eligible as collateral for such operations. Given that Eurosystem credit operations include intraday credit, collateral provided by counterparties in respect of intraday credit shall also comply with the eligibility criteria laid down in this Guideline, as outlined in Guideline ECB/2012/27.

3. Counterparties shall provide eligible assets by:

(a) the transfer of ownership, which takes the legal form of a repurchase agreement; or

(b) the creation of a security interest, i.e. a pledge, assignment or a charge granted over the relevant assets, which takes the legal form of a collateralised loan,

in either case pursuant to the national contractual or regulatory arrangements established and documented by the home NCB.

4. Where counterparties provide eligible assets as collateral, the home NCB may require either earmarking or pooling of eligible assets, depending on which type of collateral management system it uses.

5. No distinction shall be made between marketable and non-marketable assets with regard to the quality of the assets and their eligibility for the various types of Eurosystem credit operations.

6. Without prejudice to the obligation in paragraph 2 that counterparties provide the Eurosystem with assets that are eligible as collateral, the Eurosystem may, upon request, provide counterparties with advice regarding the eligibility of marketable assets if they have already been issued or regarding the eligibility of non-marketable assets when they have already been requested for submission. The Eurosystem shall not provide any advice in advance of these events.

Article 59

General aspects of the Eurosystem credit assessment framework for eligible assets

1. As one of the criteria for eligibility, assets shall meet the high credit standards specified in the Eurosystem credit assessment framework (ECAF).

2. The ECAF shall lay down the procedures, rules and techniques to ensure that the Eurosystem's requirement for high credit standards for eligible assets is maintained and that eligible assets comply with the credit quality requirements defined by the Eurosystem.

3. For the purposes of the ECAF, the Eurosystem shall define credit quality requirements in the form of credit quality steps by establishing threshold values for the probability of default (PD) over a one-year horizon, as follows.

(a) The Eurosystem considers, subject to regular review, a maximum probability of default over a one-year horizon of 0,10 % as equivalent to the credit quality requirement of credit quality step 2 and a maximum probability of default over a one-year horizon of 0,40 % as equivalent to the credit quality requirement of credit quality step 3.

(b) All eligible assets for Eurosystem credit operations shall comply, as a minimum, with a credit quality requirement corresponding to credit quality step 3. Additional credit quality requirements for specific assets shall be applied by the Eurosystem in accordance with Titles II and III of Part Four.

4. The Eurosystem shall publish information on credit quality steps on the ECB website in the form of the Eurosystem's harmonised rating scale, including the mapping of credit assessments, provided by the accepted external credit assessment institutions (ECAIs) and third-party rating tools (RTs) providers, to credit quality steps.

5. In the assessment of the credit quality requirements, the Eurosystem takes into account credit assessment information from credit assessment systems belonging to one of four sources in accordance with Title V of Part Four.

6. As part of its assessment of the credit standard of a specific asset, the Eurosystem may take into account institutional criteria and features ensuring similar protection for the asset holder, such as guarantees. The Eurosystem reserves the right to determine whether an issue, issuer, debtor or guarantor fulfils the Eurosystem's credit quality requirements on the basis of any information that the Eurosystem may consider relevant for ensuring adequate risk protection of the Eurosystem.

7. The ECAF follows the definition of 'default' laid down in Directive 2013/36/EU and Regulation (EU) No 575/2013.

TITLE II

ELIGIBILITY CRITERIA AND CREDIT QUALITY REQUIREMENTS FOR MARKETABLE ASSETS

CHAPTER 1

Eligibility criteria for marketable assets

Article 60

Eligibility criteria relating to all types of marketable assets

In order to be eligible as collateral for Eurosystem credit operations, marketable assets shall be debt instruments fulfilling the eligibility criteria laid down in Section 1, except in the case of certain specific types of marketable assets, as laid down in Section 2.

Article 61

List of eligible marketable assets and reporting rules

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 weekday. Assets assessed in accordance with Article 87(3) shall not be published on this list of eligible marketable assets.

2. As a rule, the NCB reporting a specific marketable asset to the ECB is the NCB of the country in which the marketable asset is admitted to trading.

Section 1

General eligibility criteria for marketable assets

Article 62

Principal amount of marketable assets

1. In order to be eligible, until their final redemption, debt instruments shall have:

(a) a fixed and unconditional principal amount; or

(b) an unconditional principal amount that is linked, on a flat basis, to only one euro area inflation index at a single point in time, containing no other complex structures.

2. Debt instruments with a principal amount linked to only one euro area inflation index at a single point in time shall also be permissible, given that the coupon structure is as defined in Article 63(1)(b)(i) fourth indent and linked to the same euro area inflation index.

3. Assets with warrants or similar rights attached shall not be eligible.

Article 63

Acceptable coupon structures for marketable assets

1. In order to be eligible, debt instruments shall have either of the following coupon structures until final redemption:

(a) fixed, zero or multi-step coupons with a pre-defined coupon schedule and pre-defined coupon values that may not result in a negative cash flow; or

(b) floating coupons that may not result in a negative cash flow and that have the following structure: coupon rate = (reference rate * l) ± x, with f ≤ coupon rate ≤ c, where:

(i) 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;

— a euro area inflation index; and

(ii) f (floor), c (ceiling), l (leveraging/deleveraging factor) and x (margin) 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, where f and c are greater than or equal to zero and l is greater than zero throughout the entire lifetime of the asset. For floating coupons with an inflation index reference rate, l shall be equal to one.

2. Debt instruments with a floating coupon, as referred to in paragraph 1(b), shall be considered ineligible if at any time following the application of the coupon rate formula, the coupon rate results in a negative value.

3. Any coupon structure that does not comply with paragraphs 1 and 2 shall not be eligible, including instances where only part of the remuneration structure, such as a premium, is non-compliant.

4. For the purpose of this Article, if the coupon is either of a fixed multi-step type or of a floating multi-step type, the assessment of the relevant coupon structure shall be based on the entire lifetime of the asset with both a forward- and backward-looking perspective.

5. Acceptable coupon structures shall have no issuer optionalities, i.e. during the entire lifetime of the asset, based on a forward- and backward-looking perspective, changes in the coupon structure that are contingent on an issuer's decision shall not be acceptable.

Article 64

Non-subordination with respect to marketable assets

Eligible debt instruments shall not give rise to rights to the principal and/or the interest that are subordinated to the rights of holders of other debt instruments of the same issuer.

Article 65

Currency of denomination of marketable assets

In order to be eligible, debt instruments shall be denominated in euro or in one of the former currencies of the Member States whose currency is the euro.

Article 66

Place of issue of marketable assets

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 SSS that has been positively assessed pursuant to the Eurosystem User Assessment Framework.

2. In respect of debt instruments issued or guaranteed by a non-financial corporation for which no credit assessment has been provided by an accepted ECAI system for the issue, issuer or guarantor, the place of issue must be within the euro area.

3. International debt instruments issued through the ICSDs Euroclear Bank and Clearstream Banking Luxembourg 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 has been positively assessed pursuant to the Eurosystem User Assessment Framework. By way of derogation, this 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.

Article 67

Settlement procedures for marketable assets

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 SSS that has been positively assessed pursuant to the Eurosystem User Assessment Framework, so that perfection and realisation of collateral are subject to the law of a Member State whose currency is the euro.

2. If the CSD/SSS where the asset is issued and the CSD/SSS where the asset is held, are not identical, for the purposes of eligibility, the two must be connected by an eligible link positively assessed pursuant to the Eurosystem User Assessment Framework in accordance with Article 150.

Article 68

Acceptable markets for marketable assets

1. In order to be eligible, debt instruments shall be those which are admitted to trading on a regulated market as defined in Directive 2014/65/EU of the European Parliament and of the Council ([1]), or admitted to trading on certain acceptable non-regulated markets.

2. The ECB shall publish the list of acceptable non-regulated markets on its website and shall update it at least once a year.

3. The assessment of non-regulated markets by the Eurosystem shall be based on the following principles of safety, transparency and accessibility.

(a) Safety refers to certainty with regard to transactions, in particular certainty in relation to the validity and enforceability of transactions.

(b) Transparency refers to unimpeded access to information on the market's rules of procedure and operation, the financial features of the assets, the price formation mechanism, and the relevant prices and quantities, e.g. quotes, interest rates, trading volumes, outstanding amounts.

(c) Accessibility refers to the ability of the Eurosystem to take part in and access the market. A market is considered accessible if its rules of procedure and operation allow the Eurosystem to obtain information and conduct transactions when needed for collateral management purposes.

4. The selection process for non-regulated markets shall be defined exclusively in terms of the performance of the Eurosystem collateral management function and should not be regarded as an assessment by the Eurosystem of the intrinsic quality of any market.

Article 69

Type of issuer or guarantor for marketable assets

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.

2. In addition to those banks and organisations identified in Article 117(2) and Article 118 of Regulation (EU) No 575/2013, the Eurosystem may recognise any entity as a multilateral development bank or international organisation for the purposes of this Guideline based upon an assessment relating to all of the following criteria:

(a) it is an organisation with a global or regional mandate, transcending national boundaries;

([1]) 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).

(b) it is funded predominantly by contributions from national governments, or organisations or entities linked with national governments;

(c) the mission of the entity is in line with the Union's policies.

Article 70

Place of establishment of the issuer or guarantor

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.

2. In order to be eligible, guarantors of debt instruments shall be established in the EEA, unless a guarantee is not needed to establish the credit quality requirements for specific debt instruments, subject to the exceptions laid down in paragraphs 3 and 4. The possibility to use an ECAI guarantor rating to establish the relevant credit quality requirements for specific debt instruments is laid down in Article 84.

3. For debt instruments issued or guaranteed by non-financial corporations for which no credit assessment from an accepted ECAI system exists for the issue, the issuer or the guarantor, the issuer or guarantor shall be established in a Member State whose currency is the euro.

4. For debt instruments issued or guaranteed by multilateral development banks or international organisations, the criterion in respect of place of establishment shall not apply and they shall be eligible irrespective of their place of establishment.

5. For asset-backed securities, the issuer must be established in the EEA in accordance with Article 74.

6. Debt instruments issued by issuers established in non-EEA G10 countries shall only be considered eligible if the Eurosystem has ascertained to its satisfaction that its rights would be protected in an appropriate manner under the laws of the relevant non-EEA G10 country. For this purpose, a legal assessment shall be submitted to the relevant NCB, in a form and substance acceptable to the Eurosystem, before the relevant debt instruments may be considered eligible.

Article 71

Credit quality requirements for marketable assets

In order to be eligible, debt instruments shall meet the credit quality requirements specified in Chapter 2, except where otherwise stated.

Section 2

Specific eligibility criteria for certain types of marketable assets

Subsection 1

Specific eligibility criteria for asset-backed securities

Article 72

Eligibility criteria for asset-backed securities

In order to be eligible for Eurosystem credit operations, asset-backed securities shall comply with the general eligibility criteria relating to all types of marketable assets laid down in Section 1, with the exception of the requirements laid down in Article 62 relating to the principal amount, and in addition, the specific eligibility criteria laid down in this subsection.

Article 73

Homogeneity and composition of the cash-flow generating assets

1. In order for ABSs to be eligible, all cash-flow generating assets backing the ABSs shall be homogenous, i.e. it shall be possible to report them according to one of the existing loan-level templates, which shall be one of the following:

(a) residential mortgages;

(b) commercial real estate mortgages;

(c) loans to small and medium-sized enterprises (SMEs);

(d) auto loans;

(e) consumer finance loans;

(f) leasing receivables;

(g) credit card receivables.

2. The Eurosystem may consider an ABS not to be homogenous upon assessment of the data submitted by a counterparty.

3. ABSs shall not contain any cash-flow generating assets originated directly by the SPV issuing the ABSs.

4. The cash-flow generating assets shall not consist, in whole or in part, actually or potentially, of tranches of other ABSs. This criterion shall not exclude ABSs where the issuance structure includes two SPVs and the 'true sale' criterion is met in respect of those SPVs so that the debt instruments issued by the second SPV are directly or indirectly backed by the original pool of assets and all cash flows from the cash-flow generating assets are transferred from the first to the second SPV.

5. The cash-flow generating assets shall not consist, in whole or in part, actually or potentially, of credit-linked notes, swaps or other derivatives instruments, synthetic securities or similar claims. This restriction shall not encompass swaps used in ABS transactions strictly for hedging purposes.

6. Without prejudice to the eligibility criteria of this subsection, the cash-flow generating assets backing commercial mortgage-backed securities shall not contain loans which are at any time structured, syndicated or leveraged. For the purposes of this criterion, 'structured loan' means a structure involving subordinated tranches, 'syndicated loan' means a loan provided by a group of lenders in a lending syndicate and 'leveraged loan' means a loan provided to a company that already has a considerable degree of indebtedness, such as buy-out or take-over-financing, where the loan is used for the acquisition of the equity of a company which is also the obligor of the loan.

7. If the cash-flow generating assets backing the ABSs comprise leasing receivables with residual value leases, those ABSs that were on the list of eligible assets on 1 May 2015 shall maintain their eligibility until 31 August 2015.

Article 74

Geographical restrictions concerning asset-backed securities and cash-flow generating assets

1. The issuer of ABSs shall be an SPV established in the EEA.

2. The cash-flow generating assets shall be originated by an originator incorporated in the EEA and sold to the SPV by the originator or by an intermediary incorporated in the EEA.

3. For the purpose of paragraph 2, a mortgage trustee or receivables trustee shall be considered to be an intermediary. ABSs on the list of eligible marketable assets as on 1 May 2015 that do not comply with paragraph 2 as regards the place of incorporation of a mortgage trustee or receivables trustee shall remain eligible until 1 May 2016 provided all other applicable eligibility criteria are met.

4. The obligors and the creditors of the cash-flow generating assets shall be incorporated, or, if they are natural persons, shall be resident in the EEA. Any related security shall be located in the EEA and the law governing the cash-flow generating assets shall be the law of an EEA country.

Article 75

Acquisition of cash-flow generating assets by the SPV

1. The acquisition of the cash-flow generating assets by the SPV shall be governed by the law of a Member State.

2. The cash-flow generating assets shall have been acquired by the SPV from the originator or from an intermediary as laid down in Article 74(2) in a manner which the Eurosystem considers to be a 'true sale' that is enforceable against any third party, and which is beyond the reach of the originator and its creditors or the intermediary and its creditors, including in the event of the originator's or the intermediary's insolvency.

Article 76

Assessment of clawback rules for asset-backed securities

1. ABSs shall only be considered eligible if the Eurosystem has ascertained that its rights would be protected in an appropriate manner against clawback rules considered relevant by the Eurosystem under the law of the relevant EEA country. For this purpose, before the ABSs may be considered eligible, the Eurosystem may require:

(a) an independent legal assessment in a form and substance acceptable to the Eurosystem that sets out the applicable clawback rules in the relevant country; and/or

(b) other documents, such as a solvency certificate from the transferor for the suspect period, which is a certain period of time during which the sale of cash-flow generating assets backing the ABSs may be invalidated by a liquidator.

2. Clawback rules, which the Eurosystem considers to be severe and therefore not acceptable, shall include:

(a) rules under which the sale of cash-flow generating assets backing the ABSs can be invalidated by a liquidator solely on the basis that the sale was concluded within the suspect period, as referred to in paragraph 1(b), before the declaration of insolvency of the seller; or

(b) rules where such invalidation can only be prevented by the transferee if they can prove that they were not aware of the insolvency of the seller at the time of the sale.

For the purposes of this criterion, the seller may be the originator or intermediary, as applicable.

Article 77

Non-subordination of tranches for asset-backed securities

1. Only tranches or sub-tranches of ABSs that are not subordinated to other tranches of the same issue over the lifetime of the ABS shall be considered eligible.

2. A tranche or sub-tranche shall be considered to be non-subordinated to other tranches or sub-tranches of the same issue if, in accordance with the post-enforcement priority of payments, and if applicable, the post-acceleration priority of payments as set out in the prospectus, no other tranche or sub-tranche shall be given priority over that tranche or sub-tranche in respect of receiving payment, i.e. principal and interest, and thereby such tranche or sub-tranche shall be last in incurring losses among the different tranches or sub-tranches.

Article 78

Availability of loan level data for asset-backed securities

1. Comprehensive and standardised loan-level data on the pool of cash-flow generating assets backing the ABSs shall be made available in accordance with the procedures set out in Annex VIII, which includes the information on the required data quality score. In its eligibility assessment, the Eurosystem takes account of: (a) any failure to deliver data; and (b) how frequently individual loan-level data fields are found not to contain meaningful data.

2. Notwithstanding the required scoring values set out in Annex VIII in respect of loan-level data, the Eurosystem may accept as collateral asset-backed securities with a score lower than the required scoring value (A1) after completion of the relevant transitional period applicable in accordance with Annex VIII, on a case-by-case basis and subject to the provision of adequate explanations for the failure to achieve the required score. For each adequate explanation, the Eurosystem shall specify a maximum tolerance level and a tolerance horizon, as further specified on the ECB's website. The tolerance horizon shall indicate the time period within which the data quality for the ABSs must improve.

Article 79

Data requests for asset-backed securities

The Eurosystem shall reserve the right to request from any third party it considers relevant, including but not restricted to, the issuer, the originator and/or the arranger, any clarification and/or legal confirmation that it considers necessary to assess the eligibility of ABSs and with regard to the provision of loan-level data. If a third party fails to comply with a particular request, the Eurosystem may decide not to accept the ABSs as collateral or may decide to suspend the eligibility of such collateral.

Subsection 2

Specific eligibility criteria for covered bonds backed by asset-backed securities

Article 80

Eligibility criteria for covered bonds backed by asset-backed securities

1. In the case of covered bonds backed by asset-backed securities, the cover pool of the covered bond shall only contain ABSs that comply with all of the following.

(a) The cash-flow generating assets backing the ABSs meet the criteria laid down in Article 129(1)(d) to (f) of Regulation (EU) No 575/2013 in respect of ABSs backing covered bonds.

(b) The cash-flow generating assets were originated by an entity closely linked to the issuer of the covered bonds, as described in Article 138.

(c) They are used as a technical tool to transfer mortgages or guaranteed real estate loans from the originating entity into the cover pool of the respective covered bond.

2. Subject to paragraph 4, the NCBs shall use the following measures to verify that the cover pool of covered bonds backed by ABSs does not contain ABSs that do not comply with paragraph 1.

(a) On a quarterly basis, the NCBs shall request a self-certification and undertaking of the issuer confirming that the cover pool of covered bonds backed by ABSs does not contain ABSs that do not comply with paragraph 1. The NCB's request shall specify that the self-certification must be signed by the issuer's Chief Executive Officer (CEO), Chief Financial Officer (CFO) or a manager of similar seniority, or by an authorised signatory on their behalf.

(b) On an annual basis, NCBs shall request an *ex post* confirmation by external auditors or cover pool monitors from the issuer, confirming that the cover pool of covered bonds backed by ABSs does not contain ABSs that do not comply with paragraph 1 for the monitoring period.

3. If the issuer fails to comply with a particular request or if the Eurosystem deems the content of a confirmation incorrect or insufficient to the extent that it is not possible to verify that the cover pool of covered bonds backed by ABSs comply with criteria in paragraph 1, the Eurosystem shall decide not to accept the covered bonds as eligible collateral or to suspend their eligibility.

4. Where the applicable legislation or prospectus exclude the inclusion of ABSs that do not comply with paragraph 1 as cover pool assets, no verification pursuant to paragraph 2 shall be required.

5. For the purposes of paragraph 1(b), the close links shall be determined at the time that the senior units of the asset-backed securities are transferred into the cover pool of the covered bond.

Subsection 3

Specific eligibility criteria for debt certificates issued by the Eurosystem

Article 81

Eligibility criteria for debt certificates issued by the Eurosystem

1. Debt certificates issued by the ECB and debt certificates issued by the NCBs prior to the date of adoption of the euro in their respective Member State whose currency is the euro shall be eligible as collateral for Eurosystem credit operations.

2. Debt certificates issued by the Eurosystem shall not be subject to the criteria laid down in this Chapter.

CHAPTER 2

Eurosystem's credit quality requirements for marketable assets

Article 82

Eurosystem's credit quality requirements for marketable assets

1. Further to the general rules set out in Article 59 and to the specific rules set out in Article 84, marketable assets shall comply with the following credit quality requirements in order to be eligible as collateral for Eurosystem credit operations:

(a) With the exception of ABSs, all marketable assets shall have a credit assessment provided by at least one accepted ECAI system, expressed in the form of a public credit rating, in compliance with, as a minimum, credit quality step 3 in the Eurosystem's harmonised rating scale.

(b) ABSs shall have credit assessments that are provided by at least two different accepted ECAI systems expressed in the form of two public credit ratings, one provided by each of these ECAI systems, in compliance with, as a minimum, credit quality step 2 in the Eurosystem's harmonised rating scale.

2. The Eurosystem may request any clarification that it considers necessary as regards the public credit rating referred to in paragraph 1.

Article 83

Types of ECAI credit assessments used for credit quality assessments of marketable assets

The following types of ECAI credit assessments from accepted ECAIs shall be used in determining compliance with the credit quality requirements applicable to marketable assets.

(a) An ECAI issue rating: this rating refers to an ECAI credit assessment assigned to either an issue or, in the absence of an issue rating from the same ECAI, the programme or issuance series under which an asset is issued. An ECAI assessment for a programme or issuance series shall only be relevant if it applies to the particular asset in question and a different issue rating from the same ECAI does not exist. For ECAI issue ratings, the Eurosystem shall make no distinction in respect of the original maturity of the asset. Any ECAI rating assigned to the issue or programme or issuance series shall be acceptable.

(b) An ECAI issuer rating: this rating refers to an ECAI credit assessment assigned to an issuer. For ECAI issuer ratings, the Eurosystem shall make a distinction in respect of the original maturity of the asset as regards the acceptable ECAI credit assessment. The distinction shall be made between:

(i) short-term assets, i.e. those assets with an original maturity of up to and including 390 days; and

(ii) long-term assets, i.e. those assets with an original maturity of more than 390 days. For short-term assets, ECAI short-term and long-term issuer ratings shall be acceptable. For long-term assets, only ECAI long-term issuer ratings shall be acceptable.

(c) An ECAI guarantor rating: this rating refers to an ECAI credit assessment assigned to a guarantor, if the guarantee meets the requirements of Title IV. For ECAI guarantor ratings, the Eurosystem shall make no distinction in respect of the original maturity of the asset. Only ECAI long-term guarantor ratings shall be acceptable.

Article 84

Priority of ECAI credit assessments in respect of marketable assets

For marketable assets, ECAI credit assessments which determine the compliance of the asset with the credit quality requirements shall be taken into account by the Eurosystem in accordance with the following rules:

(a) For marketable assets other than marketable assets issued by central governments, regional governments, local governments, agencies, multilateral development banks or international organisations and ABSs, the following rules shall apply.

(i) The Eurosystem shall consider ECAI issue ratings in priority to ECAI issuer or ECAI guarantor ratings. Without prejudice to the application of this priority rule, in accordance with Article 82(1)(a), at least one ECAI credit assessment must comply with the Eurosystem's applicable credit quality requirements.

(ii) If multiple ECAI issue ratings are available for the same issue, then the first-best of those ECAI issue ratings shall be taken into account by the Eurosystem. If the first-best ECAI issue rating does not comply with the Eurosystem's credit quality threshold for marketable assets, the asset shall not be eligible, even if a guarantee that is acceptable under Title IV exists.

(iii) In the absence of any ECAI issue rating, 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 account by the Eurosystem.

(b) For marketable assets issued by central governments, regional governments, local governments, agencies, multilateral development banks or international organisations, the following rules shall apply.

(i) In accordance with Article 82(1)(a), at least one ECAI credit assessment must comply with the Eurosystem's applicable credit quality requirements. The Eurosystem shall only consider ECAI issuer or ECAI guarantor ratings.

(ii) If multiple ECAI issuer and ECAI guarantor ratings are available, the first-best of those ratings shall be taken into account by the Eurosystem.

(iii) Covered bonds issued by agencies shall not be assessed in accordance with the rules in this point and shall instead be assessed in accordance with point (a).

(c) For ABSs, the following rules shall apply.

(i) In accordance with Article 82(1)(b), at least two ECAI credit assessments shall comply with the Eurosystem's applicable credit quality requirements. The Eurosystem shall only consider ECAI issue ratings.

(ii) If more than two ECAI issue ratings are available, the first- and second-best of such ECAI issue ratings shall be taken into account by the Eurosystem.

Article 85

Multi-issuer securities

For marketable assets with more than one issuer (multi-issuer securities), the applicable ECAI issuer rating shall be determined on the basis of each issuer's potential liability as follows:

(a) If each issuer is jointly and severally liable for the obligations of all other issuers under the issue or, if applicable, for the programme, or issuance series, the ECAI issuer rating to be considered shall be the highest rating among the first-best ECAI issuer ratings of all the relevant issuers; or

(b) If any issuer is not jointly and severally liable for the obligations of all other issuers under the issue or, if applicable, for the programme, or issuance series, the ECAI issuer rating to be considered shall be the lowest rating among the first-best ECAI issuer ratings of all the relevant issuers.

