



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Documentation on Monetary Policy Instruments and Procedures

30 March 2026

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# OVERVIEW

This Bank Documentation on Monetary Policy Instruments and Procedures, as the same may be amended, varied, or supplemented from time to time (the 'Bank Document' or 'this Document'), contains terms and conditions applicable to counterparties in respect of monetary policy operations with the Central Bank of Ireland (the 'Bank').

Counterparties should also take note of any legally binding Decisions adopted by the Governing Council of the ECB that relate to monetary policy operations and ECB press releases for general updates on changes to instruments, conditions, criteria or procedures in relation to Eurosystem monetary policy operations.

This Document should be read in conjunction with any supplements published on the Bank's website from time to time.

## Introduction

- (1) 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 a uniform manner across NCBs. In accordance with Article 14.3 of the Statute of the ESCB, the NCBs have an obligation to act in accordance with such guidelines.
- (2) Guideline ECB/2014/60<sup>1</sup> (the 'General Documentation Guideline') sets down applicable rules in respect of the implementation of the Eurosystem monetary policy framework. The rules laid down in the General Documentation Guideline are implemented by the Bank in this Document and the collateral mobilisation agreements, as defined herein. The Bank's counterparties are required to comply with this Document and any collateral mobilisation agreement to which they are party.
- (3) This Document shall take effect from 30 March 2026 and shall replace the version of this Document dated 16 June 2025.

## Principles

The terms and conditions that follow in Part One to Part Eight of this Document are based on a number of guiding principles which are outlined below:

- (1) 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.

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

- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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<sup>2</sup> and Regulation (EC) No 1745/2003 of the European Central Bank (ECB/2003/9)<sup>3</sup>.
- (6) 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.
- (7) 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.
- (8) 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.
- (9) 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.

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<sup>2</sup> Council Regulation (EC) No 2531/98 of 23 November 1998 concerning the application of minimum reserves by the European Central Bank (OJ L 318, 27.11.1988, p. 1).

<sup>3</sup> 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).

- (10) Structural operations may be carried out whenever the structural position of the Eurosystem needs to be adjusted with regard to the financial sector.
- (11) 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.
- (12) 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.
- (13) 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.
- (14) 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 the General Documentation 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.
- (15) Intraday credit is provided by the Eurosystem to even out mismatches in payment settlements. As laid down in Article 11 of Part II of Annex I of Guideline (EU) 2022/912 (ECB/2022/8)<sup>4</sup>, 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.
- (16) 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 (ECAAF) rules.
- (17) 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<sup>5</sup>, Regulation (EC) No 2157/1999 of the European Central Bank (ECB/1999/4)<sup>6</sup>, 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.

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<sup>4</sup> Guideline (EU) 2022/912 of the European Central Bank of 24 February 2022 on a new-generation Trans-European Automated Real-time Gross Settlement Express Transfer system (TARGET) and repealing Guideline ECB/2012/27 (ECB/2022/8) (OJ L 163, 17.6.2022, p. 84)

<sup>5</sup> 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).

<sup>6</sup> Regulation (EC) No 2157/1999 of the European Central Bank 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).

- (18) 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 the General Documentation Guideline, the Eurosystem can impose financial penalties or suspend counterparties' participation in open market operations or standing facilities.
- (19) 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.

# PART ONE

## Subject Matter, Scope, Amendment and Definitions

### Article 1

#### Subject matter, scope and amendment

1. The General Documentation Guideline sets out uniform rules for the implementation of the single monetary policy by the Eurosystem throughout the Member States whose currency is the euro. Rules on the mobilisation and management of