Article 86

Non-euro ratings

For the purpose of ECAI issuer ratings, a foreign currency rating shall be acceptable. If the asset is denominated in the domestic currency of the issuer, the local currency rating shall also be acceptable.

Article 87

Credit quality assessment criteria for marketable assets in the absence of a credit assessment provided by an accepted ECAI

1. In the absence of an appropriate credit assessment provided by an accepted ECAI for the issue, issuer or guarantor, as would be applicable pursuant to Article 84(a) or (b), an implicit credit assessment of marketable assets (with the exception of ABSs) shall be derived by the Eurosystem in accordance with the rules laid down in paragraphs 2 and 3. This implicit credit assessment is required to comply with the Eurosystem's credit quality requirements.

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 Article 4(8) 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 according to competent authorities are treated for capital requirements purposes pursuant to Articles 115(2), 116(1) and 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 according to competent authorities are treated for capital requirements purposes pursuant to Articles 115(1) and 116(2) of Regulation (EU) No 575/2013 equally to credit institutions, 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 in relation to the central government in which jurisdiction these entities are established.

(c) If the issuers or guarantors are CRR public sector entities that are not referred to in points (a) and (b), no implicit credit assessment is derived and they shall be treated equally to private sector entities.

3. If the debt instruments are issued or guaranteed by non-financial corporations established in a Member State whose currency is the euro, the credit quality assessment shall be performed by the Eurosystem based on the credit quality assessment rules applicable to the credit quality assessment of credit claims in Chapter 2 of Title III. Assets in relation to which the credit quality is assessed in accordance with the rules contained in this paragraph shall not be included in the public list of eligible marketable assets.

Table 9

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

	Allocation of issuers or guarantors under Regulation (EU) No 575/2013	ECAF derivation of the implicit credit 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, according to the competent authorities, can be treated in the same manner as the central government for capital requirements purposes	Allocated the ECAI credit assessment of the central government of the country in which it is established

	Allocation of issuers or guarantors under Regulation (EU) No 575/2013	ECAF derivation of the implicit credit assessment of the issuer or guarantor belonging to the corresponding class
Class 2	Regional governments, local authorities and CRR PSEs that according to competent authorities can be treated equally to credit institutions for capital requirements purposes	Allocated a credit assessment one credit quality step (*) below the ECAI credit assessment of the central government of the country in which it is established
Class 3	Other CRR PSEs	Treated like private sector issuers or debtors

(*) Information on the credit quality steps is published on the ECB's website.

Article 88

Additional credit quality requirements for asset-backed securities

1. For ABSs, the credit quality assessment shall be based on a public issue rating that is explained in a publicly available credit rating report, i.e. a new issue report. The publicly available credit rating report shall include, inter alia, a comprehensive analysis of structural and legal aspects, a detailed collateral pool assessment, an analysis of the transaction participants, as well as an analysis of any other relevant details of a transaction.

2. Further to the requirement in paragraph 1, regular surveillance reports published by the accepted ECAIs are required for asset-backed securities. The publication of these reports shall take place no later than four weeks after the coupon payment date of the ABSs. The reference date of these reports shall be the most recent coupon payment date except for ABSs paying the coupon on a monthly basis, in which case the surveillance report shall be published at least quarterly. The surveillance reports shall contain, as a minimum, the key transaction data, e.g. composition of the collateral pool, transaction participants, capital structure, as well as performance data.

TITLE III

ELIGIBILITY CRITERIA AND CREDIT QUALITY REQUIREMENTS FOR NON-MARKETABLE ASSETS

CHAPTER 1

Eligibility criteria for non-marketable assets

Section 1

Eligibility criteria for credit claims

Article 89

Eligible type of asset

1. The eligible type of asset shall be a credit claim that is a debt obligation of a debtor vis-à-vis a counterparty.

2. Types of credit claims that have a 'reducing balance', i.e. where the principal and interest are paid off according to a pre-agreed schedule, as well as drawn credit lines, shall be eligible types of credit claim.

3. Current account overdrafts, letters of credit and undrawn credit lines, e.g. undrawn facilities of revolving credit claims, which authorise the use of credit but are not credit claims per se, shall not be eligible types of credit claim.

4. A syndicated loan share shall be an eligible type of credit claim. For the purposes of this Section, a syndicated loan share means a credit claim resulting from the participation of a lender in a loan provided by a group of lenders in a lending syndicate.

5. A credit claim granted in a context other than a mere lending relationship may constitute an eligible type of asset. A claim inherent to certain leasing or factoring structures may qualify as an eligible type of asset, if it constitutes a credit claim. Claims purchased under a factoring only qualify as an eligible type of asset to the extent they actually constitute credit claims as opposed to other claims, such as purchase price claims.

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 another interest rate reference or to the inflation rate.

Article 91

Non-subordination

Credit claims may not afford rights to the principal and/or the interest that are subordinated to: (a) the rights of holders of other unsecured debt obligations of the debtor including other shares or sub-shares in the same syndicated loan; and (b) the rights of holders of debt instruments of the same issuer.

Article 92

Credit quality requirements for credit claims

The credit quality of credit claims is assessed on the basis of the credit quality of the debtor or guarantor. The relevant debtor or guarantor shall comply with the Eurosystem's credit quality requirements as specified in the ECAF rules for credit claims laid down in Chapter 2 of Title III of Part Four.

Article 93

Minimum size of credit claims

For domestic use, credit claims shall, at the time of their submission as collateral by the counterparty, meet a minimum size threshold laid down by the home NCB. For cross-border use, a minimum size threshold of EUR 500 000 shall apply.

Article 94

Currency of denomination of credit claims

Credit claims shall be denominated in euro or in one of the former currencies of the Member States whose currency is the euro.

Article 95

Type of debtor or guarantor

1. The debtors and guarantors of eligible credit claims shall be non-financial corporations, public sector entities, multilateral development banks or international organisations. For the purposes of this Article, a multilateral development bank or an international organisation may be recognised by the Eurosystem in the same manner as described in Article 69(2).

2. If a credit claim has more than one debtor, each debtor shall be individually and severally liable for the full repayment of the entire credit claim.

Article 96

Location of the debtor or guarantor

1. The debtor in respect of a credit claim shall be established in a Member State whose currency is the euro.

2. The guarantor in respect of a credit claim shall also be established in a Member State whose currency is the euro, unless a guarantee is not needed to establish the credit quality requirements for non-marketable assets because there is an adequate credit assessment of the debtor.

3. For debtors or guarantors that are multilateral development banks or international organisations, the rules in paragraphs 1 and 2 shall not apply and they shall be eligible irrespective of their place of establishment.

Article 97

Governing laws

The credit claim agreement and the agreement between the counterparty and the home NCB mobilising the credit claim as collateral shall both be governed by the law of a Member State whose currency is the euro. Furthermore, there shall be no more than two governing laws in total that apply to the:

(a) counterparty;

(b) creditor;

(c) debtor;

(d) guarantor (if relevant);

(e) credit claim agreement;

(f) the agreement between the counterparty and the home NCB mobilising the credit claim as collateral.

Article 98

Handling procedures

Credit claims shall be handled in accordance with the Eurosystem procedures laid down in the relevant national documentation of the NCBs.

Article 99

Additional legal requirements for credit claims

1. In order to ensure that a valid security is created over credit claims and that the credit claim can be swiftly realised in the event of a counterparty default, additional legal requirements shall be met. These legal requirements relate to:

(a) verification of the existence of credit claims;

(b) notification of the debtor about mobilisation of the credit claim or the registration of such mobilisation;

(c) an absence of restrictions on the mobilisation of the credit claim;

(d) an absence of restrictions on the realisation of the credit claim;

(e) an absence of restrictions related to banking secrecy and confidentiality.

2. The content of these legal requirements is set out in Articles 100 to 105. Further details of the specific features of the national jurisdictions are provided in the relevant national documentation of the NCBs.

Article 100

Verifications of the procedures used to submit credit claims

NCBs, or supervisors or external auditors, shall conduct a one-off verification of the appropriateness of the procedures used by the counterparty to submit the information on credit claims to the Eurosystem.

Article 101

Verification of existence of credit claims

1. The NCBs shall, as a minimum, take all of the following steps to verify the existence of credit claims mobilised as collateral:

(a) They shall obtain a written confirmation from counterparties, at least each quarter, by which counterparties shall confirm:

   (i) the existence of the credit claims (this confirmation could be replaced with cross-checks of information held in central credit registers, where these exist);

   (ii) the compliance of credit claims with the eligibility criteria applied by the Eurosystem;

   (iii) that such credit claim is not used simultaneously as collateral to the benefit of any third party and that the counterparty shall not mobilise such credit claim as collateral to any third party;

   (iv) that the counterparty will undertake to communicate to the relevant NCB no later than within the course of the next business day, any event that materially affects the contractual relationship between the counterparty and the NCB, in particular early, partial or total repayments, downgrades and material changes in the conditions of the credit claim.

(b) They, or relevant central credit registers, banking supervision competent authorities or external auditors, shall perform random checks in respect of the quality and accuracy of the written confirmation of counterparties, by means of delivery of physical documentation or through on-site visits. The information checked in relation to each credit claim shall cover as a minimum the characteristics that determine the existence and the eligibility of credit claims. For counterparties with ECAF-approved internal ratings-based (IRB) systems, additional checks on the credit quality assessment of credit claims shall be carried out involving checks of PDs with respect to debtors of credit claims that are used as collateral in Eurosystem credit operations.

2. For the checks that are undertaken in accordance with Article 100 or paragraphs 1(a) and (b) of this Article by NCBs, supervisors, external auditors or central credit registers, those undertaking the checks shall be authorised to carry out these investigations, if necessary contractually or in accordance with the applicable national requirements.

Article 102

Validity of the agreement for the mobilisation of credit claims

The agreement for the mobilisation of the credit claim as collateral shall be valid between the counterparty and the relevant NCB under the applicable national law. All the necessary legal formalities to ensure the validity of the agreement and to ensure the mobilisation of a credit claims as collateral shall be fulfilled by the counterparty and/or the transferee, as appropriate.

Article 103

Full effect of the mobilisation vis-à-vis third parties

1. The agreement for the mobilisation of the credit claim as collateral shall be valid vis-à-vis third parties under the applicable national law. All legal formalities necessary to ensure valid mobilisation shall be fulfilled by the counterparty and/or the transferee, as appropriate.

2. As regards notification of the debtor, the following shall apply, depending on the applicable national law.

(a) If debtor notification or public registration of the mobilisation of a credit claim as collateral is necessary to ensure full effectiveness of the mobilisation vis-à-vis third parties, and in particular to ensure the priority of the home NCB's security interest vis-à-vis other creditors, these notification or registration requirements shall be completed in advance or at the time of the credit claim's actual mobilisation as collateral.

(b) If *ex ante* notification of the debtor or public registration of the mobilisation of a credit claim as collateral is not required in accordance with point (a), as specified in the applicable national documentation, *ex post* notification of the debtor is required. *Ex post* notification means that the debtor shall be notified by the counterparty or the home NCB, as specified by the national documentation, about the credit claim being mobilised as collateral by the counterparty to the benefit of the NCB immediately following an event of default or similar credit event as further specified in the applicable national documentation.

(c) The NCBs may decide to require *ex ante* notification or public registration in advance or at the time of mobilisation, even if these formalities are not necessary for the purposes set out in point (a).

(d) For credit claims that are bearer instruments, the home NCB may require that such bearer instruments are physically transferred to it or to a third party in advance, or at the time of actual mobilisation as collateral. The notification requirements set out in points (a) and (b) shall not apply to credit claims that are bearer instruments.

3. The above are minimum requirements. NCBs may decide to require *ex ante* notification or registration in addition to the situations above, including in the case of bearer instruments.

Article 104

Absence of restrictions concerning mobilisation and realisation of credit claims

1. Credit claims shall be fully transferable and capable of being mobilised without restriction for the benefit of the Eurosystem. The credit claim agreement or other contractual arrangements between the counterparty and the debtor shall not contain any restrictive provisions on mobilisation as collateral, unless national legislation provides that such contractual restrictions are without prejudice to the Eurosystem with respect to the mobilisation of collateral.

2. The credit claim agreement or other contractual arrangements between the counterparty and the debtor shall not contain any restrictive provisions regarding the realisation of the credit claim used as collateral for Eurosystem credit operations, including any form, time or other requirement with regard to realisation.

3. Notwithstanding paragraphs 1 and 2, the provisions restricting the assignment of syndicated loan shares to banks, financial institutions and entities which are regularly engaged in or established for the purpose of creating, purchasing or investing in loans, securities or other financial assets shall not be considered as a restriction on the realisation of the credit claim.

4. Notwithstanding paragraphs 1 and 2, a facility agent for the collection and distribution of payments and administration of the loan shall not be considered as a restriction on the mobilisation and realisation of a syndicated loan share, provided that: (a) the facility agent is a credit institution located in the Union; and (b) the service relationship between the relevant syndicate member and the facility agent can be transferred alongside or as part of the syndicated loan share.

Article 105

Absence of restrictions concerning banking secrecy and confidentiality

The counterparty and the debtor shall have agreed contractually that the debtor unconditionally consents to disclosure by the counterparty to the Eurosystem of details in respect of the credit claim and on the debtor that are required by the home NCB for the purpose of ensuring that a valid security is created over credit claims and that the credit claims can be swiftly realised in the event of a counterparty default. This requirement shall not be necessary if unrestricted provision of such information is ensured under the applicable national law, as specified in the applicable national documentation of the home NCB.

Section 2

Eligibility criteria for fixed-term deposits

Article 106

Eligibility criteria for fixed-term deposits

Fixed-term deposits, as described in Article 12, that are held by a counterparty shall be eligible assets as collateral for Eurosystem credit operations.

Section 3

Eligibility criteria for RMBDs

Article 107

Eligibility criteria for RMBDs

1. An RMBD shall be a promissory note or a bill of exchange that is secured by a pool of residential mortgages but falls short of full securitisation. Substitution of assets in the underlying pool shall be possible and a mechanism shall be in place to ensure that the home NCB enjoys priority over creditors other than those exempted for public policy reasons.

2. RMBDs shall have a fixed, unconditional principal amount and an interest rate that cannot result in a negative cash flow.

3. RMBDs shall comply with the Eurosystem's credit quality requirements specified in the ECAF rules for RMBDs as laid down in Chapter 2 of Title III of this Part Four.

4. RMBDs shall be issued by credit institutions that are counterparties which are established in a Member State whose currency is the euro.

5. RMBDs shall be denominated in euro or in one of the former currencies of Member States whose currency is the euro.

6. An issuer of RMBDs shall self-certify, as a minimum on a monthly basis, that the residential mortgages that form the cover pool comply with the eligibility criteria specified in the national arrangements established by the home NCB and on which the credit assessment is based.

7. The mobilisation, use and handling procedures in respect of RMBDs shall be subject to the Eurosystem procedures as defined in the national documentation of the home NCB.

CHAPTER 2

Eurosystem's credit quality requirements for non-marketable assets

Article 108

Eurosystem's credit quality requirements for non-marketable assets

In order for non-marketable assets to be eligible, the following Eurosystem credit quality requirements shall apply.

(a) For credit claims, the credit quality of credit claims shall be assessed on the basis of the credit quality of the debtor or guarantor, which shall comply, as a minimum, with credit quality step 3, as specified in the Eurosystem's harmonised rating scale.

(b) For RMBDs, a credit quality assessment shall comply, as a minimum, with credit quality step 2, as specified in the Eurosystem's harmonised rating scale.

Section 1

Eurosystem's credit quality requirements for credit claims

Article 109

General rules for the credit quality assessment of credit claims

1. The Eurosystem shall assess the credit quality of credit claims on the basis of the credit quality of the debtors or guarantors provided by the credit assessment system or source selected by the counterparty in accordance with Article 110.

2. Counterparties shall within the course of the next business day inform the relevant NCB of any credit event, including a delay in payments by the debtors of the credit claims mobilised as collateral, that is known to the counterparty and, if requested by the relevant NCB, withdraw or replace the assets.

3. Counterparties shall be responsible for ensuring that they use the most recent credit quality assessment available from their selected credit assessment system or source for the debtors or guarantors of credit claims mobilised as collateral.

Article 110

Selection of the credit assessment system or source

1. Counterparties mobilising credit claims as collateral shall select one credit assessment system from one of the four credit assessment sources accepted by the Eurosystem in accordance with the general acceptance criteria in Title V of Part Four. Where the ECAI source is selected by counterparties, any ECAI system may be used.

2. Further to paragraph 1, NCBs may allow counterparties to use more than one credit assessment system or source upon submission of a reasoned request to the home NCB supported by an adequate business case based on the lack of sufficient coverage of the 'main' credit assessment source or system.

3. In cases where counterparties are allowed to use more than one credit assessment system or credit assessment source, the 'main' system or source is expected to be the one providing the credit quality assessment of the largest number of debtors from the credit claims mobilised as collateral. If a credit assessment for a debtor or guarantor is available from this main system or source, only this credit assessment shall determine the eligibility and valuation haircuts applicable to the debtor or guarantor.

4. Counterparties shall use the selected credit assessment systems or sources for a minimum period of 12 months.

5. After the period specified in paragraph 4, counterparties may submit an explicit reasoned request to the home NCB to change the selected credit assessment system or source.

6. In certain circumstances and particularly when a counterparty phases-in its IRB system or begins using credit claims as collateral, upon submission of a reasoned request, an NCB may exceptionally grant a derogation to a counterparty with respect to the 12-month minimum period restriction specified in paragraph 4 and allow the counterparty to change its selected credit assessment system or source within that period.

7. If the counterparty has chosen the ECAI credit assessment source, it may use an ECAI debtor or ECAI guarantor rating. If multiple ECAI debtor and/or ECAI guarantor ratings are available for the same credit claim, then the best available ECAI credit assessment of those may be used.

Article 111

Credit assessment of credit claims with public sector entities, or non-financial corporations, as debtors or guarantors

1. The Eurosystem shall assess the credit quality of credit claims with public sector entities acting as debtors or guarantors in accordance with the following rules, applied in the following order.

(a) If a credit assessment from the system or source selected by the counterparty exists, the Eurosystem shall use it to establish whether the public sector entity acting as debtor or guarantor meets the Eurosystem's credit quality requirements for non-marketable assets laid down in Article 108.

(b) In the absence of a credit assessment under point (a), the Eurosystem shall use an ECAI credit assessment provided by an accepted ECAI system for the public sector entity acting as debtor or guarantor.

(c) If a credit assessment is unavailable pursuant to points (a) or (b), the procedure laid down in Article 87 for marketable assets shall apply to the relevant public sector entity as debtor or guarantor.

2. The Eurosystem shall assess the credit quality of credit claims with non-financial corporations as debtors or guarantors as follows: the credit assessment provided by the credit assessment system or source selected by the counterparty shall meet the Eurosystem's credit quality requirements for non-marketable assets laid down in Article 108.

Section 2

Eurosystem's credit quality requirements for RMBDs

Article 112

Establishment of Eurosystem's credit quality requirements for RMBDs

For the purpose of meeting the credit quality requirements laid down in Article 108, the home NCB shall assess the credit quality of RMBDs on the basis of a jurisdiction-specific credit quality assessment framework laid down in the applicable national documentation.

TITLE IV

GUARANTEES FOR MARKETABLE AND NON-MARKETABLE ASSETS

Article 113

Applicable requirements for guarantees

1. The Eurosystem's credit quality requirements may be established on the basis of credit assessments provided in respect of guarantors in accordance with Articles 82 to 84 in respect of marketable assets and Article 108 in respect of credit claims.

2. Guarantees provided by guarantors that are required to establish the Eurosystem's credit quality requirements shall comply with this Title.

3. For the purposes of paragraph 1, the relevant guarantor shall be separately assessed on the basis of its credit assessment and shall meet the Eurosystem's credit quality requirements.

Article 114

Features of the guarantee

1. In accordance with the terms of the guarantee, the guarantor shall provide an unconditional and irrevocable first-demand guarantee in respect of the obligations of the issuer or debtor in relation to the payment of the principal, interest and any other amounts due under the marketable asset or credit claim to the holders or creditor thereof, until the marketable asset or credit claim is discharged in full. In this regard, a guarantee shall not be required to be specific to the marketable asset or credit claim but may apply to the issuer or debtor only, provided that the relevant marketable asset or credit claim is covered by the guarantee.

2. The guarantee shall be payable on first demand independently of the guaranteed marketable asset or credit claim. Guarantees given by public sector entities with the right to levy taxes shall either be payable on first demand or otherwise provide for prompt and punctual payment following any default.

3. The guarantee shall be legally valid, binding and enforceable against the guarantor.

4. The guarantee shall be governed by the law of a Member State.

5. If the guarantor is not a public sector entity with the right to levy taxes, a legal confirmation concerning the legal validity, binding effect and enforceability of the guarantee shall be submitted to the relevant NCB in a form and substance acceptable to the Eurosystem before the marketable assets or credit claim supported by the guarantee can be considered eligible. The legal confirmation shall also state that the guarantee is not a personal one and is only enforceable by the holders of the marketable assets or the creditor of the credit claim. If the guarantor is established in a jurisdiction other than the one of the law governing the guarantee, the legal confirmation shall also confirm that the guarantee is valid and enforceable under the law of the jurisdiction in which the guarantor is established. For marketable assets, the legal confirmation shall be submitted by the counterparty for review to the NCB that is reporting the relevant asset supported by a guarantee for inclusion in the list of eligible assets. For credit claims, the legal confirmation shall be submitted by the counterparty seeking to mobilise the credit claim for review to the NCB in the jurisdiction of the law governing the credit claim. The requirement of enforceability is subject to any insolvency or bankruptcy laws, general principles of equity and other similar laws and principles applicable to the guarantor and generally affecting creditors' rights against the guarantor.

Article 115

Non-subordination of the obligations of the guarantor

The obligations of the guarantor under the guarantee shall at least rank equally, *pari passu*, and rateably, pro rata, with all other unsecured obligations of the guarantor.

Article 116

Credit quality requirements for guarantors

The guarantor shall comply with the Eurosystem's credit quality requirements specified under the ECAF rules for guarantors of marketable assets laid down in Articles 82 to 84 or with the rules for guarantors of credit claims laid down in Article 108.

Article 117

Type of guarantor

The guarantor shall be:

(a) for marketable assets in accordance with Article 69: a central bank of a Member State, a public sector entity, an agency, a credit institution, a financial corporation other than a credit institution, a non-financial corporation, a multilateral development bank or an international organisation; or

(b) for credit claims in accordance with Article 95: a non-financial corporation, a public sector entity, a multilateral development bank or an international organisation.

Article 118

Place of establishment of guarantor

1. The guarantor shall be established:

(a) in the case of marketable assets in accordance with Article 70, in the EEA, unless a guarantee is not needed to establish the credit quality requirements for a specific debt instrument. The possibility to use an ECAI guarantor rating to establish the relevant credit quality requirements for marketable assets is addressed in Article 84.

(b) for debt instruments guaranteed by non-financial corporations for which no credit assessment has been provided by an accepted ECAI for the issue, the issuer or the guarantor, in accordance with Article 70, the guarantor shall be established in a Member State whose currency is the euro;

(c) in the case of credit claims in accordance with Article 96, in a Member State whose currency is the euro, unless a guarantee is not needed to establish the credit quality requirements for non-marketable assets. The option to use a credit assessment in respect of a guarantor to establish the relevant credit quality requirements for credit claims is addressed in Article 108.

2. Notwithstanding paragraph 1, in accordance with Articles 70 and 96, multilateral development banks and international organisations shall be eligible guarantors irrespective of their place of establishment.

TITLE V

EUROSYSTEM CREDIT ASSESSMENT FRAMEWORK FOR ELIGIBLE ASSETS

Article 119

Accepted credit assessment sources and systems

1. The credit assessment information on which the Eurosystem bases the eligibility assessment of assets eligible as collateral for Eurosystem credit operations shall be provided by credit assessment systems belonging to one of the four following sources:

(a) ECAIs;

(b) NCBs' in-house credit assessment systems (ICASs);

(c) counterparties' internal rating-based (IRB) systems;

(d) third-party rating tool (RT) providers.

2. Under each credit assessment source listed in paragraph 1 there may be a set of credit assessment systems. Credit assessment systems shall comply with the acceptance criteria laid down in this Title. A list of the accepted credit assessment systems, i.e. the list of accepted ECAIs, ICASs and RTs, is published on the ECB's website.

3. All accepted credit assessment systems shall be subject to the ECAF performance monitoring process as laid down in Article 126.

4. By publishing information on the accepted credit assessment systems in conjunction with its Eurosystem credit operations, the Eurosystem shall not assume any responsibility for its evaluation of accepted credit assessment systems.

5. In the event of an infringement of the ECAF rules and procedures, the relevant credit assessment system may be excluded from the ECAF-accepted systems.

Article 120

General acceptance criteria for external credit assessment institutions as credit assessment systems

1. For the purposes of the ECAF, the general acceptance criteria for ECAIs shall be the following:

(a) ECAIs shall be registered or certified by the European Securities and Markets Authority, in accordance with Regulation (EC) No 1060/2009.

(b) ECAIs shall fulfil operational criteria and provide relevant coverage so as to ensure the efficient implementation of the ECAF. In particular, the use of an ECAI credit assessment is subject to the availability to the Eurosystem of information on these assessments, as well as information for the comparison and the assignment, i.e. mapping, of the assessments to the Eurosystem's credit quality steps and for the purposes of the performance monitoring process, under Article 126.

2. The Eurosystem reserves the right to decide whether it accepts an ECAI for the purposes of ECAF, taking into account, among other factors, the criteria and rules of the ECAF performance monitoring process.

3. Together with the submitted data for ECAF performance monitoring in accordance with Article 126, the ECAI shall submit a signed certification from the CEO of the ECAI, or authorised signatory with responsibility for the audit or compliance function within the ECAI, confirming the accuracy and validity of the submitted performance monitoring information.

Article 121

General acceptance criteria and operational procedures for the NCBs' in-house credit assessment systems

1. NCBs may decide to use their own ICAS for the purpose of credit assessment. The decision of an NCB to use its own ICAS shall be subject to a validation procedure by the Eurosystem.

2. A credit assessment by means of ICAS may be performed in advance, or on a counterparty's specific request upon submission of an asset to the NCB using ICAS (the 'ICAS NCB').

3. With regard to paragraph 2, upon submission of an asset to the ICAS NCB in respect of which the eligibility of a debtor or guarantor shall be assessed, the ICAS NCB informs the counterparty either of its eligibility status or of the lead time necessary to establish a credit assessment. If an ICAS is limited in scope and only assesses specific types of debtors or guarantors, or if the ICAS NCB is unable to receive the information and data necessary for its credit assessment, the ICAS NCB will inform the counterparty thereof without delay. In both cases, the relevant debtor or guarantor is considered ineligible, unless the assets are compliant with credit quality requirements in accordance with an alternative

credit assessment source or credit assessment system which the counterparty is allowed to use according to Article 110. In the event that mobilised assets become ineligible due to the deterioration of the creditworthiness of the debtor or the guarantor, the asset shall be removed at the earliest possible date. Since there is neither a contractual relationship between the non-financial corporations and the ICAS NCB, nor any legal obligation for these corporations to provide non-public information to the ICAS NCB, the information is provided on a voluntary basis.

4. In countries in which RMBDs are mobilised as collateral for Eurosystem credit operations, the home NCB shall implement a credit assessment framework for this type of asset in accordance with the ECAF. Such frameworks shall be subject to a validation procedure by the Eurosystem and to a yearly performance monitoring process, as further specified in Article 126.

Article 122

General acceptance criteria for internal ratings-based systems

1. To obtain ECAF approval of an IRB system, a counterparty shall file a request with the home NCB.

2. The requirement in paragraph 1 shall apply to all counterparties intending to use an IRB system regardless of their status, i.e. parent, subsidiary or branch, and regardless of whether the endorsement of the IRB system comes from the competent authority in the same country, for a parent company and possibly for subsidiaries, or from a competent authority in the home country of the parent, for branches and possibly for subsidiaries.

3. A request filed by a counterparty in accordance with paragraph 1 shall include the following information and documents which, if necessary, shall be translated into a working language of the home NCB:

(a) a copy of the decision of the competent authority authorising the counterparty to use its IRB system for capital requirements purposes on a consolidated or non-consolidated basis, together with any specific conditions for such use;

(b) a copy of the most up-to-date assessment of the counterparty's IRB system by the competent authority;

(c) information on any changes to the counterparty's IRB system recommended or required by the competent authority, together with the deadline by which such changes must be implemented;

(d) information on its approach to assigning probabilities of default to debtors, as well as data on the rating grades and associated one-year probabilities of default used to determine eligible rating grades;

(e) a copy of the latest Pillar 3 (market discipline) information that the counterparty is required to publish on a regular basis in accordance with the requirements on market discipline under the Basel III Framework, Directive 2013/36/EU and Regulation (EU) No 575/2013;

(f) the name and the address of the competent authority and the external auditor;

(g) information on the historical record of the counterparty's IRB system's observed default rates per rating grades covering the five calendar years preceding the relevant request. If the competent authority granted the IRB system's authorisation for capital requirements purposes during these calendar years, the information shall cover the time since the IRB system's authorisation for capital requirements purposes. The historical annual data on the observed default rates and potential additional information shall comply with the provisions for performance monitoring in Article 126 as if the IRB system had been subject to these provisions over this time period;

(h) information required for performance monitoring outlined in Article 126 as requested from already ECAF-approved IRB systems for the ongoing calendar year at the time of the filing of the request.

4. A counterparty shall not be required to file the information under points (a) to (c) when such information is transmitted directly by the competent authority to the home NCB upon the NCB's request.

5. The request made by the counterparty under paragraph 1 shall be signed by the counterparty's CEO, CFO or a manager of similar seniority, or by an authorised signatory on behalf of one of them.

Article 123

Reporting obligations of counterparties using an internal ratings-based system

1. Counterparties shall communicate information to the home NCB on Article 122(3)(b) to (f) on an annual basis, or as and when required by the home NCB, unless such information is transmitted directly by the competent authority to the home NCB upon the NCB's request.

2. The annual communication referred to in paragraph 1 shall be signed by the counterparty's CEO, CFO or a manager of similar seniority, or by an authorised signatory on behalf of one of them. The competent authority and, where applicable, the external auditor of the counterparty shall receive a copy of this letter from the Eurosystem.

3. As part of the regular monitoring on IRB systems, the NCB shall perform on- and off-site inspections on the statistical information provided by counterparties for the purpose of the annual performance monitoring process. The objective of such controls shall be to verify that static pools are correct, accurate and complete.

4. Counterparties shall fulfil any further operational criteria specified in the relevant contractual or regulatory arrangements applied by the home NCB, including provisions in relation to:

(a) ad hoc checks on the procedures in place for communicating a credit claim's features to the home NCB;

(b) annual checks by the home NCB (or, where relevant, the competent authority or external auditor) to establish the accuracy and validity of static pools as referred to in Annex IX;

(c) the provision, no later than within the course of the next business day, of information in respect of eligibility changes and the immediate withdrawal of relevant credit claims, if necessary;

(d) notifications to the home NCB of facts or circumstances that could materially influence the continued use of the IRB system for ECAF purposes or the way in which the IRB system leads to the establishment of eligible collateral, including in particular material changes to a counterparty's IRB system which may impact on the manner in which the IRB system's rating grades or probabilities of default correspond with the Eurosystem harmonised rating scale.

Article 124

General acceptance criteria for third-party rating tool providers as credit assessment systems

1. The third-party rating tool (RT) provider source shall encompass entities that assess the credit quality of debtors by using primarily quantitative models in a systematic and mechanical manner, relying amongst other information on audited accounts, and whose credit assessments are not intended for general public disclosure.

2. An RT provider wishing to participate in the ECAF shall submit a request to the relevant NCB, using the template provided by the Eurosystem, supplemented by additional documentation as specified in the template provided on the ECB's website.

3. Counterparties wishing to use a specific RT provider for ECAF purposes that is not accepted by the Eurosystem shall submit a request to the relevant NCB, using the template provided on the ECB's website, supplemented by additional documentation as specified in this template.

4. In respect of submissions made under paragraphs 2 and 3, the Eurosystem shall decide whether to accept the RT provider based on an evaluation of compliance with the acceptance criteria set by the Eurosystem, as published on the ECB's website.

5. Counterparties using a RT provider shall promptly inform the relevant RT provider of any credit event that is known only to the counterparty that may indicate a deterioration of the credit quality, including a delay in payments by the debtors of the eligible assets mobilised as collateral.

Article 125

Reporting obligation for third-party rating tool providers

1. The RT provider shall communicate the required information for the purposes of the ECAF performance monitoring report to the relevant NCB together with a signed certification from the CEO, or authorised signatory with responsibility for the audit or compliance function within the RT, confirming the accuracy and validity of the submitted performance monitoring data.

2. The RT provider shall undertake to keep internal records of static pools and default details for five years.

Article 126

ECAF performance monitoring process

1. On an annual basis, all accepted credit assessment systems shall be subject to the ECAF performance monitoring process, in accordance with Annex IX, for the purpose of ensuring that the mapping of the credit assessment information provided by the credit assessment system to the Eurosystem's harmonised rating scale remains appropriate and that the results from credit assessments are comparable across systems and sources.

2. The Eurosystem reserves the right to request any additional information required to conduct the performance monitoring process.

3. The performance monitoring process may result in a correction of the manner in which the credit assessment information provided by the credit assessment system corresponds to the Eurosystem's harmonised rating scale.

4. The Eurosystem may decide to suspend or exclude a credit assessment system on the basis of the outcome of the performance monitoring process.

5. In the event of an infringement of a rule related to the ECAF performance monitoring process, the relevant credit assessment system may be excluded from the list of ECAF-accepted systems.

TITLE VI

RISK CONTROL AND VALUATION FRAMEWORK OF MARKETABLE AND NON-MARKETABLE ASSETS

Article 127

Purpose of the risk control and valuation framework

1. Eligible assets mobilised as collateral for Eurosystem credit operations shall be subject to the risk control measures laid down in Article 128(1), which aim to protecting the Eurosystem against the risk of financial loss in the event of a counterparty's default.

2. The Eurosystem may at any time apply additional risk control measures, as laid down in Article 128(2), if required to ensure adequate risk protection of the Eurosystem in line with Article 18.1 of the Statute of the ESCB. Additional risk control measures may also be applied at the level of individual counterparties, if required to ensure such protection.

3. All risk control measures applied by the Eurosystem shall ensure consistent, transparent and non-discriminatory conditions for any type of mobilised eligible asset across the Member States whose currency is the euro.

Article 128

Risk control measures

1. The Eurosystem shall apply the following risk control measures for eligible assets:

(a) valuation haircuts;

(b) variation margins (marking-to-market):

the Eurosystem requires the haircut-adjusted market value of the eligible assets used in its liquidity-providing reverse transactions to be maintained over time. If the value of the eligible assets, which are measured on a daily basis, falls below a certain level, the home NCB shall require the counterparty to supply additional assets or cash by way of a margin call. Similarly, if the value of the eligible assets exceeds a certain level following their revaluation, the NCB may return the excess assets or cash;

(c) limits in relation to the use of unsecured debt instruments issued by a credit institution or by any other entity with which that credit institution has close links as described in Article 138;

(d) valuation markdowns.

2. The Eurosystem may apply the following additional risk control measures:

(a) initial margins, meaning that counterparties provide eligible assets with a value at least equal to the liquidity provided by the Eurosystem plus the value of the relevant initial margin;

(b) limits in relation to issuers, debtors or guarantors:

the Eurosystem may apply additional limits, other than those applied to the use of unsecured debt instruments referred to in paragraph (1)(c), to the exposure vis-à-vis issuers, debtors or guarantors;

(c) supplementary haircuts;

(d) additional guarantees from guarantors meeting the Eurosystem's credit quality requirements in order to accept certain assets;

(e) the exclusion of certain assets from use as collateral in Eurosystem credit operations.

CHAPTER 1

Risk control measures for marketable assets

Article 129

Establishment of risk control measures for marketable assets

1. For the purpose of establishing the applicable risk control measures, eligible marketable assets shall be allocated to one of the following five haircut categories, based on the type of issuer and/or type of asset and as reflected in Table 10:

(a) debt instruments issued by central governments, ECB debt certificates and debt certificates issued by NCBs prior to the date of adoption of the euro in their respective Member State whose currency is the euro are included in haircut category I;

(b) debt instruments issued by local and regional government, entities classified as agencies by the Eurosystem, multilateral development banks and international organisations, as well as jumbo covered bonds, are included in haircut category II;

(c) traditional covered bonds, other covered bonds and debt instruments issued by non-financial corporations are included in haircut category III;

(d) unsecured debt instruments issued by credit institutions and by financial corporations other than credit institutions are included in haircut category IV;

(e) asset-backed securities are included in haircut category V, regardless of the classification of the issuer.

2. The haircut categories for marketable assets are summarised in the table below, taking into account the classification of the issuer.

Table 10

Haircut categories for marketable assets

Category I	Category II	Category III	Category IV	Category V
Debt instruments issued by central governments ECB debt certificates Debt certificates issued by NCBs prior to the date of adoption of the euro in their respective Member State	Debt instruments issued by local and regional governments Debt instruments issued by entities classified as agencies by the Eurosystem Debt instruments issued by multilateral development banks and international organisations Jumbo covered bonds	Traditional covered bonds and other covered bonds Debt instruments issued by non-financial corporations	Unsecured debt instruments issued by credit institutions Unsecured debt instruments issued by financial corporations other than credit institutions	Asset-backed securities

Article 130

Valuation haircuts for marketable assets

1. Marketable assets shall be subject to specific valuation haircuts, applied by deducting a certain percentage from the market value of the relevant asset. The specific valuation haircuts applied to debt instruments included in haircut categories I to IV as laid down in Annex X differ in accordance with any or all of the following factors:

(a) residual maturity;

(b) coupon structure;

(c) credit quality step;

(d) haircut category, as determined pursuant to Article 129.

2. Marketable assets included in category V shall be subject to a haircut of 10 % regardless of maturity or coupon structure.

3. ABSs, covered bonds and unsecured debt instruments issued by credit institutions that are theoretically valued in accordance with the rules contained in Article 134 shall be subject to an additional valuation haircut in the form of a valuation markdown of 5 %.

4. Own-use covered bonds shall be subject to an additional valuation haircut applied directly to the value of the entire issuance of the individual debt instrument in the form of a valuation markdown of: (a) 8 % for own-use covered bonds in credit quality steps 1 and 2, and (b) 12 % for own-use covered bonds in credit quality step 3. For the purposes of this paragraph, 'own-use covered bonds' means covered bonds issued by either a counterparty or entities closely linked to it, and used in a percentage greater than 75 % of the outstanding notional amount by that counterparty and/or its closely linked entities. 'Close links' for the purposes of this paragraph shall be determined in accordance with Article 138. This valuation markdown applies to all counterparties mobilising the covered bond in question.

5. The valuation haircut applied to marketable assets included in haircut categories I to IV with floating coupons shall be that applied to the zero-to-one-year residual maturity of fixed coupon marketable assets in the haircut category and credit quality step to which the asset is assigned. For the purposes of this Article, coupon payments for which the resetting period is longer than one year are treated as fixed rate payments, and the relevant maturity for the valuation haircut to be applied shall be the residual maturity of the marketable asset.

6. The valuation haircuts applicable to marketable assets included in categories I to IV with more than one type of coupon payment shall solely depend on the coupon payments arising during the remaining life of the instrument. The valuation haircut applicable to such an instrument shall equal the highest haircut applicable to a marketable asset with the same residual maturity and credit quality step, and coupon payments of any one of the types occurring in the remaining life of the instrument may be considered.

7. The valuation haircut levels applied to fixed coupon debt instruments shall also apply to debt instruments where the relevant coupon is linked to inflation-indexed debt instruments.

8. No valuation haircuts shall be applied in liquidity-absorbing operations.

CHAPTER 2

Risk control measures for non-marketable assets

Article 131

Establishment of risk control measures for credit claims

1. Individual credit claims with a fixed rate of interest payment and credit claims with a rate of interest payments linked to the inflation rate shall be subject to specific valuation haircuts determined according to the residual maturity, the credit quality step and the valuation methodology applied by the NCB, as laid down in Annex X.

2. Individual credit claims with a variable interest rate shall be subject to the valuation haircut applied to the credit claims with fixed interest rate classified in the zero-to-one-year residual maturity corresponding to the same credit quality step and the same valuation methodology as applied by the NCB. For the purposes of this Article, an interest payment shall be treated as a variable rate payment if it is linked to a reference interest rate and if the resetting period corresponding to this payment is no longer than one year. Interest payments for which the resetting period is longer than one year shall be treated as fixed-rate payments, with the relevant maturity for the haircut being the residual maturity of the credit claim.

3. The valuation haircut applied to a credit claim with more than one type of interest payment shall depend only on the interest payments during the remaining life of the credit claim. If there is more than one type of interest payment during the remaining life of the credit claim, the remaining interest payments shall be treated as fixed-rate payments, with the relevant maturity for the haircut being the residual maturity of the credit claim.

Article 132

Risk control measures for RMBDs

Non-marketable RMBDs shall be subject to a valuation haircut of 39,5 %.

Article 133

Risk control measures for fixed-term deposits

Fixed-term deposits shall not be subject to valuation haircuts, in line with the approach for marketable assets laid down in Article 130 for liquidity-absorbing operations.

CHAPTER 3

Valuation rules for marketable and non-marketable assets

Article 134

Valuation rules for marketable assets

For the purposes of determining the value of assets used as collateral in open market operations conducted by means of reverse transactions, the NCBs shall apply the following rules.

(a) For each eligible marketable asset, the Eurosystem shall define the most representative price to be used for the calculation of the market value.

(b) A marketable asset's value shall be calculated on the basis of the most representative price on the business day preceding its valuation date. In the absence of a representative price for a particular asset the Eurosystem shall define a theoretical price.

(c) The market or theoretical value of a marketable asset shall be calculated including accrued interest.

(d) Depending on differences in national legal systems and operational practices, the treatment of income flows, e.g. coupon payments that are related to an asset and are received during the life of a Eurosystem credit operation, may differ between NCBs. If the income flow is transferred to the counterparty, the home NCB shall ensure that the relevant operations will still be fully covered by a sufficient amount of eligible assets before the transfer of the income takes place. Each NCB shall aim to ensure that the economic effect of the treatment of income flows is equivalent to a situation in which the income is transferred to the counterparty on the payment day.

Article 135

Valuation rules for non-marketable assets

Non-marketable assets shall be assigned a value by the Eurosystem corresponding either to the theoretical price or to the outstanding amount.

Article 136

Margin calls

1. Assets mobilised as collateral for Eurosystem credit operations shall be subject to daily valuation by NCBs, in accordance with the valuation rules laid down in Articles 134 and 135. If tri-party services are used, the daily valuation process shall be delegated to the relevant TPA and shall be based on information sent by the relevant NCB to the TPA.

2. If, after valuation and haircuts, the mobilised assets do not match the requirements as calculated on that day, margin calls shall be performed. If the value of the eligible assets mobilised as collateral by a counterparty, following their revaluation, exceeds the amount owed by the counterparty plus the variation margin, the NCB may return the excess assets or any cash that the counterparty has provided for a margin call.

3. In order to reduce the frequency of margin calls, an NCB may apply a threshold of 0,5 % of the amount of liquidity provided. Depending on the applicable national law, if the value of the mobilised assets as collateral falls below the lower threshold, NCBs may require margin calls to be effected either through the supply of additional assets or by means of cash payments by the counterparty. Conversely, if the value of the assets used as collateral exceeds the upper threshold, the NCB may return the excess assets (or cash submitted to meet a margin call) to the counterparty.

4. The deposit facility rate shall also apply to cash margins.

TITLE VII

ACCEPTANCE OF NON EURO-DENOMINATED COLLATERAL IN CONTINGENCIES

Article 137

Acceptance of non-euro-denominated collateral in contingencies

1. The ECB's Governing Council may decide to accept certain marketable assets issued by non-euro area G10 central governments in their national currency as collateral. Upon such a decision by the ECB's Governing Council, counterparties shall be informed about the applicable:

(a) eligibility criteria;

(b) procedures for selection and mobilisation;

(c) sources and principles of valuation;

(d) risk control measures;

(e) settlement procedures.

2. The general eligibility criteria for marketable assets laid down in Title II of Part Four shall apply, except that marketable assets:

(a) may be issued, held and settled outside the EEA; and

(b) may be denominated in currencies other than the euro.

3. Counterparties that are branches of credit institutions incorporated outside the EEA or Switzerland shall not be entitled to mobilise as collateral the marketable assets laid down in this Article.

TITLE VIII

RULES FOR THE USE OF ELIGIBLE ASSETS

Article 138

Close links between counterparties and the issuer, debtor or guarantor of eligible assets

1. Irrespective of the fact that an asset is eligible, a counterparty shall not submit or use as collateral assets issued, owed or guaranteed by itself or by any other entity with which it has close links.

2. 'Close links' means any of the following situations in which the counterparty and the other entity referred to in paragraph 1 are linked:

(a) the counterparty owns directly, or indirectly through one or more other undertakings, 20 % or more of the capital of that other entity;

(b) that other entity owns directly, or indirectly through one or more other undertakings, 20 % or more of the capital of the counterparty;

(c) a third party owns, either directly or indirectly through one or more undertakings, 20 % or more of the capital of the counterparty and 20 % or more of the capital of the other entity.

For the purposes of assessing the existence of close links in the case of multi-cédulas, the Eurosystem shall apply a 'look-through approach', i.e. it shall consider close links between each of the underlying cédulas issuers and the counterparty.

3. Paragraph 1 shall not apply with respect to any of the following:

(a) close links between the counterparty and an EEA public sector entity that has the right to levy taxes, or cases where a debt instrument is guaranteed by one or more EEA public sector entities that have the right to levy taxes and the relevant guarantee complies with the features laid down in Article 114;

(b) covered bonds meeting the requirements set out in Article 129(1) to (3) and (6) of Regulation (EU) No 575/2013;

(c) debt instruments protected by specific legal safeguards comparable to covered bonds meeting the requirements set out in Article 129(1) to (3) and 129(6) of Regulation (EU) No 575/2013. Such specific legal safeguards shall require a ring-fenced cover pool that ensures the satisfaction of bondholder claims in the event of insolvency of the issuer from the ring-fenced cover pool. An assessment of the existence and comparability of legal safeguards, for which the requirements set out under point (b) shall serve as a benchmark, shall be conducted by the Eurosystem on a case-by-case basis and shall require an external legal opinion.

Examples of debt instruments protected by specific legal safeguards comparable to covered bonds referred to in point (b) are:

(i) non-marketable RMBDs; and

(ii) *multi-cédulas* issued before the application date of this Guideline where the underlying *cédulas* comply with the criteria set out in Article 129(1) to (3) and (6) of Regulation (EU) No 575/2013.

Article 139

Use of guaranteed unsecured debt instruments issued by a counterparty or its closely linked entity

1. Unsecured debt instruments issued by a counterparty or any other entity closely linked to that counterparty, as defined in Article 138, and fully guaranteed by one or several EEA public sector entities which have the right to levy taxes shall not be mobilised as collateral for Eurosystem credit operations by that counterparty either:

(a) directly; or

(b) indirectly, where they are included in a pool of covered bonds,

2. In exceptional cases, the ECB's Governing Council may decide on temporary derogations from the restriction laid down in paragraph 1 for a maximum of three years. A request for a derogation shall be accompanied by a funding plan by the requesting counterparty that indicates the manner in which the mobilisation of the respective assets will be phased out within three years following the granting of the derogation. Such a derogation shall only be provided where the nature of the guarantee provided by one or several EEA central governments, regional governments, local authorities or other public sector entities which have the right to levy taxes complies with the requirements for guarantees laid down in Article 114.

Article 140

Close links with respect to asset-backed securities and currency hedges

A counterparty may not mobilise as collateral any asset-backed securities if the counterparty, or any entity with which it has close links, as laid down in Article 138, provides a currency hedge to the asset-backed securities by entering into a currency hedge transaction with the issuer as a hedge counterparty.

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 an extent that exceeds 5 % of the total value of the assets used as collateral by that counterparty after the applicable haircut. This 5 % threshold shall not apply in either of the following cases:

(a) if the value of such assets does not exceed EUR 50 million after any applicable haircut; or

(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.

2. For the purposes of paragraph 1, the establishment of a close link between two or more issuers of unsecured debt instruments shall only be considered from one year after the date of the establishment of the close link.

3. For the purposes of this Article, 'close links' has the same meaning as laid down in Article 138.

Article 142

Liquidity support in respect of asset-backed securities

1. With effect from 1 November 2015, a counterparty may not mobilise as collateral any asset-backed securities if the counterparty or any entity with which it has close links provides liquidity support as specified below. The Eurosystem takes into account two forms of liquidity support for asset-backed securities: cash reserves and liquidity facilities.

2. For liquidity support in the form of cash reserves, a counterparty shall not be permitted to mobilise as collateral any asset-backed securities if the following three conditions are met simultaneously:

(a) the counterparty has close links with the issuer account bank in the asset-backed securities transaction;

(b) the current amount of the reserve fund of the asset-backed securities transaction is greater than 5 % of the initial outstanding amount of all senior and subordinated tranches of the asset-backed securities transaction;

(c) the current amount of the reserve fund of the asset-backed securities transaction is greater than 25 % of the current outstanding amount of the subordinated tranches of the asset-backed securities transaction.

3. For liquidity support in the form of liquidity facilities, a counterparty shall not be permitted to mobilise as collateral any asset-backed securities if the following two conditions are met simultaneously:

(a) the counterparty has close links with a liquidity facility provider; and

(b) the current amount of the liquidity facility of the asset-backed securities transaction is greater than 20 % of the initial outstanding amount of all senior and subordinated tranches of the asset-backed securities transaction.

4. Close links in respect of this Article shall have the same meaning as laid down in Article 138(2).

Article 143

Transitional provisions regarding liquidity support in respect of asset-backed securities

1. Until Article 142 takes effect, the transitional provisions in this Article shall apply, as laid down in Article 191.

2. A counterparty may not mobilise asset-backed securities as collateral if the counterparty, or any entity with which it has close links as defined in Article 138 provides liquidity support for 20 % or more of the outstanding amount of the asset-backed security.

3. For the purposes of this Article, 'liquidity support' shall refer to any structural feature that can be used to cover any temporary cash flow shortfalls that may occur during the lifetime of the transaction.

Article 144

Non-acceptance of eligible assets for operational reasons

Irrespective of the fact that an asset is eligible, an NCB may, for operational reasons, request the counterparty to remove such asset before the occurrence of a cash flow, including payment of principal or coupons, as further defined in the relevant national documentation.

Article 145

Notification, valuation and removal of assets that are ineligible or contravene the rules for the use of eligible assets

1. If a counterparty has submitted or used assets that it is not or is no longer permitted to use as collateral, including due to the identity of the issuer, debtor or guarantor, or the existence of close links, it shall immediately notify the home NCB thereof.

2. The assets referred to in paragraph 1 shall be valued at zero on the next valuation date at the latest and a margin call may be triggered.

3. A counterparty that has submitted or used any assets referred to in paragraph 1 shall remove such assets on the earliest possible date.

4. A counterparty shall provide the Eurosystem with accurate and up-to-date information affecting the value of collateral.

Article 146

Sanctions for non-compliance with the rules for the use of eligible assets

Non-compliance with the rules laid down in this Title shall be subject to sanctions, as applicable, in accordance with Articles 154 to 157. Sanctions shall be applicable, regardless of whether a counterparty is actively participating in monetary policy operations.

Article 147

Information sharing within the Eurosystem

For monetary policy implementation purposes, in particular to monitor compliance with the rules for the use of eligible assets, the Eurosystem shall share information on capital holdings provided by the competent authority for such purposes. The information shall be subject to the same secrecy standards as those applied by the competent authority.

TITLE IX

CROSS-BORDER USE OF ELIGIBLE ASSETS

Article 148

General principles

1. Counterparties may use eligible assets on a cross-border basis throughout the euro area for the handling of all types of Eurosystem credit operations.

2. Counterparties may mobilise eligible assets other than fixed-term deposits, for cross-border use in accordance with the following.

(a) Marketable assets shall be mobilised via: (i) eligible links (as described in Article 150) between EEA SSSs which have been positively assessed pursuant to the Eurosystem User Assessment Framework; (ii) the applicable procedures of the CCBM; (iii) eligible links in combination with the CCBM; and

(b) Credit claims and RMBDs shall be mobilised in accordance with the applicable procedures of the CCBM as they cannot be transferred through SSSs.

3. Marketable assets may be used through an NCB account in a SSS located in a country other than that of the NCB in question if the Eurosystem has approved the use of such an account.

4. De Nederlandsche Bank shall be authorised to use its account with Euroclear Bank to settle collateral transactions in the Eurobonds issued in that ICSD. The Central Bank of Ireland shall be authorised to open a similar account with Euroclear Bank. This account can be used for all eligible assets held in Euroclear Bank, i.e. including eligible assets transferred to Euroclear Bank through eligible links.

5. Counterparties shall execute the transfer of eligible assets via their securities settlement accounts with an SSS that has been positively assessed pursuant to the Eurosystem User Assessment Framework.

6. Counterparties without a safe custody account with an NCB or without a securities settlement account with an SSS that has been positively assessed pursuant to the Eurosystem User Assessment Framework may settle the transactions through the securities settlement account or the safe custody account of a correspondent credit institution.

Article 149

CCBM

1. Under the CCBM, the cross-border relationship is between the NCBs. The NCBs acts as custodians (hereinafter the 'correspondents') for each other and for the ECB in respect of marketable assets accepted in their local depository, TPA or settlement system. Specific procedures apply under the CCBM for credit claims and RMBDs. Details on the CCBM and the applicable procedures are set out in Annex VI and in the brochure entitled 'Correspondent central banking model (CCBM) procedure for Eurosystem counterparties', which is published on the ECB's website.

2. Assets deposited with a correspondent central bank shall only be used to collateralise Eurosystem credit operations.

Article 150

Eligible links between SSSs

1. In addition to the CCBM, counterparties may use links that have been positively assessed pursuant to the Eurosystem User Assessment Framework (hereinafter the 'eligible links') for the cross-border transfer of marketable assets.

2. Eligible links may only be established between SSSs that have been positively assessed pursuant to the Eurosystem User Assessment Framework and shall consist of a set of procedures and arrangements for the transfer of securities through a book-entry process.

3. There shall be two types of eligible links which are established by contractual and technical agreements between the SSSs involved:

(a) direct links established between two SSSs without involving an intermediary; and

(b) relayed links that allow two SSSs that are not directly connected to each other to exchange securities transactions or transfers through a third SSS acting as the intermediary.

4. Only links that have been assessed and approved by the Eurosystem pursuant to the Eurosystem User Assessment Framework shall be considered eligible. The ECB shall publish an up-to-date 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. A table detailing the use of eligible links between SSSs is laid down in Annex VI.

Article 151

CCBM in combination with eligible links

1. Counterparties may use direct and relayed links referred to Article 150 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. In the case of eligible relayed links, a third SSS may act as an intermediary SSS.

3. Assets mobilised under paragraph 2 may be issued in a non-euro area EEA SSS that has been positively assessed under the Eurosystem User Assessment Framework, provided that a link between the issuer SSS and the investor SSS has been positively assessed pursuant to the Eurosystem User Assessment Framework.

4. A table detailing the use of CCBM in combination with eligible links is laid down in Annex VI.

Article 152

CCBM and tri-party collateral management services

1. Cross-border tri-party collateral management services shall allow a counterparty to increase or decrease the amount of collateral which it mobilises with its home NCB, through recourse to collateral held with a TPA.

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 a 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 facilitate cross-border use in accordance with this paragraph, the relevant TPA shall need to be positively assessed by the Eurosystem.

3. A table detailing the use of CCBM with tri-party collateral management services is laid down in Annex VI.

PART FIVE

SANCTIONS IN THE EVENT OF A FAILURE TO COMPLY WITH COUNTERPARTY OBLIGATIONS

Article 153

Sanctions for non-compliance as regards minimum reserves

1. The ECB shall impose sanctions pursuant to Regulation (EC) No 2532/98, Regulation (EC) No 2157/1999 (ECB/1999/4), Regulation (EC) No 2531/98 or Regulation (EC) No 1745/2003 (ECB/2003/9) on institutions which do not comply with obligations arising from ECB regulations and decisions relating to the application of minimum reserves. The relevant sanctions and procedural rules for their application are specified in those regulations.

2. Without prejudice to paragraph 1, in the event of a serious infringement of the minimum reserve requirements, the Eurosystem may suspend a counterparty's participation in open market operations.

Article 154

Sanctions for non-compliance with certain operational rules

1. In accordance with the provisions of the contractual or regulatory arrangements applied by it, the NCB shall impose one or more sanctions if a counterparty fails to comply with any of the following obligations:

(a) as regards reverse transactions and foreign exchange swaps for monetary policy purposes, the obligations to adequately collateralise and settle the amount the counterparty has been allotted over the whole term of a particular operation; or the outstanding amount of a particular operation in the case of early termination executed by the NCB over the remaining term of an operation, as laid down in Article 15;

(b) as regards collection of fixed-term deposits, outright transactions and the issuance of ECB debt certificates, the obligation to settle the transaction, as laid down in Article 16;

(c) as regards the use of eligible assets, the obligation to mobilise or use only eligible assets and comply with the rules for the use of eligible assets in Title VIII of Part Four;

(d) as regards end-of-day procedures and access conditions for the marginal lending facility, the obligation to present sufficient eligible assets in advance as collateral in cases where there is any remaining negative balance on a counterparty's settlement account in TARGET2 after finalisation of the end-of-day control procedures and an automatic request for recourse to the marginal lending facility is therefore considered to arise, as laid down in Article 19(6).

2. A sanction imposed pursuant to this Article shall involve:

(a) a financial penalty only; or

(b) both a financial penalty and a non-financial penalty.

Article 155

Financial penalties for non-compliance with certain operational rules

If a counterparty fails to comply with any of the obligations referred to in Article 154(1), the Eurosystem shall impose a financial penalty for each case of non-compliance. The applicable financial penalty shall be calculated in accordance with Annex VII.

Article 156

Non-financial penalties for non-compliance with certain operational rules

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

(a) a financial penalty was applicable;

(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 suspend the counterparty on the occasion of the third failure and each such subsequent failure to comply with an obligation of that same type in the relevant 12-month period. The 12-month period shall be calculated from the date of the first failure to comply with an obligation referred to in either Article 154(1)(a) or (b), as applicable.

2. Any suspension imposed by the Eurosystem under paragraph 1 shall apply in respect of any subsequent open market operation which is of the same type as the open market operation which resulted in a sanction under paragraph 1.

3. The period of suspension imposed in accordance with paragraph 1 shall be determined in accordance with Annex VII.

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 applicable;

(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 suspend the counterparty from the subsequent open market operation on the occasion of the third failure and each such subsequent failure in the relevant 12-month period. The 12-month period shall be calculated from the date of the first failure to comply with an obligation referred to in Article 154(1)(c).

5. In exceptional cases, the Eurosystem may suspend a counterparty for a period of three months in respect of all future Eurosystem monetary policy operations for any failure to comply with any of the obligations laid down in Article 154(1). In such a case, the Eurosystem shall have regard to the seriousness of the case and, in particular, to the amounts involved and to the frequency and duration of non-compliance.

6. The period of suspension imposed by the Eurosystem pursuant to this Article shall be applied in addition to the relevant financial penalty applicable in accordance with Article 155.

Article 157

Application of non-financial penalties to branches for non-compliance with certain operational rules

When the Eurosystem suspends a counterparty in accordance with Article 156(5), that suspension may also be applied to branches of that counterparty established in other Member States whose currency is the euro.

PART SIX

DISCRETIONARY MEASURES

Article 158

Discretionary measures on the grounds of prudence or following an event of default

1. On the grounds of prudence, the Eurosystem may take any of the following measures:

(a) suspend, limit or exclude a counterparty's access to Eurosystem open market operations or standing facilities, pursuant to any contractual or regulatory arrangements applied by the home NCB or by the ECB;

(b) exempt a counterparty from minimum reserves requirements, pursuant to any contractual or regulatory arrangements applied by the home NCB or by the ECB;

(c) reject, limit the use of or apply supplementary haircuts to assets mobilised as collateral in Eurosystem credit operations by a specific counterparty on the basis of any information the Eurosystem considers relevant, in particular if the credit quality of the counterparty appears to exhibit a high correlation with the credit quality of the assets mobilised as collateral.

2. In the event that a discretionary measure as described in paragraph 1 is based on prudential information, the Eurosystem shall use any such information, transmitted either by counterparties or by supervisors, in a manner strictly commensurate with, and necessary for, the performance of the Eurosystem's tasks of conducting monetary policy.

3. In the case of an occurrence of an event of default, the Eurosystem may suspend, limit or exclude access to Eurosystem open market operations or standing facilities with regard to counterparties that are in default pursuant to any contractual or regulatory arrangements applied by the Eurosystem.

4. All discretionary measures under paragraphs 1 and 3 shall be applied in a proportionate and non-discriminatory manner and shall be duly justified by the Eurosystem.

Article 159

Discretionary measures relating to the Eurosystem's credit quality assessment

1. The Eurosystem shall determine whether an issue, issuer, debtor or guarantor fulfils the Eurosystem's credit quality requirements on the basis of any information it considers relevant.

2. The Eurosystem may reject, limit the mobilisation or use of assets or apply supplementary haircuts on the grounds provided for in paragraph 1, if such decision is required in order to ensure adequate risk protection of the Eurosystem.

3. In the event that a rejection as referred to in paragraph 2 is based on prudential information, the Eurosystem shall use any such information, transmitted either by counterparties or by supervisors, in a manner that is strictly commensurate with, and necessary for, the performance of the Eurosystem's tasks of conducting monetary policy.

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

(a) assets issued or guaranteed by entities 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 or guaranteed by entities in respect of which the ECB's Governing Council has issued a decision suspending or excluding their access to Eurosystem open market operations or standing facilities.

PART SEVEN

ADDITIONAL MINIMUM COMMON FEATURES IN RELATION TO EUROSYSTEM MONETARY POLICY OPERATIONS

Article 160

Legal relationship between the Eurosystem central banks and counterparties

The Eurosystem shall ensure that their contractual or regulatory arrangements in respect of their counterparties as referred to in Article 1(3) are in conformity with the provisions of Part Seven.

CHAPTER 1

Additional minimum common features applicable to all arrangements for Eurosystem monetary policy operations

Article 161

Amendments to the implementation of the Eurosystem monetary policy framework

1. Each NCB shall apply contractual or regulatory arrangements which ensure that it is able to implement any amendment to the monetary policy framework without undue delay.

2. Each NCB shall include a provision in its contractual or regulatory arrangements that a notice of the amendments referred to in paragraph 1 must be communicated to its counterparties. Each NCB shall ensure that such notice provides certainty as to the moment from which such amendments take legal effect.

Article 162

Denomination of payments

Each NCB shall apply contractual or regulatory arrangements which stipulate that all payments relating to Eurosystem monetary policy operations, other than foreign currency payments in foreign exchange swaps for monetary policy purposes, must be in euro.

Article 163

Form of contractual arrangements

If it is necessary to constitute all transactions under the agreement as a single contractual arrangement and/or to constitute the agreement as a master agreement to allow effective termination and close-out (including netting) of all outstanding transactions upon an event of default, the contractual or regulatory arrangements applied by the NCB shall provide for such arrangements.

Article 164

Forms, data carriers and means of communication

Each NCB shall apply contractual or regulatory arrangements which ensure that, in the relationship between the NCB and counterparties, appropriate and unambiguous rules relating to the use of forms, including the confirmation of terms of transactions, data carriers and the means and specifics of communication, are in place.

Article 165

Events of default

1. Each NCB shall apply contractual or regulatory arrangements that, as a minimum, provide for events of default that are not materially different from the following:

(a) a decision is made by a competent judicial or other authority to implement, in relation to the counterparty, a procedure for the winding-up of the counterparty or the appointment of a liquidator or analogous officer over the counterparty, or any other analogous procedure;

(b) a decision is made by a competent judicial or other authority to implement, in relation to the counterparty, a reorganisation measure or other analogous procedure intended to safeguard or restore the financial situation of the counterparty and to avoid the taking of a decision of the kind referred to in point (a);

(c) a declaration by the counterparty in writing of its inability to pay all or any part of its debts or to meet its obligations arising in relation to monetary policy transactions, or a voluntary general agreement or arrangement entered into by it with its creditors, or if the counterparty is, or is deemed to be, insolvent or is deemed to be unable to pay its debts;

(d) procedural steps preliminary to a decision being taken under points (a) or (b);

(e) any representation or other pre-contractual statement made by the counterparty, or which is implied to have been made by the counterparty, under applicable provisions of law that is incorrect or untrue;

(f) the counterparty's authorisation to conduct activities under either: (a) Directive 2013/36/EU and Regulation (EU) No 575/2013; or (b) Directive 2004/39/EC of the European Parliament and of the Council [1], as implemented in the relevant Member State whose currency is the euro, is suspended or revoked;

(g) the counterparty is suspended or expelled from membership of any payment system or arrangement through which payments under monetary policy transactions are made or (except for foreign exchange swap transactions) is suspended or expelled from membership of any SSS used for the settlement of Eurosystem monetary policy operations;

(h) measures such as those referred to in Articles 41(1), 43(1) and 44 of Directive 2013/36/EU are taken against the counterparty;

(i) in relation to reverse transactions, the counterparty fails to comply with provisions concerning risk control measures;

(j) in relation to repurchase transactions, the counterparty fails to pay the purchase price or the repurchase price or fails to deliver purchased or repurchased assets; or in relation to collateralised loans, the counterparty fails to deliver assets or reimburse the credit on the applicable dates for such payments and deliveries;

(k) in relation to foreign exchange swaps for monetary policy purposes and fixed-term deposits, the counterparty fails to pay the euro amount; or in relation to foreign exchange swaps for monetary policy purposes, fails to pay foreign currency amounts on the applicable dates for such payments;

(l) the occurrence of an event of default, not materially different from those defined in this Article, in relation to the counterparty under an agreement concluded for the purposes of the management of the foreign reserves or own funds of the ECB or any NCBs;

(m) the counterparty fails to provide relevant information, thus causing severe consequences for the home NCB;

(n) the counterparty fails to perform any other of its other obligations under arrangements for reverse transactions and foreign exchange swap transactions and, if capable of remedy, does not remedy such failure within a maximum of 30 days in the case of collateralised transactions and a maximum of 10 days for foreign exchange swap transactions after notice is given by the NCB requiring it to do so;

(o) an event of default occurs in relation to the counterparty in any agreement with another member of the Eurosystem entered into for the purpose of effecting Eurosystem monetary policy operations in respect of which that other member of the Eurosystem has exercised its right to close out any transaction under such agreement by reason of the event of default;

(p) the counterparty becomes subject to freezing of funds and/or other measures imposed by the Union under Article 75 of the Treaty restricting the counterparty's ability to use its funds;

(q) the counterparty becomes subject to the freezing of funds and/or other measures imposed by a Member State whose currency is the euro restricting the counterparty's ability to use its funds;

(r) all or a substantial part of the counterparty's assets are subject to a freezing order, attachment, seizure or any other procedure that is intended to protect the public interest or the rights of the counterparty's creditors;

(s) all or a substantial part of the counterparty's assets are assigned to another entity;

(t) any other impending or existing event, the occurrence of which may threaten the performance by the counterparty of its obligations under the arrangement it entered into for the purpose of effecting Eurosystem monetary policy operations or any other rules applying to the relationship between the counterparty and any of the NCBs.

2. The events referred to in points (a) and (p) of paragraph 1 shall be automatic; the events referred to in points (b), (c) and (q) may be automatic; the events referred in points (d) to (o) and (r) to (t) cannot be automatic and shall be discretionary, i.e. perfected only upon service of a notice of default. Such notice of default may provide a 'grace period' of up to a maximum of three business days to rectify the event in question. For events of default that are discretionary, the NCBs shall ensure that the provisions relating to the exercise of such discretion provide certainty as to the effect of such exercise.

[1] Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (OJ L 145, 30.4.2004, p. 1).

Article 166

Remedies in the event of default or on the grounds of prudence

1. Each NCB shall apply contractual or regulatory arrangements which ensure that, if an event of default occurs, or on the grounds of prudence, the NCB is entitled to exercise any of the following remedies:

(a) suspending, limiting or excluding the counterparty from access to open market operations;

(b) suspending, limiting or excluding the counterparty from access to the standing facilities;

(c) terminating all outstanding agreements and transactions;

(d) demanding accelerated performance of claims that have not yet matured or are contingent;

(e) using deposits of the counterparty placed with the NCB to set off claims against that counterparty;

(f) suspending the performance of obligations against the counterparty until the claim on the counterparty has been satisfied.

2. Each NCB may apply contractual or regulatory arrangements which, if an event of default occurs, entitle the home NCB to exercise any of the following remedies, in addition to the remedies referred to in paragraph 1:

(a) claiming default interest; and

(b) claiming an indemnity for any losses sustained as a consequence of a default by the counterparty.

3. Each NCB may apply contractual or regulatory arrangements which, on the grounds of prudence, entitle the home NCB to reject, limit the use of or apply supplementary haircuts to assets mobilised as collateral in Eurosystem credit operations by counterparties.

4. Each NCB shall apply contractual or regulatory arrangements which ensure that, at all times, the home NCB is in a legal position to realise all assets provided as collateral without undue delay and in such a way as to entitle the NCB to realise value for the credit provided, if the counterparty does not settle its negative balance promptly.

5. In order to ensure the uniform implementation of the measures imposed, the ECB's Governing Council may decide on the remedies, including suspension, limitation or exclusion from access to open market operations or standing facilities.

Article 167

Provision of information by counterparties

Each NCB shall apply contractual or regulatory arrangements which ensure that an NCB may obtain any relevant information from counterparties in relation to Eurosystem monetary policy operations.

Article 168

Notices and other communications

1. Each NCB shall apply contractual or regulatory arrangements which provide for all notices or other communications to be in written and/or electronic form.

2. Each NCB shall apply contractual or regulatory arrangements which provide certainty as to how notices or other communications should be given, and when they take effect. Any period after which notices or other communications take effect shall not be so long as to alter the economic effect of the arrangements taken as a whole. In particular, confirmation shall be both delivered and checked promptly.

Article 169

Third-party rights

1. Each NCB shall apply contractual or regulatory arrangements which provide that the rights and obligations of the counterparty are not to be assigned, charged, novated or otherwise dealt with by the counterparty without the prior written consent of the home NCB.

2. Each NCB shall apply contractual or regulatory arrangements which provide that only the contracting or home NCB and the identified counterparty have rights and obligations arising under the transaction. However, such contractual or regulatory arrangements shall allow for the relationships between NCBs and/or the ECB:

(a) arising out of the cross-border use of eligible assets; and

(b) as necessary for operations effected with counterparties acting through an intermediary institution.

Article 170

Governing law and jurisdiction

1. Each NCB shall apply contractual or regulatory arrangements which stipulate that the governing law for the relevant contractual or regulatory arrangements applied by that NCB and for all transactions under such arrangements is to be, except where the cross-border use of eligible assets requires otherwise, that of the Member State whose currency is the euro in which such NCB is situated.

2. The place of dispute resolution shall be, without prejudice to the competence of the Court of Justice of the European Union, the official courts of that Member State whose currency is the euro.

Article 171

Settlement days with regard to fixed-term deposits

Each NCB shall apply deposit arrangements which specify that settlement with regard to both taking in and paying out fixed-term deposits takes place on the days specified in the ECB's announcement of the deposit operation.

CHAPTER 2

Additional minimum common features applicable to both repurchase and collateralised loan agreements

Article 172

Date of reverse leg of the transaction

Each NCB shall apply contractual or regulatory arrangements which ensure that the date of the reverse leg of the transaction, including the date of repayment of the collateralised loan agreement, as applicable, is fixed at the time of entering into each transaction.

Article 173

Business days

Each NCB shall apply contractual or regulatory arrangements which define 'business day', as referred to in Article 2.

Article 174

Interest rates

1. In a repurchase agreement, the price differential between the purchase price and the repurchase price shall correspond to the aggregate amount obtained by application of a specified rate to the purchase price during the period from the scheduled purchase date to the repurchase date.

2. In a collateralised loan, the interest rate shall be determined by applying the specified interest rate on the credit amount over the maturity of the operation.

3. The rate applied to reverse transactions shall be equal to a simple interest rate based on the actual/360 day-count convention.

Article 175

Mechanisms for converting non-euro amounts

Each NCB shall apply contractual or regulatory arrangements which ensure that the mechanisms for converting non-euro amounts into euro specify that the rate to be used is the ECB daily euro foreign exchange reference rate or, if unavailable, the spot rate of exchange indicated by the ECB on the business day before the day on which the conversion is to be made for the sale by it of euro against a purchase by it of the other currency.

CHAPTER 3

Additional minimum common features exclusive to repurchase agreements

Article 176

Subject matter of repurchase agreements

1. When entering into repurchase agreements, each NCB shall apply contractual or regulatory arrangements which ensure that there is a sale of eligible assets against euro cash, together with a simultaneous agreement to sell back equivalent assets against euro cash at a specified time.

2. Each NCB shall define 'equivalent assets' as assets of the same issuer, forming part of the same issue, irrespective of the date of issue, and being of identical type, nominal value, amount and description to those assets to which such comparison is made.

3. If the assets in respect of which the comparison under paragraph 2 is made have been converted or redenominated or a call has been made thereon, the definition of equivalence shall be modified to mean:

(a) in the case of conversion, those into which the assets have converted;

(b) in the case of a call being made on assets, equivalent assets to the paid-up assets, provided that the seller has paid to the buyer a sum equal to the value of the call;

(c) in the case of redenominated assets, equivalent assets to those into which the original assets have been redenominated with, as necessary, a sum of money equal to any difference in value between the assets before and after their redenomination.

Article 177

Close-out netting arrangements with respect to repurchase agreements

1. Each NCB shall apply contractual or regulatory arrangements which ensure that, upon the occurrence of an event of default, they are entitled to terminate and close-out all outstanding repurchase transactions.

2. Each NCB shall apply contractual or regulatory arrangements which contain provisions in relation to netting that are aimed at achieving economic effects equivalent to those set out below.

(a) Upon the occurrence of an event of default, the repurchase date for each transaction shall be deemed to occur immediately and be subject to either of the following options:

   (i) any equivalent margin assets shall be immediately deliverable, so that performance of respective obligations of the parties with regard to the delivery of assets and the payment of the repurchase price for any repurchased assets shall be effected only in accordance with points (b) to (d); or

   (ii) the repurchase transaction will be terminated.

(b) The default market values of the repurchased assets and any equivalent margin assets to be transferred and the repurchase price to be paid by each party shall be established by the NCB for all transactions as at the repurchase date in a commercially reasonable manner.

(c) On the basis of point (b), the NCB shall calculate what is due from each party to the other at the repurchase date. The sums due from one party must be set off against the sums due from the other and only the net balance is payable by the party having the claim thereby valued at the lower amount.

(d) The net balance shall be due and payable on the next day on which TARGET2 is operational to effect a payment. For the purposes of this calculation, any sums not denominated in euro must be converted into euro on the appropriate date at the rate calculated in accordance with Article 175.

3. Each NCB shall define 'default market value' as set out under Article 2.

Article 178

Compliance with risk control measures

If the NCBs apply contractual or regulatory arrangements that include any provision for the substitution of collateral, such arrangements shall ensure that compliance with the requisite risk control measures is maintained.

Article 179

Cash margins

If the NCBs apply contractual or regulatory arrangements which include any provision for margins to be paid or returned in cash, such provision shall also stipulate that any further obligation to return or provide margins should first be satisfied by the use of cash up to the same amount, together with any interest applicable to it.

Article 180

Further provisions pertaining to repurchase agreements

Without prejudice to the provisions of this Guideline, each NCB may specify further provisions in its contractual or regulatory arrangements pertaining to repurchase agreements.

CHAPTER 4

Additional minimum common features exclusive to collateralised loan arrangements

Article 181

Provision and realisation of collateral

1. As regards arrangements for providing liquidity in the form of collateralised loans, each NCB shall, in its contractual or regulatory arrangements, take account of the different procedures and formalities required to enable the creation and subsequent realisation of a security interest in the collateral which apply in its jurisdiction, such as a pledge, assignment or charge.

2. Each NCB shall apply collateralised loan arrangements that ensure that the assets provided as collateral are legally realisable by the NCB without there being prior claims over the assets concerned. It shall not be possible for third parties, including the liquidating authority in the event of insolvency, to intervene and successfully claim the assets provided as collateral, in the absence of fraud, or any rights attached to them.

3. Each NCB shall apply collateralised loan arrangements which ensure that, upon the occurrence of an event of default as specified in Article 165, it is in a legal position to realise the economic value of the assets provided as collateral. Such an event of default shall also reflect the circumstances in which the NCB can treat the counterparty as being in default under repurchase agreements.

Article 182

Overnight extension of intraday operations

Each NCB shall apply contractual or regulatory arrangements that allow for the possibility of operations which are entered into on an intraday basis to be extended overnight.

CHAPTER 5

Additional minimum common features exclusive to foreign exchange swaps for monetary policy purposes

Article 183

Simultaneous spot-and-forward sale and purchase agreement

Each NCB shall apply contractual or regulatory arrangements which ensure that each transaction is constituted as a simultaneous spot and forward sale and purchase of euro against one foreign currency.

Article 184

Timing and mechanics of transfer of payments

Each NCB shall apply contractual or regulatory arrangements which include a provision as to the timing and mechanics of the transfer of payments. The date of the forward sale and purchase shall be fixed at the time of entering into each transaction.

Article 185

Definition of specific terms

Each NCB shall apply contractual or regulatory arrangements which define the foreign currency, spot rate, forward rate, transfer date and retransfer date in accordance with the following:

(a) 'foreign currency' means any lawful currency other than the euro;

(b) 'spot rate' means, in relation to a specific transaction, the rate (as calculated in accordance with Article 175 applied to convert the euro amount into such amount in the foreign currency relevant for that transaction as one party shall be obliged to transfer to the other at the transfer date against payment of the euro amount and which rate shall be set out in the confirmation;

(c) 'forward rate' means the rate calculated in accordance with Article 175 and applied to convert the euro amount into such amount in the foreign currency as one party shall be obliged to transfer to the other at the retransfer date against payment of the euro amount, which rate shall be as set out in the confirmation and defined in the relevant contractual or regulatory arrangements applied by the relevant NCB;

(d) 'retransfer foreign currency amount' means such amount of foreign currency as is required to purchase the euro amount as at the retransfer date;

(e) 'transfer date' means, with regard to any transaction, the date and, where appropriate, the time on that date when the transfer of the euro amount by one party to the other is to become effective, i.e. the date and, where appropriate, the time on that date, when the parties have agreed that settlement of a transfer of the euro amount will occur;

(f) 'retransfer date' means, with regard to any transaction, the date and, where appropriate, the time on that date, when one party is required to retransfer the euro amount to the other.

Article 186

Close-out netting arrangements with respect to foreign exchange swaps

1. Each NCB shall apply contractual or regulatory arrangements which ensure that, upon the occurrence of an event of default, that NCB is entitled to terminate and close-out all outstanding transactions.

2. Each NCB shall apply contractual or regulatory arrangements which contain provisions in relation to netting that are aimed at achieving economic effects equivalent to those set out below.

(a) If an event of default has occurred, each transaction shall be deemed to have been terminated and the replacement values of the euro and the retransfer foreign currency amounts shall be established by the NCB on the basis that such replacement values are the amounts that would be necessary to preserve the economic equivalent of any payments that would otherwise have been required for the NCB.

(b) On the basis of the sums so established, the NCB shall calculate what is due from each party to the other at the retransfer date. The sums due by one party must be converted into euro where necessary in accordance with Article 175 and set off against the sums due by the other. Only the net balance shall be payable by the party having the claim thereby valued at the lower amount. Such net balance is due and payable on the next day on which TARGET2 is operational to effect such a payment.

Article 187

Further provisions relating to foreign exchange swaps

Without prejudice to the requirements laid down in this Guideline, each NCB may specify further provisions in relation to the conduct of foreign exchange swaps in its contractual or regulatory arrangements.

PART EIGHT

FINAL PROVISIONS

Article 188

Sharing of information

The NCBs may, if necessary for the implementation of monetary policy, share with each other individual information, such as operational data, relating to counterparties participating in Eurosystem monetary policy operations. Such information shall be subject to the requirement concerning professional secrecy in Article 37 of the Statute of the ESCB.

Article 189

Anti-money laundering and counter-terrorist financing legislation

Counterparties to Eurosystem monetary policy operations shall be aware of, and comply with, all obligations imposed on them by anti-money laundering and counter-terrorist financing legislation.

Article 190

Repeal

1. Guideline ECB/2011/14 is repealed from 1 May 2015.

2. References to the repealed Guideline shall be construed as references to this Guideline and be read in accordance with the correlation table set out in Annex XIII.

Article 191

Taking effect, application and implementation

1. This Guideline shall take effect on the day of its notification to the NCBs.

2. All provisions of this Guideline shall apply from 1 May 2015 except those detailed in Article 142 which shall apply from 1 November 2015.

3. The NCBs shall forward to the ECB the texts and means by which they intend to comply with the provisions of this Guideline that represent substantive changes compared to Guideline ECB/2011/14 by 16 February 2015, at the latest.

Article 192

Addressees

This Guideline is addressed to all Eurosystem central banks.

Done at Frankfurt am Main, 19 December 2014.

For the Governing Council of the ECB

The President of the ECB

Mario DRAGHI

ANNEX I

MINIMUM RESERVES

The content of this Annex is for information purposes only. In the event of conflict between this Annex and the legal framework for the Eurosystem's minimum reserve system as described in paragraph 1, the latter prevails.

1. Pursuant to Article 19 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statue of the ESCB'), the European Central Bank (ECB) requires credit institutions to hold minimum reserves on accounts with national central banks (NCBs) within the framework of the Eurosystem's minimum reserve system. The legal framework for this system is laid down in Article 19 of the Statute of the ESCB, Regulation (EC) No 2531/98 and Regulation (EC) No 1745/2003 (ECB/2003/9). The application of Regulation (EC) No 1745/2003 (ECB/2003/9) ensures that the terms and conditions of the Eurosystem's minimum reserve system are uniform throughout Member States whose currency is the euro.

2. The Eurosystem's minimum reserves system primarily pursues the aims of stabilising money market interest rates and creating (or enlarging) a structural liquidity shortage.

3. In accordance with Article 2(1) of Regulation (EC) No 1745/2003 (ECB/2003/9), the Eurosystem's minimum reserve system applies to credit institutions established in Member States whose currency is the euro. In addition, branches in the euro area of credit institutions not incorporated in the euro area are also subject to the Eurosystem's minimum reserve system. However, branches established outside the euro area of credit institutions incorporated in the euro area are not subject to this system.

4. Pursuant to Article 2(2) of Regulation (EC) No 1745/2003 (ECB/2003/9), institutions will be automatically exempt from reserve requirements from the start of the maintenance period within which their authorisation is withdrawn or surrendered, or within which a decision to submit the institution to winding-up proceedings is taken by a judicial authority or any other competent authority of a Member State.

5. Pursuant to Article 2(2) of Regulation (EC) No 1745/2003 (ECB/2003/9), the ECB may exempt, on a non-discriminatory basis, the institutions listed in points (a) to (c) thereof from reserve requirements. Such institutions include, inter alia, institutions subject to reorganisation measures and institutions subject to the 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 their funds or a decision of the ECB's Governing Council suspending or excluding their access to open market operations or the Eurosystem's standing facilities.

6. Pursuant to Article 2(3) of Regulation (EC) No 1745/2003 (ECB/2003/9), the ECB establishes and maintains a list of institutions subject to the Eurosystem's minimum reserve system.

7. The ECB also publishes a list of any institutions exempt from their obligations under this system for reasons other than their being subject to reorganisation measures or the 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 their funds or in respect of which the ECB's Governing Council issued a decision suspending or excluding their access to open market operations or the Eurosystem's standing facilities.

8. The reserve base of each institution is determined in relation to elements of its balance sheet. The balance sheet data are reported to the NCBs within the general framework of the ECB's monetary and financial statistics. Institutions calculate the reserve base in respect of a particular maintenance period on the basis of the data relating to the month that is two months prior to the month within which the maintenance period starts pursuant to Article 3(3) of Regulation (EC) No 1745/2003 (ECB/2003/9), subject to the exceptions for tail institutions, as laid down in Article 3(4) of the same Regulation.

9. The reserve ratios are determined by the ECB subject to the maximum limit specified in Regulation (EC) No 2531/98.

10. The amount of minimum reserves to be held by each institution in respect of a particular maintenance period are calculated by applying the reserve ratios to each relevant item of the reserve base for that period. The minimum reserves identified by the relevant participating NCB and by the institution in accordance with the procedures mentioned in Article 5 of Regulation (EC) No 1745/2003 (ECB/2003/9) constitute the basis for: (a) remuneration of holdings of required reserves; and (b) assessment of an institution's compliance with the obligation to hold the required amount of minimum reserves.

11. In order to pursue the aim of stabilising interest rates, the Eurosystem's minimum reserve system enables institutions to make use of averaging provisions, implying that compliance with reserve requirements is determined on the basis of the average of the end-of-calendar-day balances on the counterparties' reserve accounts over a maintenance period. Compliance with the reserve requirement is determined on the basis of an institution's average daily reserve holdings over the maintenance period. The maintenance period is defined in Article 7 of Regulation (EC) No 1745/2003 (ECB/2003/9).

12. In accordance with Article 8 of Regulation (EC) No 1745/2003 (ECB/2003/9), institutions' holdings of required reserves are remunerated at the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the main refinancing operations according to the following formula (whereby the result is rounded to the nearest cent):

$$R_t = \frac{H_t \cdot n_t \cdot r_t}{100 \cdot 360}$$

$$r_t = \sum_{i=1}^{n_t} \frac{MR_i}{n_t}$$

Where:

R*t* = remuneration to be paid on holdings of required reserves for the maintenance period *t;*

H*t* = average daily holdings of required reserves for the maintenance period *t*;

n*t* = number of calendar days in the maintenance period *t*;

r*t* = rate of remuneration on holdings of required reserves for the maintenance period *t*. Standard rounding of the rate of remuneration to two decimals shall be applied;

i = *i*th calendar day of the maintenance period *t*;

MR_i = marginal interest rate for the most recent main refinancing operation settled on or before calendar day *i*.

Where an institution fails to comply with other obligations under ECB regulations and decisions relating to the Eurosystem's minimum reserve system (e.g. if relevant data are not transmitted in time or are not accurate), the ECB is empowered to impose sanctions in accordance with Regulation (EC) No 2532/98 and Regulation (EC) No 2157/1999 (ECB/1999/4). The ECB's Executive Board may specify and publish the criteria according to which it will apply the sanctions provided for in Article 7(1) of Regulation (EC) No 2531/98.

ANNEX II

ANNOUNCEMENT OF TENDER OPERATIONS

The public tender announcement contains the following indicative information:

(a) the reference number of the tender operation;

(b) the date of the tender operation;

(c) the type of operation (provision or absorption of liquidity, and the type of monetary policy instrument to be used);

(d) the maturity of the operation;

(e) the duration of the operation (normally expressed in a number of days);

(f) the type of auction, i.e. fixed rate or variable rate tender;

(g) for variable rate tenders, the method of allotment, i.e. the single rate auction (Dutch auction) or multiple rate auction (American auction) procedure;

(h) the intended operation volume, normally only in the case of longer-term refinancing operations;

(i) for fixed rate tenders, the fixed tender interest rate, price, swap point or spread (the reference index in the case of indexed tenders and the quotation type in the case of an interest rate or spread);

(j) the minimum or maximum accepted interest rate, price or swap point, if applicable;

(k) the start date and maturity date of the operation, if applicable, or the value date and the maturity date of the instrument, in the case of the issuance of European Central Bank (ECB) debt certificates;

(l) the currencies involved and for foreign exchange swaps, the amount of the currency which is kept fixed;

(m) for foreign exchange swaps, the reference spot exchange rate to be used for the calculation of bids;

(n) the maximum bid limit, if any;

(o) the minimum individual allotment amount, if any;

(p) the minimum allotment ratio, i.e. the lower limit, expressed in percentage terms, of the ratio of bids at the marginal interest rate to be allotted in a tender operation, if any;

(q) the time schedule for the submission of bids;

(r) in the case of the issuance of ECB debt certificates, the denomination of the certificates and the ISIN code of the issue;

(s) the maximum number of bids per counterparty (for variable rate tenders, in the event that the ECB intends to limit the number of bids, this is normally set at ten bids per counterparty);

(t) the quotation type (rate or spread);

(u) the reference entity in the case of indexed tenders.

ANNEX III

ALLOTMENT OF TENDERS AND TENDER PROCEDURES

Table 1

Allotment of fixed rate tenders

The percentage of allotment is:

$$all\,\% = \frac{A}{\sum_{i=1}^{n} a_i}$$

The amount allotted to the *i*th counterparty is:

$$all_i = all\ \% \times (a_i)$$

where:

A	=	total amount allotted
n	=	total number of counterparties
a_i	=	bid amount of the *i*th counterparty
all %	=	percentage of allotment
all_i	=	total amount allotted to the *i*th counterparty

Table 2

Allotment of variable rate tenders in euro
(the example refers to bids quoted in the form of interest rates)

The percentage of allotment at the marginal interest rate is:

$$all\,\%(r_m) = \frac{A - \sum_{s=1}^{m-1} a(r_s)}{a(r_m)}$$

The allotment to the *i*th counterparty at the marginal interest rate is:

$$all\ (r_m)_i = all\ \%\ (r_m) \times a(r_m)_i$$

The total amount allotted to the *i*th counterparty is:

$$all_i = \sum_{s=1}^{m-1} a(r_s)_i + all(r_m)_i$$

where:

A	=	total amount allotted
r_s	=	*s*th interest rate bid by the counterparties

N = total number of counterparties

$a(r_s)_i$ = amount bid at the *s*th interest rate (r_s) by the *i*th counterparty

$a(r_s)$ = total amount bid at the sth interest rate (rs)

$$a(r_s) = \sum_{i=1}^{n} a(r_s)_i$$

r_m = marginal interest rate:

$r_1 \geq r_s \geq r_m$ for a liquidity-providing tender

$r_m \geq r_s \geq r_1$ for a liquidity-absorbing tender

r_{m-1} = interest rate before the marginal interest rate (last interest rate at which bids are completely satisfied):

$r_{m-1} > r_m$ for a liquidity-providing tender

$r_m > r_{m-1}$ for a liquidity-absorbing tender

all %(r_m) = percentage of allotment at the marginal interest rate

$all(r_s)_i$ = allotment to the ith counterparty at the sth interest rate

all_i = total amount allotted to the ith counterparty

Table 3

Allotment of variable rate foreign exchange swap tenders

The percentage of allotment at the marginal swap point quotation is:

$$all\,\%(\Delta_m) = \frac{A - \sum_{s=1}^{m-1} a(\Delta_s)}{a(\Delta_m)}$$

The allotment to the *i*th counterparty at the marginal swap point quotation is:

$$all\,(\Delta_m)_i = all\,\%\,(\Delta_m) \times a(\Delta_m)_i$$

The total amount allotted to the *i*th counterparty is:

$$all_i = \sum_{s=1}^{m-1} a(\Delta_s)_i + all(\Delta_m)_i$$

where:

A = total amount allotted

Δ_s = *s*th swap point quotation bid by the counterparties

N = total number of counterparties

$a(\Delta_s)_i$ = amount bid at the *s*th swap point quotation (Δ_s) by the *i*th counterparty

$a(\Delta_s)$ = total amount bid at the *s*th swap point quotation (Δ_s)

$$a(\Delta_s) = \sum_{i=1}^{n} a(\Delta_s)_i$$

Δ_m = marginal swap point quotation:

$\Delta_m \geq \Delta_s \geq \Delta_1$ for a liquidity-providing foreign exchange swap

$\Delta_1 \geq \Delta_s \geq \Delta_m$ for a liquidity-absorbing foreign exchange swap

Δ_{m-1} swap point quotation before the marginal swap point quotation (last swap point quotation at which bids are completely satisfied):

$\Delta_m > \Delta_{m-1}$ for a liquidity-providing foreign exchange swap

$\Delta_{m-1} > \Delta_m$ for a liquidity-absorbing foreign exchange swap

all %(Δ_m) percentage of allotment at the marginal swap point quotation

all$(\Delta_s)_i$ allotment to the *i*th counterparty at the *s*th swap point quotation

all$_i$ total amount allotted to the *i*th counterparty

ANNEX IV

ANNOUNCEMENT OF TENDER RESULTS

The public tender result message contains the following indicative information:

(a) the reference number of the tender operation;

(b) the date of the tender operation;

(c) the type of operation;

(d) the maturity of the operation;

(e) the duration of the operation (normally expressed in a number of days);

(f) the total amount bid by Eurosystem counterparties;

(g) the number of bidders;

(h) for foreign exchange swaps, the currencies involved;

(i) the total amount allotted;

(j) for fixed rate tenders, the percentage of allotment;

(k) for foreign exchange swaps, the spot exchange rate;

(l) for variable rate tenders, the marginal interest rate, price, swap point or spread accepted and the percentage of allotment at the marginal interest rate, price or swap point;

(m) for multiple rate auctions, the minimum bid rate and the maximum bid rate, i.e. the lower and upper limit to the interest rate at which counterparties submitted their bids in variable rate tenders, and the weighted average allotment rate;

(n) the start date and the maturity date of the operation, if applicable, or the value date and the maturity date of the instrument, in the case of the issuance of European Central Bank (ECB) debt certificates;

(o) the minimum individual allotment amount, if any;

(p) the minimum allotment ratio, if any;

(q) in the case of the issuance of ECB debt certificates, the denomination of the certificates and the ISIN code of the issue;

(r) the maximum number of bids per counterparty (for variable rate tenders, in the event that the ECB intends to limit the number of bids, this is normally set at ten bids per counterparty).

ANNEX V

CRITERIA FOR THE SELECTION OF COUNTERPARTIES TO PARTICIPATE IN FOREIGN EXCHANGE INTERVENTION OPERATIONS

1. The selection of counterparties for Eurosystem foreign exchange intervention operations is based on two sets of criteria relating to the principles of prudence and efficiency.
2. The criteria relating to efficiency are only applied once the criteria relating to the principle of prudence have been applied.
3. The criteria relating to the principle of prudence comprise the following:
   (a) creditworthiness of the counterparty, which is assessed using a combination of different methods, e.g. using credit ratings available from commercial agencies and the in-house analysis of capital and other business ratios;
   (b) a counterparty is supervised by a recognised supervisor;
   (c) a counterparty has a good reputation and observes high ethical standards.
4. The criteria relating to the principle of efficiency comprise, inter alia, the following:
   (a) a counterparty's competitive pricing behaviour and its ability to conduct large-volume foreign exchange operations efficiently under all market conditions; and
   (b) the quality and coverage of information provided by the counterparty.
5. In order to be able to intervene efficiently in different geographical locations, the national central banks may select counterparties for their foreign exchange intervention operations in any international financial centre.

ANNEX VI

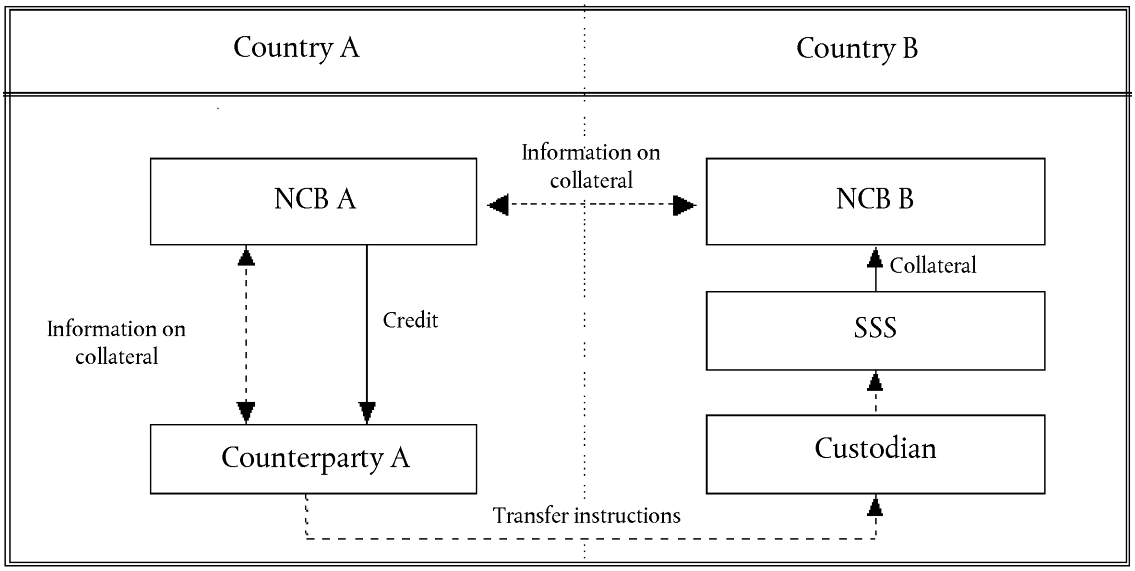
CROSS-BORDER USE OF ELIGIBLE ASSETS

I. THE CORRESPONDENT CENTRAL BANKING MODEL (CCBM)

Table 1

The correspondent central banking model (CCBM)

Use of eligible assets deposited in country B by a counterparty established in country A in order to obtain credit from the national central bank (NCB) of country A



1. All NCBs maintain securities accounts with each other for the cross-border use of eligible assets. The precise procedure of the CCBM depends on whether the eligible assets are earmarked for each individual transaction or whether they are held in a pool of underlying assets.

2. In an earmarking system, as soon as a counterparty's bid for credit is accepted by its home NCB the counterparty instructs, via its own custodian if necessary, the securities settlement systems (SSS) in the country in which its marketable assets are held, to transfer them to the central bank of that country (hereinafter the 'correspondent central bank') for the account of the home NCB. Once the home NCB has been informed by the correspondent central bank that the collateral has been received, it transfers the funds to the counterparty. The NCBs do not advance funds until they are certain that the counterparties' marketable assets have been received by the correspondent central bank. Where necessary to meet settlement deadlines, counterparties may be able to pre-deposit assets with correspondent central banks for the account of their home NCB using the CCBM procedures.

3. In a pooling system, the counterparty may at any time provide the correspondent central bank with marketable assets for the account of the home NCB. Once the home NCB has been informed by the correspondent central bank that the marketable assets have been received, it will add these marketable assets to the pool account of the counterparty.

4. Specific procedures for cross-border use have been developed for certain non-marketable assets, i.e. credit claims and retail mortgage-backed debt instruments (RMBDs). When credit claims are used as collateral in a cross-border context, a CCBM variant is applied to credit claims, using a transfer of ownership, an assignment or a pledge in favour of the home NCB, or a charge in favour of the correspondent central bank, acting as the agent for the home NCB. A further ad-hoc variant based on the charge in favour of the correspondent central bank acting as the agent for the home NCB is applied to allow the cross-border use of RMBDs.

5. The CCBM is available to counterparties, both for marketable and non-marketable assets, as a minimum from 9 a.m. to 4 p.m. CET on each TARGET2 business day. A counterparty wishing to make use of the CCBM must advise the NCB from which it wishes to receive credit, i.e. its home NCB, before 4 p.m. CET. The counterparty

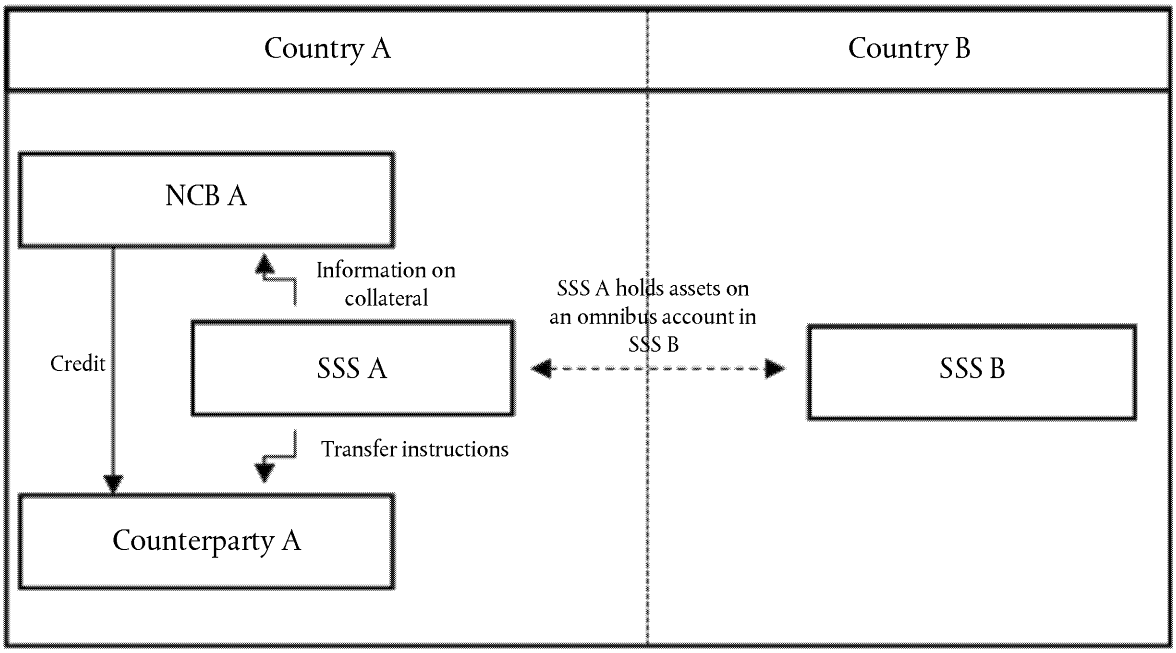
must ensure that the collateral for securing the credit operation is delivered to the account of the correspondent central bank by 4.45 p.m. CET at the latest. Instructions or deliveries that do not respect this deadline will only be dealt with on a best effort basis and may be considered for credit that will be given on the following TARGET2 business day. When counterparties foresee a need to use the CCBM late in the day, they should, where possible, pre-deposit the assets. Under exceptional circumstances or when required for monetary policy purposes, the ECB may decide to extend the CCBM's closing time until the TARGET2 closing time, in cooperation with central securities depositories regarding their availability to extend their cut-off times for marketable assets.

II. ELIGIBLE LINKS BETWEEN SSSS

Table 2

Links between securities settlement systems

Use of eligible assets issued in the SSS of country B held by a counterparty established in country A through a link between the SSSs in countries A and B in order to obtain credit from the NCB of country A.



1. Eligible links between two SSSs in the European Economic Area (EEA) consist of a set of procedures and arrangements for the cross-border transfer of securities through a book-entry process. They take the form of an omnibus account opened by an SSS (hereinafter the 'investor SSS') in another SSS (hereinafter the 'issuer SSS').

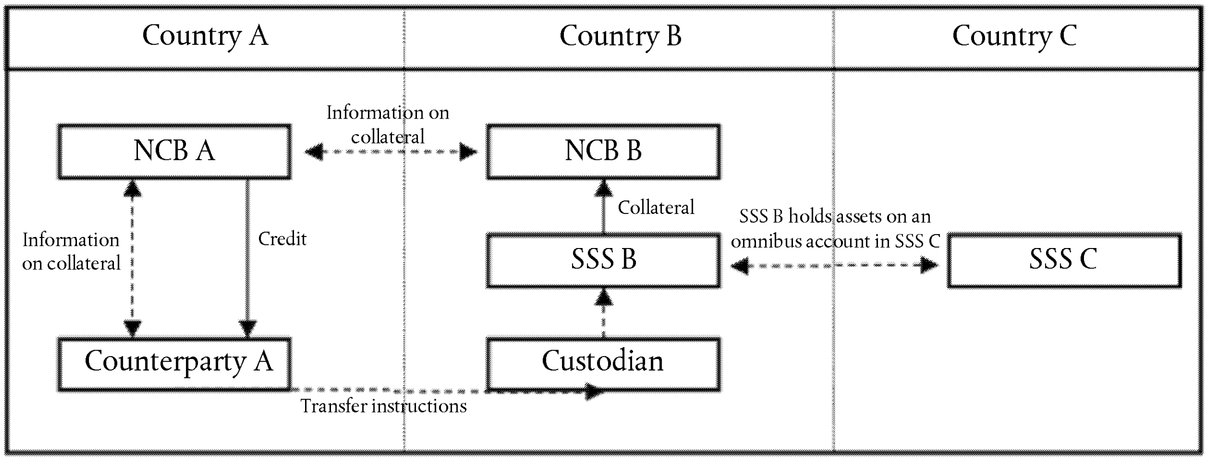
2. Eligible links allow a participant in one SSS in the EEA to hold securities issued in another SSS in the EEA without being a participant therein. When using links between SSSs, the counterparties hold the assets on their own account with their home SSS and have no need for a custodian.

III. CCBM IN COMBINATION WITH ELIGIBLE LINKS

Table 3

CCBM in combination with eligible links

Use of eligible assets issued in the SSS of country C and held in the SSS of country B by a counterparty established in country A through a direct link between the SSSs in countries B and C in order to obtain credit from the NCB of country A.



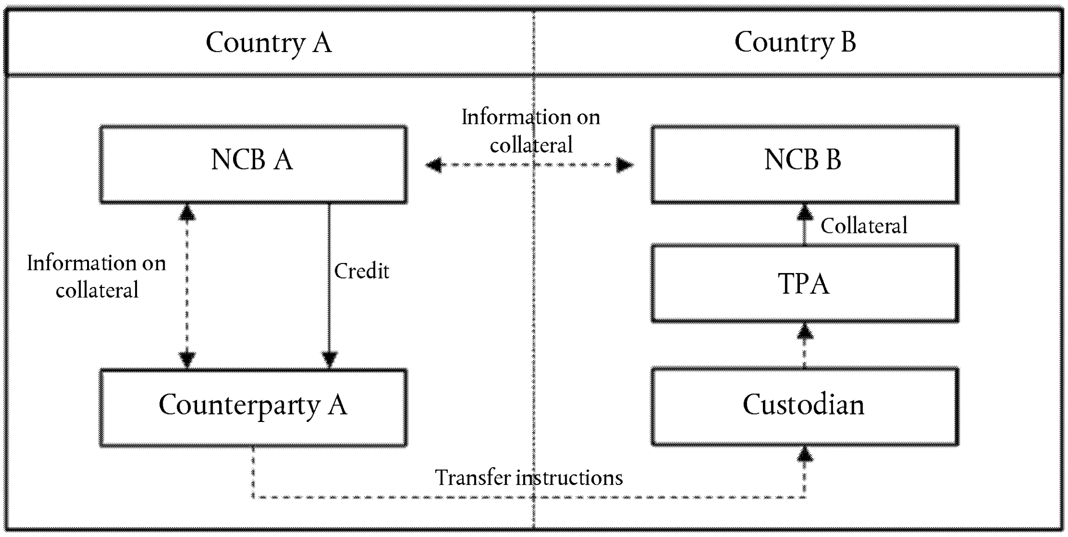
Where eligible assets in the form of securities are to be transferred via the CCBM with links, counterparties must ensure that the securities are delivered to an account at the relevant investor SSS by 4 p.m. CET on the settlement date in order to ensure settlement of same-day value operations. Any request for mobilisation received by home NCBs from their counterparties after 4 p.m. CET, or any request for the delivery of eligible assets to an account at the relevant investor SSS after 4 p.m. CET, is dealt with on a best efforts basis, according to the cut-off times of the SSSs involved.

IV. CCBM WITH TRI-PARTY COLLATERAL MANAGEMENT SERVICES

Table 4

Cross-border tri-party services

Use of eligible assets held in the tri-party agent (TPA) of country B by a counterparty established in country A in order to obtain credit from the NCB of country A.



The arrow 'Information on collateral' between counterparty A and NCB A may not be relevant in the case of certain TPAs, depending on the contractual model chosen, and in such cases the counterparty does not send an instruction to NCB A or receive a confirmation from NCB A.

ANNEX VII

CALCULATION OF SANCTIONS TO BE APPLIED IN ACCORDANCE WITH PART FIVE

I. CALCULATION OF FINANCIAL PENALTIES FOR BREACH OF CERTAIN COUNTERPARTY OBLIGATIONS

1. Where a financial penalty is to be imposed by a national central bank(NCB) on any of its counterparties in accordance with Part Five, the NCB shall calculate the penalty in accordance with a pre-specified penalty rate, as follows.

   (a) For failure to comply with an obligation referred to in Article 154(1)(a), (b) or (c) a 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) For failure to comply with an obligation referred to in Article 154(1)(d), a financial penalty is calculated using the marginal lending facility rate that applied on the day when the non-compliance began plus 5 percentage points. For repeated infringements of the obligation referred to in Article 154(1)(d) within a 12-month period, taken into account from the day of the first infringement, the penalty rate increases by a further 2,5 percentage points for each infringement.

2. For failure to comply with an obligation referred to in Article 154(1)(a) or (b), a financial penalty is calculated by applying the penalty rate, in accordance with paragraph 1(a), to the amount of collateral or cash that the counterparty could not deliver or settle, 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 collateralise or settle: (a) the allotted amount as specified in the certification of individual tender allotment results during the maturity of an operation; or (b) the remaining amount of a particular operation if there are early terminations executed by the NCB over the remainder of the term of the operation.

3. For failure to comply with an obligation referred to in Article 154(1)(c), a financial penalty is calculated by applying the penalty rate, in accordance with paragraph 1(a), to the value of the ineligible assets or the assets that may not be mobilised or used by the counterparty after haircuts, as follows:

   (a) in the case of ineligible assets which are provided by the counterparty to an NCB, the value of the ineligible assets after haircuts are taken into account; or

   (b) in the case of assets which were originally eligible but became ineligible or may no longer be mobilised or used by the counterparty, the value after haircuts of the assets that have not been removed by or before the start of the eighth calendar day, following an event after which the eligible assets became ineligible or may no longer be mobilised or used by the counterparty, are taken into account.

4. The amounts referred to in paragraph 3(a) and (b) are multiplied by the coefficient X/360, where X is the number of calendar days, with a maximum of seven, during which the counterparty failed to comply with its obligations in respect of the use of assets submitted as collateral for Eurosystem credit operations. In the case of paragraph 3(b), the calculation of X begins after the expiry of the grace period of seven calendar days.

   *[EUR [value of ineligible assets after haircuts on the first day of the infringement] * (the applicable marginal lending facility rate on the day when the infringement began + 2,5 %) * [X]/360 = EUR […]]*

5. For limit breaches as regards unsecured debt instruments issued by a credit institution or its closely linked entities as laid down in Article 141, the application of a grace period is determined as follows:

   (a) A grace period of seven calendar days applies if the breach resulted from a change in the valuation, without a submission of additional such unsecured debt instruments, on the basis of the following:

      (i) the value of those already submitted unsecured debt instruments has increased; or

      (ii) the total collateral pool has been lowered.

      In such cases the counterparty is required to adjust the value of its total collateral pool or the value of such unsecured debt instruments within the grace period, to ensure compliance with the applicable limit.

   (b) The submission of additional unsecured debt instruments issued by a credit institution or its closely linked entities breaching the applicable limit does not entitle the counterparty to a grace period.

6. If the counterparty has provided information that affects the value of its collateral negatively from the Eurosystem's perspective with regard to Article 145(4), e.g. incorrect information on the outstanding amount of a used credit claim that is or has been false or out of date, the amount (value) of the collateral that has been negatively affected is taken into account for the calculation of the financial penalty under paragraph 3. If the incorrect information is corrected within the grace period, no penalty is to be applied.

7. For failure to comply with the obligations referred to in Article 154(1)(d), a financial penalty is calculated by applying the penalty rate, in accordance with paragraph 1(b), to the amount of the counterparty's unauthorised access to the marginal lending facility.

8. An NCB will impose a minimum financial penalty of EUR 500 where the calculation in accordance with this Annex results in an amount of less than EUR 500. A financial penalty will not be imposed where a breach is rectified within an applicable grace period.

II. CALCULATION OF NON-FINANCIAL PENALTIES IN CASE OF BREACH OF CERTAIN COUNTERPARTY OBLIGATIONS

Suspension for non-compliance with obligations referred to in Article 154(1)(a) or (b)

9. Where a suspension period applies in accordance with Article 156(1), an NCB will impose the suspension in accordance with the following:

(a) if the amount of non-delivered collateral or cash is up to 40 % of the total collateral or cash to be delivered, a suspension of one month applies;

(b) if the amount of non-delivered collateral or cash is between 40 % and 80 % of the total collateral or cash to be delivered, a suspension of two months applies;

(c) if the amount of non-delivered collateral or cash is between 80 % and 100 % of the total collateral or cash to be delivered, a suspension of three months applies.

10. With regard to I and II above, if a sanction relates to a transaction between a counterparty and the ECB in a bilateral procedure, the above provisions are interpreted to cater for the imposition of sanctions by the ECB.

ANNEX VIII

LOAN-LEVEL DATA REPORTING REQUIREMENTS FOR ASSET-BACKED SECURITIES

This Annex applies to the provision of comprehensive and standardised loan-level data on the pool of cash-flow generating assets backing the asset-backed securities (ABSs), as specified in Article 78.

I. SUBMISSION OF LOAN-LEVEL DATA

1. Loan-level data must be submitted by the relevant parties to a loan-level data repository designated by the Eurosystem. The loan-level data repository publishes such data electronically. In order to be designated, loan-level data repositories must comply with the applicable Eurosystem requirements, including open access, coverage, non-discrimination, appropriate governance structure and transparency.

2. Loan-level data must be submitted for each individual transaction together with the up-to-date relevant loan-level data reporting template, published on the ECB's website, depending on the type of asset backing the ABS, as defined in Article 73(1).

3. Loan-level data must be reported at least on a quarterly basis, but no later than one month following a due date for the payment of interest on the relevant ABSs. As regards the data submitted, the pool cut-off date may not be more than two months old, i.e. the 'date of submission of report' less the 'pool cut-off date' must be less than two months. The 'pool cut-off date' is defined as the date on which a snapshot of the performance of the underlying assets was captured for the respective report.

4. To ensure compliance with the requirements in paragraphs 2 and 3, the loan-level data repository conducts automated consistency and accuracy checks on reports of new and updated loan-level data for each transaction.

II. LEVEL OF REQUIRED DETAIL

1. After the date of application of loan-level data reporting requirements for the specific class of cash-flow generating assets backing the ABSs as specified on the European Central Bank's (ECB's) website, detailed loan-by-loan level information must be provided for ABSs to become or remain eligible.

2. Within a period of three months, the ABSs must achieve a compulsory minimum compliance level, assessed by reference to the availability of information, in particular the data fields of the loan-level data reporting template.

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. There is also a seventh ND option, which only applies for the loan-level data template for commercial mortgage-backed securities (CMBSs).

Table 1

Explanation of the ND options

'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 it on a separate system from the reporting one
ND4	Data collected but will only be available from YYYY-MM
ND5	Not relevant
ND6	Not applicable for the jurisdiction
ND7	Only for CMBS loans with a value below EUR 500 000, i.e. the value of the whole commercial loan balance at origination

III. TRANSITIONAL PERIOD

1. The following nine-month transitional period applies to all ABSs, depending on the date on which the loan-level data reporting requirements apply for the relevant asset class backing the ABSs:

   (a) during the first three months (first quarter) following the date of application, loan-level data must be reported, but there are no specific limits regarding the number of mandatory fields containing ND1 to ND7;

   (b) from the beginning of the fourth month to the end of the sixth month (second quarter), the number of mandatory fields that contain ND1 may not exceed 30 % of the total number of mandatory fields and the number of mandatory fields which contain ND2, ND3 or ND4 may not exceed 40 % of the total number of mandatory fields;

   (c) from the beginning of the seventh month to the end of the ninth month (third quarter) the number of mandatory fields that contain ND1 may not exceed 10 % of the total number of mandatory fields and the number of mandatory fields which contain ND2, ND3 or ND4 may not exceed 20 % of the total number of mandatory fields;

   (d) at the end of the nine-month transitional period, there must be no mandatory fields in the loan-level data containing ND1, ND2, ND3 or ND4 values for an individual transaction.

2. Applying these thresholds, the loan-level data repository generates and assigns a score to each ABS transaction upon submission and processing of loan-level data.

3. This score reflects the number of mandatory fields that contain ND1 and the number of mandatory fields that contain ND2, ND3 or ND4, compared in each case against the total number of mandatory fields. In this regard, the options ND5, ND6 and ND7 may only be used if the relevant data fields in the relevant loan-level data reporting template so permit. Combining the two threshold references produces the following range of loan-level data scores.

Table 2

Loan-level data scores

Scoring value matrix		ND1 fields			
		0	≤ 10 %	≤ 30 %	> 30 %
ND2 or ND3 or ND4	0	A1	B1	C1	D1
	≤ 20 %	A2	B2	C2	D2
	≤ 40 %	A3	B3	C3	D3
	> 40 %	A4	B4	C4	D4

4. According to the transitional period set out above, the score must gradually improve for each quarter, in accordance with the following overview:

Table 3

Scoring value

Timeline	Scoring value (eligibility treatment)
first quarter	(no minimum scoring value enforced)
second quarter	C3 (as a minimum)
third quarter	B2 (as a minimum)
from the fourth quarter onwards	A1

ANNEX IX

EUROSYSTEM CREDIT ASSESSMENT FRAMEWORK PERFORMANCE MONITORING PROCESS

1. For each credit assessment system, the Eurosystem credit assessment framework (ECAF) performance monitoring process consists of an annual *ex post* comparison of:

   (a) the observed default rates for all eligible entities and debt instruments rated by the credit assessment system, whereby these entities and instruments are grouped into static pools based on certain characteristics, e.g. credit rating, asset class, industry sector, credit quality assessment model; and

   (b) the maximum probability of default associated with the respective credit quality step of the Eurosystem's harmonised rating scale.

2. The first element of the process is the annual compilation by the credit assessment system provider of the list of entities and debt instruments with credit quality assessments that satisfy the Eurosystem credit quality requirements at the beginning of the monitoring period. This list must then be submitted by the credit assessment system provider to the Eurosystem, using the template provided by the Eurosystem, which includes identification, classification and credit quality assessment-related fields.

3. The second element of the process takes place at the end of the 12-month monitoring period. The credit assessment system provider updates the performance data for the entities and debt instruments on the list. The Eurosystem reserves the right to request any additional information required in order to conduct performance monitoring.

4. The observed default rate of the static pools of a credit assessment system recorded over a one-year horizon is input to the ECAF performance monitoring process, which comprises an annual rule and a multi-period assessment.

5. In the event of a significant deviation between the observed default rate of the static pools and the maximum probability of default of the relevant credit quality step over an annual and/or a multi-annual period, the Eurosystem will consult the credit assessment system provider to analyse the reasons for that deviation.

ANNEX X

LEVELS OF VALUATION HAIRCUTS

Table 1

Levels of valuation haircuts applied to eligible marketable assets

Credit quality	Residual maturity (years) (**)	Haircut categories: Category I fixed coupon	Category I zero coupon	Category II (*) fixed coupon	Category II (*) zero coupon	Category III (*) fixed coupon	Category III (*) zero coupon	Category IV (*) fixed coupon	Category IV (*) zero coupon	Category V (*)
Steps 1 and 2	[0, 1)	0,5	0,5	1,0	1,0	1,0	1,0	6,5	6,5	10,0
	[1, 3)	1,0	2,0	1,5	2,5	2,0	3,0	8,5	9,0	
	[3, 5)	1,5	2,5	2,5	3,5	3,0	4,5	11,0	11,5	
	[5, 7)	2,0	3,0	3,5	4,5	4,5	6,0	12,5	13,5	
	[7, 10)	3,0	4,0	4,5	6,5	6,0	8,0	14,0	15,5	
	[10, ∞)	5,0	7,0	8,0	10,5	9,0	13,0	17,0	22,5	

Credit quality	Residual maturity (years) (**)	Haircut categories: Category I fixed coupon	Category I zero coupon	Category II (*) fixed coupon	Category II (*) zero coupon	Category III (*) fixed coupon	Category III (*) zero coupon	Category IV (*) fixed coupon	Category IV (*) zero coupon	Category V (*)
Step 3	[0, 1)	6,0	6,0	7,0	7,0	8,0	8,0	13,0	13,0	Not eligible
	[1, 3)	7,0	8,0	10,0	14,5	15,0	16,5	24,5	26,5	
	[3, 5)	9,0	10,0	15,5	20,5	22,5	25,0	32,5	36,5	
	[5, 7)	10,0	11,5	16,0	22,0	26,0	30,0	36,0	40,0	
	[7, 10)	11,5	13,0	18,5	27,5	27,0	32,5	37,0	42,5	
	[10, ∞)	13,0	16,0	22,5	33,0	27,5	35,0	37,5	44,0	

(*) *Note:* asset-backed securities, covered bonds and unsecured debt instruments issued by credit institutions may be subject to an additional valuation haircut pursuant to the provisions laid down in Part Four.

(**) '[0, 1)' is to be interpreted as residual maturity less than one year; '[1, 3)' as residual maturity equal or greater than one year and less than three years; '[3, 5)' as residual maturity equal or greater than three years and less than five years, etc.

Table 2

Levels of valuation haircuts applied to credit claims with fixed interest payments

Credit quality	Residual maturity (years) (*)	Valuation methodology: Fixed interest payment and a valuation based on a theoretical price assigned by the national central bank (NCB)	Fixed interest payment and a valuation according to the outstanding amount assigned by the NCB
Steps 1 and 2	[0, 1)	10,0	12,0
	[1, 3)	12,0	16,0
	[3, 5)	14,0	21,0

		Valuation methodology	
Credit quality	Residual maturity (years) (*)	Fixed interest payment and a valuation based on a theoretical price assigned by the national central bank (NCB)	Fixed interest payment and a valuation according to the outstanding amount assigned by the NCB
	[5, 7)	17,0	27,0
	[7, 10)	22,0	35,0
	[10, ∞)	30,0	45,0
		Valuation methodology	
Credit quality	Residual maturity (years) (*)	Fixed interest payment and a valuation based on a theoretical price assigned by the NCB	Fixed interest payment and a valuation according to the outstanding amount assigned by the NCB
Step 3	[0, 1)	17,0	19,0
	[1, 3)	29,0	34,0
	[3, 5)	37,0	46,0
	[5, 7)	39,0	52,0
	[7, 10)	40,0	58,0
	[10, ∞)	42,0	65,0

(*) '[0, 1)' is to be interpreted as residual maturity less than one year; '[1, 3)' as residual maturity equal or greater than one year and less than three years; '[3, 5)' as residual maturity equal or greater than three years and less than five years, etc.

ANNEX XI

SECURITY FORMS

On 13 June 2006 the European Central Bank (ECB) announced the new global notes (NGN) criteria for international global bearer form securities that would be eligible as collateral for Eurosystem credit operations from 1 January 2007. On 22 October 2008 the ECB announced that international debt securities in global registered form issued after 30 September 2010, would only be eligible as collateral for Eurosystem credit operations when the new safekeeping structure for international debt securities (NSS) is used.

The following table summarises the eligibility rules for the different forms of securities with the introduction of the NGN criteria.

Table 1

Eligibility rules for different security forms

Global/individual	Bearer/registered	NGN/classic global note (CGN)	In the case of NGN/NSS, is the common safe-keeper (CSK) an ICSD (*)?	Eligible?
Global	Bearer	NGN	Yes	Yes
			No	No
Global	Bearer	CGN	N/A	No, but those securities issued before 1 January 2007 will be grandfathered until maturity, plus any tap issues from 1 January 2007 when the ISINs are fungible.
Global	Registered	CGN	N/A	Bonds issued under this structure after 30 September 2010 are no longer eligible.
Global	Registered	NSS	Yes	Yes
			No	No
Individual	Bearer	N/A	N/A	Bonds issued under this structure after 30 September 2010 are no longer eligible. Individual bearer notes issued on or before 30 September 2010 are grandfathered until maturity

(*) Or, should it become applicable, in a positively assessed central securities depository.

ANNEX XII

EXAMPLES OF EUROSYSTEM MONETARY POLICY OPERATIONS AND PROCEDURES

List of examples

I. EXAMPLE 1: LIQUIDITY-PROVIDING REVERSE TRANSACTION BY FIXED RATE TENDER

1. The ECB decides to provide liquidity to the market by means of a reverse transaction organised with a fixed rate tender procedure.

2. Three counterparties submit the following bids:

Counterparty	Bid (EUR million)
Bank 1	30
Bank 2	40
Bank 3	70
Total	140

3. The ECB decides to allot a total of EUR 105 million.

4. The percentage of allotment is:

$$\frac{105}{(30 + 40 + 70)} = 75\,\%$$

5. The allotment to the counterparties is:

Counterparty	Bid (EUR million)	Allotment (EUR million)
Bank 1	30	22,5
Bank 2	40	30,0
Bank 3	70	52,5
Total	140	105,0

II. EXAMPLE 2: LIQUIDITY-PROVIDING REVERSE TRANSACTION BY VARIABLE RATE TENDER

1. The ECB decides to provide liquidity to the market by means of a reverse transaction organised with a variable rate tender procedure.

2. Three counterparties submit the following bids:

	Amount (EUR million)				
Interest rate (%)	Bank 1	Bank 2	Bank 3	Total bids	Cumulative bids
3,15				0	0
3,10		5	5	10	10
3,09		5	5	10	20
3,08		5	5	10	30
3,07	5	5	10	20	50
3,06	5	10	15	30	80
3,05	10	10	15	35	115
3,04	5	5	5	15	130
3,03	5		10	15	145
Total	30	45	70	145	

3. The ECB decides to allot EUR 94 million, implying a marginal interest rate of 3,05 %.

4. All bids above 3,05 % (for a cumulative amount of EUR 80 million) are fully satisfied. At 3,05 % the percentage of allotment is:

$$\frac{94 - 80}{35} = 40\,\%$$

5. The allotment to Bank 1 at the marginal interest rate is, for example:

$$0{,}4 \times 10 = 4$$

6. The total allotment to Bank 1 is:

$$5 + 5 + 4 = 14$$

7. The allotment results can be summarised as follows:

	Amount (EUR million)			
Counterparties	Bank 1	Bank 2	Bank 3	Total
Total bids	30,0	45,0	70,0	145
Total allotment	14,0	34,0	46,0	94

8. If the allotment procedure follows a single rate (Dutch) auction, the interest rate applied to the amounts allotted to the counterparties is 3,05 %.

9. If the allotment procedure follows a multiple rate (American) auction, no single interest rate is applied to the amounts allotted to the counterparties; for example, Bank 1 receives EUR 5 million at 3,07 %, EUR 5 million at 3,06 % and EUR 4 million at 3,05 %.

III. EXAMPLE 3: ISSUANCE OF ECB DEBT CERTIFICATES BY VARIABLE RATE TENDER

1. The ECB decides to absorb liquidity from the market by issuing debt certificates using a variable rate tender procedure.

2. Three counterparties submit the following bids:

	Amount (EUR million)				
Interest rate (%)	Bank 1	Bank 2	Bank 3	Total	Cumulative bids
3,00				0	0
3,01	5		5	10	10
3,02	5	5	5	15	25
3,03	5	5	5	15	40
3,04	10	5	10	25	65
3,05	20	40	10	70	135
3,06	5	10	10	25	160
3,08	5		10	15	175
3,10		5		5	180
Total	55	70	55	180	

3. The ECB decides to allot a nominal amount of EUR 124,5 million, implying a marginal interest rate of 3,05 %.

4. All bids below 3,05 % (for a cumulative amount of EUR 65 million) are fully satisfied. At 3,05 % the percentage of allotment is:

$$\frac{124{,}5 - 65}{70} = 85\,\%$$

5. The allotment to Bank 1 at the marginal interest rate is, for example:

$$0{,}85 \times 20 = 17$$

6. The total allotment to Bank 1 is:

$$5 + 5 + 5 + 10 + 17 = 42$$

7. The allotment results can be summarised as follows:

	Amount (EUR million)			
Counterparties	Bank 1	Bank 2	Bank 3	Total
Total bids	55,0	70,0	55,0	180,0
Total allotment	42,0	49,0	33,5	124,5

IV. EXAMPLE 4: LIQUIDITY-ABSORBING FOREIGN EXCHANGE SWAP BY VARIABLE RATE TENDER

1. The ECB decides to absorb liquidity from the market by executing a foreign exchange swap on the EUR/USD rate by means of a variable rate tender procedure. (Note: The euro is traded at a premium in this example.)

2. Three counterparties submit the following bids:

	Amount (EUR million)				
Swap points (× 10 000)	Bank 1	Bank 2	Bank 3	Total	Cumulative bids
6,84				0	0
6,80	5		5	10	10

	Amount (EUR million)				
Swap points (× 10 000)	Bank 1	Bank 2	Bank 3	Total	Cumulative bids
6,76	5	5	5	15	25
6,71	5	5	5	15	40
6,67	10	10	5	25	65
6,63	25	35	40	100	165
6,58	10	20	10	40	205
6,54	5	10	10	25	230
6,49		5		5	235
Total	65	90	80	235	

3. The ECB decides to allot EUR 158 million, implying 6,63 marginal swap points. All bids above 6,63 (for a cumulative amount of EUR 65 million) are fully satisfied. At 6,63 the percentage of allotment is:

$$\frac{158 - 65}{100} = 93\,\%$$

4. The allotment to Bank 1 at the marginal swap points is, for example:

$$0{,}93 \times 25 = 23{,}25$$

5. The total allotment to Bank 1 is:

$$5 + 5 + 5 + 10 + 23{,}25 = 48{,}25$$

6. The allotment results can be summarised as follows:

	Amount (EUR million)			
Counterparties	Bank 1	Bank 2	Bank 3	Total
Total bids	65,0	90,0	80,0	235,0
Total allotment	48,25	52,55	57,20	158,0

7. The ECB fixes the spot EUR/USD exchange rate for the operation at 1,1300.

8. If the allotment procedure follows a single rate (Dutch) auction, at the start date of the operation the Eurosystem buys EUR 158 000 000 and sells USD 178 540 000. At the maturity date of the operation, the Eurosystem sells EUR 158 000 000 and buys USD 178 644 754 (the forward exchange rate is 1,130663 = 1,1300 + 0,000663).

9. If the allotment procedure follows a multiple rate (American) auction, the Eurosystem exchanges the amounts of euro and US dollars shown in the following table:

Spot transaction			Forward transaction		
Exchange rate	Buy EUR	Sell USD	Exchange rate	Sell EUR	Buy USD
1,1300			1,130684		
1,1300	10 000 000	11 300 000	1,130680	10 000 000	11 306 800
1,1300	15 000 000	16 950 000	1,130676	15 000 000	16 960 140

Spot transaction			Forward transaction		
Exchange rate	Buy EUR	Sell USD	Exchange rate	Sell EUR	Buy USD
1,1300	15 000 000	16 950 000	1,130671	15 000 000	16 960 065
1,1300	25 000 000	28 250 000	1,130667	25 000 000	28 266 675
1,1300	93 000 000	105 090 000	1,130663	93 000 000	105 151 659
1,1300			1,130658		
1,1300			1,130654		
1,1300			1,130649		
Total	158 000 000	178 540 000		158 000 000	178 645 339

V. EXAMPLE 5: LIQUIDITY-PROVIDING FOREIGN EXCHANGE SWAP BY VARIABLE RATE TENDER

1. The ECB decides to provide liquidity to the market by executing a foreign exchange swap on the EUR/USD rate by means of a variable rate tender procedure. (Note: The euro is traded at a premium in this example.)

2. Three counterparties submit the following bids:

	Amount (EUR million)				
Swap points (× 10 000)	Bank 1	Bank 2	Bank 3	Total	Cumulative bids
6,23					
6,27	5		5	10	10
6,32	5		5	10	20
6,36	10	5	5	20	40
6,41	10	10	20	40	80
6,45	20	40	20	80	160
6,49	5	20	10	35	195
6,54	5	5	10	20	215
6,58		5		5	220
Total	60	85	75	220	

3. The ECB decides to allot EUR 197 million, implying 6,54 marginal swap points. All bids below 6,54 (for a cumulative amount of EUR 195 million) are fully satisfied. At 6,54 the percentage of allotment is:

$$\frac{197 - 195}{20} = 10\,\%$$

4. The allotment to Bank 1 at the marginal swap points is, for example:

$$0{,}10 \times 5 = 0{,}5$$

5. The total allotment to Bank 1 is:

$$5 + 5 + 10 + 10 + 20 + 5 + 0{,}5 = 55{,}5$$

6. The allotment results can be summarised as follows:

	Amount (EUR million)			
Counterparties	Bank 1	Bank 2	Bank 3	Total
Total bids	60,0	85,0	75,0	220
Total allotment	55,5	75,5	66,0	197

6. The ECB fixes the spot EUR/USD exchange rate for the operation at 1,1300.

7. If the allotment procedure follows a single rate (Dutch) auction, at the start date of the operation the Eurosystem sells EUR 197 000 000 and buys USD 222 610 000. At the maturity date of the operation, the Eurosystem buys EUR 197 000 000 and sells USD 222 738 838 (the forward exchange rate is 1,130654 = 1,1300 + 0,000654).

8. If the allotment procedure follows a multiple rate (American) auction, the Eurosystem exchanges the amounts of euro and US dollars shown in the following table:

Spot transaction			Forward transaction*		
Exchange rate	Sell EUR	Buy USD	Exchange rate	Buy EUR	Sell USD
1,1300			1,130623		
1,1300	10 000 000	11 300 000	1,130627	10 000 000	11 306 270
1,1300	10 000 000	11 300 000	1,130632	10 000 000	11 306 320
1,1300	20 000 000	22 600 000	1,130636	20 000 000	22 612 720
1,1300	40 000 000	45 200 000	1,130641	40 000 000	45 225 640
1,1300	80 000 000	90 400 000	1,130645	80 000 000	90 451 600
1,1300	35 000 000	39 550 000	1,130649	35 000 000	39 572 715
1,1300	2 000 000	2 260 000	1,130654	2 000 000	2 261 308
1,1300			1,130658		
Total	197 000 000	222 610 000		197 000 000	222 736 573

VI. EXAMPLE 6: RISK CONTROL MEASURES

1. This example illustrates the risk control framework applied to assets mobilised as collateral in the Eurosystem credit operations. It is based on the assumption that, in the calculation of the need for a margin call, accrued interest on the liquidity provided is taken into account and a trigger point of 0,5 % of the liquidity provided is applied. The example is based on the assumption that a counterparty participates in the following Eurosystem monetary policy operations:

   (a) a main refinancing operation starting on 30 July 2014 and ending on 6 August 2014 where the counterparty is allotted EUR 50 million at an interest rate of 0,15 %;

   (b) a longer-term refinancing operation starting on 31 July 2014 and ending on 23 October 2014 where the counterparty is allotted EUR 45 million at an interest rate of 0,15 %;

   (c) a main refinancing operation starting on 6 August 2014 and ending on 13 August 2014 where the counterparty is allotted EUR 35 million at an interest rate of 0,15 %.

2. The characteristics of the marketable assets mobilised by the counterparty to cover these operations are specified in Table 1.

Table 1

Marketable assets mobilised in the transactions

Characteristics						
Name	Asset class	Maturity date	Coupon definition	Coupon frequency	Residual maturity	Haircut
Asset A	Jumbo covered bond	30.8.2018	Fixed rate	6 months	4 years	2,50 %
Asset B	Central government bond	19.11.2018	Variable rate	12 months	4 years	0,50 %
Asset C	Corporate bond	12.5.2025	Zero coupon rate		> 10 years	13,00 %
Prices in percentages (including accrued interest) (*)						
30.7.2014	31.7.2014	1.8.2014	4.8.2014	5.8.2014	6.8.2014	7.8.2014
101,61	101,21	99,50	99,97	99,73	100,01	100,12
	98,12	97,95	98,15	98,56	98,59	98,57
					53,71	53,62

(*) The prices shown for a specific valuation date correspond to the most representative price on the business day preceding this valuation date.

EARMARKING SYSTEM

First, it is assumed that the transactions are carried out with a national central bank (NCB) using a system where underlying assets are earmarked for each transaction. The valuation of assets mobilised as collateral is carried out on a daily basis. The risk control framework can then be described as follows (see also Table 2 below):

1. On 30 July 2014, the counterparty enters into a repurchase transaction with the NCB, which purchases EUR 50,6 million of Asset A. Asset A is a jumbo covered bond with a fixed coupon maturing on 30 August 2018 and allocated to credit quality step 1-2. It thus has a residual maturity of four years, therefore requiring a valuation haircut of 2,5 %. The market price of Asset A on its reference market on that day is 101,61 %, which includes the accrued interest on the coupon. The counterparty is required to provide an amount of Asset A, which, after deduction of the 2,5 % valuation haircut, exceeds the allotted amount of EUR 50 million. The counterparty therefore delivers Asset A for a nominal amount of EUR 50,6 million, the adjusted market value of which is EUR 50 129 294 on that day.

2. On 31 July 2014, the counterparty enters into a repurchase transaction with the NCB, which purchases EUR 21 million of Asset A (market price 101,21 %, valuation haircut 2,5 %) and EUR 25 million of Asset B (market price 98,02 %). Asset B is a central government bond with variable rate coupon payments and allocated to credit quality step 1-2, to which a 0,5 % valuation haircut is applied. The adjusted market value of Asset A and Asset B on that day is EUR 45 130 098, thus exceeding the required amount of EUR 45 000 000.

3. On 31 July 2014, the assets underlying the main refinancing operation initiated on 30 July 2014 are revalued. With a market price of 101,21 %, the haircut-adjusted market value of Asset A is still within the lower and upper trigger amounts. The collateral that was mobilised initially is consequently considered to cater for both the initial amount of liquidity provided and the accrued interest amounting to EUR 208.

4. On 1 August 2014, the underlying assets are revalued: the market price of Asset A is 99,50 % and the market price of Asset B is 97,95 %. Accrued interest amounts to EUR 417 on the main refinancing operation initiated on 30 July 2014 and EUR 188 on the longer-term refinancing operation initiated on 31 July 2014. As a result, the adjusted market value of Asset A in the first transaction falls below the transaction's amount to be covered, i.e. the liquidity provided plus the accrued interest, by EUR 912 092, but also below the lower trigger level of EUR 49 750 415. The counterparty delivers EUR 950 000 of Asset A in nominal value terms, which, after deducting a 2,5 % haircut from the market value based on a price of 99,50 %, restores sufficient collateral coverage. NCBs may perform margin calls in cash rather than securities.

   A margin call is also needed on the second transaction since the adjusted market value of the underlying assets used in this transaction (EUR 44 737 688) is below the lower trigger level (EUR 44 775 187). The counterparty therefore provides EUR 270 000 of Asset B with an adjusted market value of EUR 263 143.

5. On 4 and 5 August 2014, the underlying assets are revalued, without resulting in any margin call for the transactions entered into on 30 and 31 July 2014.

6. On 6 August 2014, the counterparty repays the liquidity provided under the main refinancing operation initiated on 30 July 2014, including the accrued interest of EUR 1 458. The NCB returns EUR 51 550 000 of Asset A in nominal value.

   On the same day the counterparty enters into a new repurchase transaction with the NCB, which purchases EUR 75 million of Asset C in nominal value terms. Since Asset C is a zero coupon corporate bond with a residual maturity of more than 10 years and allocated to credit quality step 1-2, requiring a valuation haircut of 13 %, the corresponding haircut-adjusted market value on that day is of EUR 35 045 775. The revaluation of assets underlying the long-term refinancing operation initiated on 31 July 2014 reveals that the adjusted market value of the assets provided exceeds the upper trigger level and leads to the NCB returning EUR 262 000 of Asset B in nominal value to the counterparty. If a margin had to be paid to the counterparty by the NCB in relation to the second transaction, such a margin could, in certain cases, be netted out with the margin paid to the NCB by the counterparty in relation to the first transaction. As a result, there would only be one margin settlement.

POOLING SYSTEM

Second, it is assumed that the transactions are carried out with an NCB using a pooling system where assets included in the pool of assets used by the counterparty are not earmarked for specific transactions:

1. The same sequence of transactions is used in this example as in the above example illustrating an earmarking system. The main difference is that, on the revaluation dates, the adjusted market value of all the assets in the pool has to cover the total amount of all of the counterparty's outstanding operations with the NCB. The margin call of EUR 1 174 592 occurring on 1 August 2014 is identical in this example to the one required in the earmarking system case. The counterparty delivers EUR 1 300 000 of Asset A in nominal value terms, which, after deducting a 2,5 % haircut from the market value based on a price of 99,50 %, restores sufficient collateral coverage.

2. Moreover, on 6 August 2014, when the main refinancing operation entered into on 30 July 2014 matures, the counterparty may keep the assets on its pool account. An asset can also be exchanged for another asset as shown in the example, where EUR 51,9 million of Asset A in nominal value are replaced with EUR 75,5 million of Asset C in nominal value to cover the liquidity provided and the accrued interest under all refinancing operations.

3. The risk control framework in the pooling system is described in Table 3.

Table 2

Earmarking System

Date	Outstanding transactions	Start date	End date	Interest rate	Liquidity provided	Accrued interest	Total amount to be covered	Lower trigger amount	Upper trigger amount	Adjusted market value	Margin call
30.7.2014	Main refinancing	30.7.2014	6.8.2014	0,15	50 000 000	—	50 000 000	49 750 000	50 250 000	50 129 294	—
31.7.2014	Main refinancing	30.7.2014	6.8.2014	0,15	50 000 000	208	50 000 208	49 750 207	50 250 209	49 931 954	—
	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	—	45 000 000	44 775 000	45 225 000	45 130 098	—
1.8.2014	Main refinancing	30.7.2014	6.8.2014	0,15	50 000 000	417	50 000 417	49 750 415	50 250 419	49 088 325	– 912 092
	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	188	45 000 188	44 775 187	45 225 188	44 737 688	– 262 500
4.8.2014	Main refinancing	30.7.2014	6.8.2014	0,15	50 000 000	1 042	50 001 042	49 751 036	50 251 047	50 246 172	—
	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	750	45 000 750	44 775 746	45 225 754	45 147 350	—
5.8.2014	Main refinancing	30.7.2014	6.8.2014	0,15	50 000 000	1 250	50 001 250	49 751 244	50 251 256	50 125 545	—
	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	938	45 000 938	44 775 933	45 225 942	45 201 299	—
6.8.2014	Main refinancing	6.8.2014	13.8.2014	0,15	35 000 000	—	35 000 000	34 825 000	35 175 000	35 045 775	—
	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	1 125	45 001 125	44 776 119	45 226 131	45 266 172	265 047
7.8.2014	Main refinancing	6.8.2014	13.8.2014	0,15	35 000 000	146	35 000 146	34 825 145	35 175 147	34 987 050	—
	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	1 313	45 001 313	44 776 306	45 226 319	45 026 704	—

Table 3

Pooling System

Date	Outstanding transactions	Start date	End date	Interest rate	Liquidity provided	Accrued interest	Total amount to be covered	Lower trigger amount (*)	Upper trigger amount (**)	Adjusted market value	Margin call
30.7.2014	Main refinancing	30.7.2014	6.8.2014	0,15	50 000 000	—	50 000 000	49 750 000	Not applicable	50 129 294	—
31.7.2014	Main refinancing	30.7.2014	6.8.2014	0,15	50 000 000	208	95 000 208	94 525 207	Not applicable	95 062 051	—
	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	—					
1.8.2014	Main refinancing	30.7.2014	6.8.2014	0,15	50 000 000	417	95 000 604	94 525 601	Not applicable	93 826 013	– 1 174 592
	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	188					
4.8.2014	Main refinancing	30.7.2014	6.8.2014	0,15	50 000 000	1 042	95 001 792	94 526 783	Not applicable	95 470 989	—
	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	750					
5.8.2014	Main refinancing	30.7.2014	6.8.2014	0,15	50 000 000	1 250	95 002 188	94 527 177	Not applicable	95 402 391	—
	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	938					
6.8.2014	Main refinancing	6.8.2014	13.8.2014	0,15	35 000 000	—	80 001 125	79 601 119	Not applicable	80 280 724	—
	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	1 125					

Date	Outstanding transactions	Start date	End date	Interest rate	Liquidity provided	Accrued interest	Total amount to be covered	Lower trigger amount (*)	Upper trigger amount (**)	Adjusted market value	Margin call
7.8.2014	Main refinancing	6.8.2014	13.8.2014	0,15	35 000 000	146	80 001 458	79 601 451	Not applicable	80 239 155	—
30.7.2014	Longer-term refinancing	31.7.2014	29.10.2014	0,15	45 000 000	1 313					

(*) In a pooling system, the lower trigger amount is the lowest threshold for margin calls. In practice most NCBs require additional collateral whenever the haircut adjusted market value of the collateral pool falls below the total amount to be covered.

(**) In a pooling system, the notion of upper trigger amount is not relevant, since the counterparty will constantly target an excess amount of collateral provided in order to minimise operational transactions.

ANNEX XIII

CORRELATION TABLE

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 1(1)				
Article 1(2)	Article 1			
Article 1(3)	Introduction			
Article 1(4)	Section 1.6			
Article 1(5)			Article 2	
Article 2(1)	Appendix 2			
Article 2(2)	Section 6.4.2			
Article 2(3)	Appendix 2			
Article 2(4)	Section 5.2.1, Appendix 2			
Article 2(5)	Appendix 2			
Article 2(6)	Annex II, Section II			
Article 2(7)	Appendix 2			
Article 2(8)	Section 3.1.1.2			
Article 2(9)	Appendix 2			
Article 2(10)				
Article 2(11)	Appendix 2			
Article 2(12)				
Article 2(13)	Section 6.2.2.1			
Article 2(14)	Appendix 2			
Article 2(15)	Appendix 2			
Article 2(16)	Section 6.6			
Article 2(17)	Appendix 2			
Article 2(18)	Appendix 2			
Article 2(19)	Annex II, Point 20			
Article 2(20)	Appendix 2			
Article 2(21)	Appendix 2			
Article 2(22)	Appendix 2			
Article 2(23)				

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 2(24)	Appendix 2			
Article 2(25)				
Article 2(26)	Appendix 2			
Article 2(27)			Article 3(2)(b)(ii)(d)	
Article 2(28)			Article 10	
Article 2(29)	Appendix 2			
Article 2(30)	Section 4.1.3, Appendix 2			
Article 2(31)				
Article 2(32)				
Article 2(33)				
Article 2(34)	Appendix 2			
Article 2(35)				
Article 2(36)	Appendix 2			
Article 2(37)				
Article 2(38)	Section 5.1.1.3, Appendix 2			
Article 2(39)	Section 6.4.2			
Article 2(40)	Section 3.4.1, 3.4.2, Appendix 2			
Article 2(41)	Section 6.6.1			
Article 2(42)				
Article 2(43)				
Article 2(44)				
Article 2(45)	Appendix 2			
Article 2(46)	Appendix 2			
Article 2(47)				
Article 2(48)	Section 6.4.2			
Article 2(49)				
Article 2(50)	Appendix 2			
Article 2(51)	Appendix 2			
Article 2(52)	Appendix 2			
Article 2(53)	Appendix 2			

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 2(54)	Appendix 2			
Article 2(55)	Appendix 2			
Article 2(56)	Appendix 2			
Article 2(57)				
Article 2(58)	Appendix 2			
Article 2(59)				
Article 2(60)	Appendix 2			
Article 2(61)				
Article 2(62)				
Article 2(63)				
Article 2(64)	Section 5.1.5.4, Appendix 2			
Article 2(65)				
Article 2(66)	Appendix 2			
Article 2(67)	Appendix 2			
Article 2(68)				
Article 2(69)	Section 6.2.1.3			
Article 2(70)	Section 6.2.2			
Article 2(71)	Section 6.4.2			
Article 2(72)	Section 3.2.1, 3.2.2, Appendix 2			
Article 2(73)	Appendix 2			
Article 2(74)				
Article 2(75)				
Article 2(76)	Appendix 2			
Article 2(77)	Section 3.1.1.2, Appendix 2			
Article 2(78)	Appendix 2			
Article 2(79)	Appendix 2			
Article 2(80)	Section 3.1.1.1			
Article 2(81)	Appendix 2			
Article 2(82)	Appendix 2			
Article 2(83)	Appendix 2			

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 2(84)	Section 5.1.5.4, Appendix 2			
Article 2(85)				
Article 2(86)	Appendix 2			
Article 2(87)	Appendix 2			
Article 2(88)				
Article 2(89)	Section 3.4.3			
Article 2(90)				
Article 2(91)	Appendix 2			
Article 2(92)	Appendix 2			
Article 2(93)				
Article 2(94)	Appendix 2			
Article 2(95)				
Article 2(96)				
Article 2(97)	Box 7, Appendix 2			
Article 2(98)	Appendix 2			
Article 2(99)	Section 5.1.1.3, Appendix 2			
Article 2(100)				
Article 3(1)	Section 1.3			
Article 3(2)				
Article 4				
Article 5(1)	Preamble of Chapter 3			
Article 5(2)	Preamble of Chapter 3			
Article 5(3)	Preamble of Chapter 3, Section 1.3.3			
Article 5(4)	Preamble of Chapter 3, Section 1.3.3, Section 3.1.5			
Article 5(5)	Section 1.3.1			
Article 6(1)	Section 3.1.1.1			
Article 6(2)	Section 3.1.2			
Article 6(3)				
Article 6(4)				
Article 6(5)				

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 6(6)				
Article 7(1)	Section 3.1.1.1			
Article 7(2)	Section 3.1.3			
Article 7(3)				
Article 7(4)				
Article 7(5)				
Article 7(6)	Section 3.1.3			
Article 8(1)	Section 3.1.4			
Article 8(2)	Section 3.1.4			
Article 8(3)	Section 5.1.2.3, 5.2.5			
Article 8(4)	Section 3.1.4			
Article 9(1)	Section 3.1.5			
Article 9(2)	Section 3.1.5			
Article 9(3)	Section 3.1.4			
Article 10(1)				
Article 10(2)	Annex II			
Article 10(3)				
Article 10(4)				
Article 10(5)	Section 6.1			
Article 11(1)	Section 3.4.1			
Article 11(2)	Annex II			
Article 11(3)	Section 3.4.3			
Article 11(4)	Section 3.4.3			
Article 11(5)	Section 3.4.4			
Article 11(6)				
Article 12(1)	Section 3.5.1			
Article 12(2)	Section 3.5.2			
Article 12(3)				Article 1
Article 12(4)	Section 3.5.3			
Article 12(5)	Section 3.1.3			
Article 12(6)	Section 3.5			

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 12(7)				
Article 13(1)	Section 3.3.2			
Article 13(2)	Section 3.3.2			
Article 13(3)	Section 3.3.2			
Article 13(4)	Section 3.3.3			
Article 13(5)	Section 3.3.4			
Article 13(6)				
Article 14(1)	Section 3.2.2			
Article 14(2)	Section 3.2.3			
Article 14(3)	Section 3.2.4			
Article 14(4)				
Article 15(1)	Section 3.2, Section 5.1.4			
Article 15(2)				
Article 15(3)				
Article 16(1)	Section 2.3			
Article 16(2)	Section 2.3			
Article 17(1)	Appendix 2			
Article 17(2)				
Article 17(3)	Section 4.1.1, Section 4.2.1			
Article 17(4)	Section 4.1.5, Section 4.2.5			
Article 17(5)	Section 4.1.5			
Article 17(6)	Section 4.1.4			
Article 17(7)				
Article 18(1)	Section 4.1.1, Section 4.1.2			
Article 18(2)	Section 4.1.2			
Article 18(3)	Section 4.1.3			
Article 18(4)	Section 4.1.3			
Article 19(1)	Section 4.1.3			
Article 19(2)				
Article 19(3)				
Article 19(4)				

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 19(5)	Section 4.1.3			
Article 19(6)	Section 4.1.3			
Article 20(1)	Section 4.1.4			
Article 20(2)	Section 4.1.4			
Article 20(3)				
Article 21(1)	Section 4.2.1			
Article 21(2)				Article 1
Article 21(3)	Section 4.2.2			
Article 21(4)	Section 4.2.3			
Article 22(1)	Section 4.2.3			
Article 22(2)	Section 4.2.3			
Article 22(3)	Section 4.2.3			
Article 23(1)	Section 4.2.4			
Article 23(2)	Section 4.2.4			
Article 23(3)				
Article 24				
Article 25(1)	Section 5.1.1, Section 5.1.1.3			
Article 25(2)	Section 5.1.1, Section 5.1.2.3			
Article 25(3)	Section 5.1.1.3			
Article 26(1)	Section 5.1.1.1			
Article 26(2)	Section 5.1.1.1			
Article 26(3)	Section 5.1.1.1			
Article 26(4)	Section 5.1.1.1			
Article 27(1)	Section 5.1.1.2			
Article 27(2)	Section 5.1.1.2			
Article 27(3)	Section 5.1.1.2			
Article 27(4)	Section 5.1.1.2			
Article 28(1)	Section 5.1.2			
Article 28(2)	Section 5.1.2			
Article 28(3)	Section 5.1.2, Section 5.1.2.3			
Article 29(1)	Section 5.1.2.2-5.1.2.3			

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 29(2)	Section 5.1.2.2-5.1.2.3			
Article 30(1)	Section 5.1.3.			
Article 30(2)	Section 5.1.3.			
Article 30(3)				
Article 30(4)	Section 5.1.3.			
Article 30(5)	Section 5.1.3.			
Article 31(1)	Section 5.1.4			
Article 31(2)	Section 5.1.4			
Article 32(1)	Section 5.1.4			
Article 32(2)	Section 5.1.1.3			
Article 32(3)	Section 5.1.4			
Article 32(4)	Section 5.1.1.3			
Article 32(5)	Section 5.1.4			
Article 32(6)	Section 5.1.4			
Article 33(1)	Section 5.1.4			
Article 33(2)	Section 5.1.4			
Article 33(3)	Section 5.1.4			
Article 33(4)	Section 5.1.4			
Article 34(1)	Appendix 2			
Article 34(2)	Appendix 2			
Article 35(1)	Section 5.1.4			
Article 35(2)				
Article 35(3)				
Article 36(1)	Section 5.1.4			
Article 36(2)				
Article 36(3)				
Article 37(1)	Section 5.1.5.1			
Article 37(2)				
Article 38(1)	Section 5.1.5.2			
Article 38(2)	Section 5.1.5.2			
Article 39(1)	Section 5.1.5.2			

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 39(2)	Section 5.1.5.2			
Article 40(1)	Section 5.1.5.3			
Article 40(2)				
Article 41(1)	Section 5.1.5.3			
Article 41(2)				
Article 42	Section 5.1.5.4			
Article 43(1)	Section 5.1.6			
Article 43(2)	Section 5.1.6			
Article 43(3)	Section 5.1.6			
Article 43(4)				
Article 44(1)	Section 5.2.1			
Article 44(2)	Section 5.2.1			
Article 45(1)	Section 5.2.2			
Article 45(2)	Section 5.2.2			
Article 45(3)	Section 5.2.2			
Article 46(1)	Section 5.2.3			
Article 46(2)	Section 5.2.3			
Article 46(3)	Section 5.2.3			
Article 47(1)	Section 5.2.4			
Article 47(2)	Section 5.2.4			
Article 48(1)	Section 5.2.5			
Article 48(2)	Section 5.2.5			
Article 49(1)	Section 5.3.1			
Article 49(2)	Section 5.3.1			
Article 50(1)	Section 5.3.2			
Article 50(2)	Section 5.3.1			
Article 51(1)	Section 5.3.2			
Article 51(2)	Section 5.3.1			
Article 51(3)	Section 5.3.2			
Article 52(1)	Section 5.3.2			
Article 52(2)				

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 53(1)	Section 5.3.1			
Article 53(2)				
Article 54(1)	Section 7.4.2			
Article 54(2)				Article 2
Article 55	Section 2.1			
Article 56(1)	Section 2.1			
Article 56(2)	Section 2.1			
Article 56(3)	Section 2.1			
Article 56(4)	Section 2.1			
Article 57(1)				
Article 57(2)	Section 2.2			
Article 57(3)	Section 2.2, Appendix 3			
Article 57(4)	Section 2.2, Section 5.2.2			
Article 57(5)				
Article 58(1)	Section 1.5			
Article 58(2)	Section 1.5, Section 6.1			
Article 58(3)				
Article 58(4)	Section 6.4.2			
Article 58(5)	Section 6.1			
Article 58(6)	Section 6.2			
Article 59(1)	Section 6.2.1.2			
Article 59(2)	Section 6.1, Section 6.3.1			
Article 59(3)	Section 6.3.1			
Article 59(4)				
Article 59(5)	Section 6.3.1			
Article 59(6)	Section 6.3.1			
Article 59(7)	Section 6.3.1			
Article 60				
Article 61(1)	Section 6.2			
Article 61(2)	Section 6.3.2, Annex to ECB/2014/10			

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 62(1)	Section 6.2.1.1		Article 3(2)	
Article 62(2)			Article 3(2)	
Article 62(3)			Article 3(2)	
Article 63(1)			Article 3(2)	
Article 63(2)				
Article 63(3)	Section 6.2.1.1		Article 3(3)	
Article 63(4)			Article 3(4)	
Article 63(5)			Article 3(5)	
Article 64	Section 6.2.1.1			
Article 65	Section 6.2.1.8			
Article 66(1)	Section 6.2.1.3, ECB/2014/10			
Article 66(2)	Section 6.2.1.3			
Article 66(3)	Section 6.2.1.3			
Article 67(1)	Section 6.2.1.4, ECB/2014/10			
Article 67(2)				
Article 68(1)	Section 6.2.1.5, Annex to ECB/2014/10			
Article 68(2)	Section 6.2.1.5			
Article 68(3)	Section 6.2.1.5, Annex to ECB/2014/10			
Article 69(1)	Section 6.2.1.6			
Article 69(2)				
Article 70(1)	Section 6.2.1.7			
Article 70(2)				
Article 70(3)				
Article 70(4)				
Article 70(5)				
Article 70(6)				
Article 71				
Article 72	Section 6.2.1.1			
Article 73(1)	Section 6.2.1.1, ECB/2014/10			
Article 73(2)				

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 73(3)	Section 6.2.1.1			
Article 73(4)	Section 6.2.1.1			
Article 73(5)	Section 6.2.1.1			
Article 73(6)			Article 4	
Article 73(7)				
Article 74(1)	Section 6.2.1.1			
Article 74(2)	Section 6.2.1.1			
Article 74(3)				
Article 74(4)	Section 6.2.1.1			
Article 75(1)	Section 6.2.1.1			
Article 75(2)	Section 6.2.1.1			
Article 76(1)	Section 6.2.1.1			
Article 76(2)				
Article 77(1)	Section 6.2.1.1			
Article 77(2)				
Article 78(1)	Section 6.2.1.1			
Article 78(2)			Article 11	
Article 79	Section 6.2.1.1			
Article 80(1)	Section 6.2.1.1			
Article 80(2)				
Article 80(3)				
Article 80(4)				
Article 80(5)			Article 5(2)	
Article 81(1)	Section 6.2.1			
Article 81(2)				
Article 82(1)	Section 6.3.1		Article 6(2)	
Article 82(2)	Section 6.3.1			
Article 83			Article 1	
Article 84			Article 1	
Article 85				
Article 86				

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 87(1)	Section 6.3.2			
Article 87(2)				
Article 87(3)	Section 6.3.2			
Article 88(1)	Section 6.3.1			
Article 88(2)				
Article 89(1)	Section 6.2.2.1			
Article 89(2)				
Article 89(3)				
Article 89(4)				
Article 89(5)				
Article 90	Section 6.2.2.1			
Article 91	Section 6.2.2.1			
Article 92	Section 6.2.2.1			
Article 93	Section 6.2.2.1			
Article 94	Section 6.2.2.1			
Article 95(1)	Section 6.2.2.1			
Article 95(2)	Section 6.2.2.1			
Article 96(1)	Section 6.2.2.1			
Article 96(2)				
Article 96(3)				
Article 97	Section 6.2.2.1			
Article 98	Section 6.2.2.1			
Article 99(1)	Section 6.2.3.1			
Article 99(2)				
Article 100	Appendix 7			
Article 101(1)	Appendix 7			
Article 101(2)	Appendix 7			
Article 102	Appendix 7			
Article 103(1)	Appendix 7			
Article 103(2)	Appendix 7			
Article 103(3)				

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 104(1)	Appendix 7			
Article 104(2)	Appendix 7			
Article 104(3)				
Article 104(4)				
Article 105				
Article 106	Section 6.2.2			
Article 107(1)	Section 6.2.2.2			
Article 107(2)	Section 6.2.2.2			
Article 107(3)	Section 6.2.2.2			
Article 107(4)	Section 6.2.2.2			
Article 107(5)	Section 6.2.2.2			
Article 107(6)	Section 6.2.2.2			
Article 107(7)	Section 6.2.2.2			
Article 108	Section 6.3.1, Section 6.2.2.1, Section 6.3.3.2			
Article 109(1)	Section 6.3.3.1			
Article 109(2)	Section 6.3.3.1			
Article 109(3)	Section 6.3.3.1			
Article 110(1)	Section 6.3.3.1			
Article 110(2)	Section 6.3.3.1			
Article 110(3)	Section 6.3.3.1			
Article 110(4)	Section 6.3.3.1			
Article 110(5)				
Article 110(6)				
Article 110(7)	Section 6.3.3.1			
Article 111(1)	Section 6.3.3.1			
Article 111(2)	Section 6.3.3.1			
Article 112	Section 6.3.3.2			
Article 113(1)	Section 6.3.2			
Article 113(2)				
Article 113(3)				

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 114(1)	Section 6.3.2, section 6.3.3.1			
Article 114(2)	Section 6.3.3.1			
Article 114(3)	Section 6.3.2, section 6.3.3.1			
Article 114(4)	Sections 6.3.2, section 6.3.3.1			
Article 114(5)	Section 6.3.2, section 6.3.3.1			
Article 115	Section 6.3.2, section 6.3.3.1			
Article 116	Section 6.2.1.2, section 6.2.2.1			
Article 117	Section 6.2.1.6, section 6.2.2.1			
Article 118(1)				
Article 119(1)	Section 6.3.1			
Article 119(2)	Section 6.3.4.1, Section 6.3.4			
Article 119(3)				
Article 119(4)	Section 6.3.4			
Article 119(5)	Section 6.3.5			
Article 120(1)				
Article 120(2)				
Article 120(3)				
Article 121(1)	Section 6.3.4.2			
Article 121(2)				
Article 121(3)				
Article 121(4)				
Article 122(1)	Section 6.3.4.3			
Article 122(2)				
Article 122(3)	Section 6.3.4.3			
Article 122(4)				
Article 122(5)				
Article 123(1)				
Article 123(2)				
Article 123(3)				
Article 123(4)				
Article 124(1)	Section 6.3.4.4			

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 124(2)				
Article 124(3)				
Article 124(4)	Section 6.3.4.4			
Article 124(5)	Section 6.3.4.4			
Article 125				
Article 126(1)	Section 6.3.5			
Article 126(2)	Section 6.3.5			
Article 126(3)				
Article 126(4)				
Article 126(5)				
Article 127(1)	Section 6.4.1			
Article 127(2)	Section 6.4.1			
Article 127(3)	Section 6.4.1			
Article 128(1)	Section 6.4.1			
Article 128(2)	Section 6.4.1			
Article 129(1)	Section 6.4.2		Article 8(1)	
Article 129(2)	Section 6.4.2			
Article 130(1)	Section 6.4.2		Article 8(2)	
Article 130(2)			Article 8(3)	
Article 130(3)	Section 6.4.2			
Article 130(4)			Article 8(4)	
Article 130(5)	Section 6.4.2			
Article 130(6)	Section 6.4.2			
Article 130(7)	Section 6.4.2			
Article 130(8)	Section 6.4.2			
Article 131(1)	Section 6.4.3.1		Article 8(5)	
Article 131(2)	Section 6.4.3.1			
Article 131(3)	Section 6.4.3.1			
Article 132			Article 8(6)	
Article 133	Section 6.4.3.3			

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 134	Section 6.5, Section 6.5.1			
Article 135	Section 6.5.2			
Article 136(1)	Section 6.4.2			
Article 136(2)	Section 6.4.2			
Article 136(3)	Section 6.4.2			
Article 136(4)				
Article 137(1)	Section 6.7			
Article 137(2)	Section 6.7			
Article 137(3)	Section 6.7			
Article 138(1)	Section 6.2.3.2			
Article 138(2)				
Article 138(3)	Section 6.2.3.2			
Article 139(1)		Article 1(1)		
Article 139(2)				
Article 140	Section 6.3.2.3			
Article 141(1)	Section 6.4.2			
Article 141(2)				
Article 141(3)	Section 6.2.3.2			
Article 142(1)				
Article 142(2)				
Article 142(3)				
Article 142(4)				
Article 143(1)				
Article 143(2)	Section 6.2.3.2			
Article 143(3)				
Article 144	Section 6.2.3			
Article 145(1)	Section 6.2.3.2			
Article 145(2)	Section 6.2.3.2			
Article 145(3)	Section 6.2.3.2			
Article 145(4)	Appendix 6			
Article 146				

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 147	Section 6.2.3.2			
Article 148(1)	Section 6.6			
Article 148(2)	Section 6.6			
Article 148(3)	Section 6.6.1			
Article 148(4)				
Article 148(5)				
Article 148(6)				
Article 149(1)	Section 6.6			
Article 149(2)	Section 6.6, Section 6.6.2			
Article 150(1)	Section 6.6.2			
Article 150(2)	Section 6.2.1.4, Section 6.6.2, ECB/2014/10			
Article 150(3)				
Article 150(4)	Section 6.6.2			
Article 150(5)	Section 6.6.2			
Article 150(6)				
Article 151(1)	ECB/2014/10			
Article 151(2)	ECB/2014/10			
Article 151(3)	ECB/2014/10			
Article 151(4)	ECB/2014/10			
Article 152(1)	Annex to ECB/2014/10			
Article 152(2)				
Article 152(3)				
Article 153(1)	Section 2.3			
Article 153(2)				
Article 154(1)	Section 2.3			
Article 154(2)				
Article 155	Appendix 6			
Article 156(1)	Appendix 6			
Article 156(2)	Appendix 6			
Article 156(3)	Appendix 6			

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 156(4)	Appendix 6			
Article 156(5)	Appendix 6, Section 2.3			
Article 156(6)	Appendix 6			
Article 157	Section 2.3			
Article 158(1)	Section 2.4.1, Section 6.3.1		Article 9(2)	
Article 158(2)	Section 6.3.1			
Article 158(3)	Section 2.4.2			
Article 158(4)	Section 2.4.3			
Article 159(1)	Section 6.3.1			
Article 159(2)	Section 6.3.1			
Article 159(3)	Section 6.3.1			
Article 159(4)	Section 6.3.1			
Article 160				
Article 161(1)	Annex II, Section I			
Article 161(2)	Annex II, Section I			
Article 162	Annex II, Section I			
Article 163	Annex II, Section I			
Article 164	Annex II, Section I			
Article 165(1)	Annex II, Section I			
Article 165(2)	Annex II, Section I			
Article 166(1)			Article 9(2)	
Article 166(2)			Article 9(3)	
Article 166(3)			Article 9(4)	
Article 166(4)			Article 9(5)	
Article 166(5)			Article 9(6)	
Article 167	Annex II, Section I			
Article 168(1)	Annex II, Section I			
Article 168(2)	Annex II, Section I			
Article 169(1)	Annex II, Section I			
Article 169(2)	Annex II, Section I			
Article 170	Annex II, Section I			

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 171	Annex II, Section I			
Article 172	Annex II, Section II			
Article 173	Annex II, Section II			
Article 174(1)	Section 3.1.1.3			
Article 174(2)				
Article 174(3)				
Article 175	Annex II, Section II			
Article 176(1)	Annex II, Section II			
Article 176(2)	Annex II, Section II			
Article 176(3)				
Article 177(1)	Annex II, Section II			
Article 177(2)	Annex II, Section II			
Article 177(3)	Annex II, Section II			
Article 178	Annex II, Section II			
Article 179	Annex II, Section II			
Article 180	Section 3.1.1.2			
Article 181(1)	Section 4.1.2			
Article 181(2)	Annex II, Section II			
Article 181(3)	Annex II, Section II			
Article 182	Annex II, Section II			
Article 183	Annex II, Section III			
Article 184	Annex II, Section III			
Article 185	Annex II, Section III			
Article 186(1)	Annex II, Section III			
Article 186(2)	Annex II, Section III			
Article 187	Section 3.4.2			
Article 188				
Article 189	Section 1.4			
Article 190(1)				
Article 190(2)				

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Article 191(1)				
Article 191(2)				
Article 191(3)				
Article 192				
Annex I Introduction	Section 7.1			
Annex I 1	Section 7.1			
Annex I 2	Section 7.1			
Annex I 3	Section 1.3.3, Section 7.2			
Annex I 4				
Annex I 5				
Annex I 6	Section 7.2			
Annex I 7				
Annex I 8	Section 1.3.3, Section 7.3.1			
Annex I 9	Section 7.3.1			
Annex I 10				
Annex I 11				
Annex I 12	Section 1.3.3, Section 7.4.3			
Annex I 13	Section 7.6			
Annex II	Section 5.1.3			
Annex III	Section 5.1.5.1			
Annex IV	Section 5.1.6			
Annex V	Annex I, Appendix 3			
Annex VI I.1	Section 6.6.1			
Annex VI I.2				
Annex VI I.(3)				
Annex VI I.4	Section 6.6.1			
Annex VI I.5	Section 6.6.1			
Annex VI II.1	Section 6.6.2			
Annex VI II.2	Section 6.6.2			
Annex VI III	ECB/2014/10			

This Guideline	Guideline ECB/2011/14	Decision ECB/2013/6	Decision ECB/2013/35	Decision ECB/2014/23
Annex VI IV	ECB/2014/10			
Annex VII I.1	Section 2.3, Appendix 6, Section 1			
Annex VII I.2	Appendix 6, Section 1			
Annex VII I.3	Appendix 6, Section 1			
Annex VII I.4				
Annex VII I.5				
Annex VII I.6				
Annex VII I.7	Appendix 6, Section 1			
Annex VII I.8	Appendix 6, Section 1			
Annex VII II	Appendix 6, Section 2.1			
Annex VIII I.1	Annex I, Appendix 8			
Annex VIII I.2	Annex I, Appendix 8			
Annex VIII I.3	Annex I, Appendix 8			
Annex VIII I.4				
Annex VIII II.1	Appendix 8			
Annex VIII II.2				
Annex VIII II.3	Appendix 8			
Annex VIII II.4	Appendix 8			
Annex VIII III.1	Appendix 8			
Annex VIII III.2	Appendix 8			
Annex VIII III.3	Appendix 8			
Annex VIII III.4	Appendix 8			
Annex IX	Section 6.3.5			
Annex X			Annex I, Annex II	
Annex XI				
Annex XII				
Annex XIII				
Annex XIV				

ANNEX XIV

REPEALED GUIDELINE WITH LIST OF ITS SUCCESSIVE AMENDMENTS

Guideline ECB/2011/14 (OJ L 331, 14.12.2011, p. 1).

Guideline ECB/2012/25 (OJ L 359, 29.12.2012, p. 74).

Guideline ECB/2014/10 (OJ L 166, 5.6.2014, p. 33).

Decision ECB/2013/6 (OJ L 95, 5.4.2013, p. 22).

Decision ECB/2013/35 (OJ L 301, 12.11.2013, p. 6).

Decision ECB/2014/23 (OJ L 168, 7.6.2014, p. 115).

ISSN 1977-0677 (electronic edition)
ISSN 1725-2555 (paper edition)

Publications Office of the European Union
2985 Luxembourg
LUXEMBOURG

EN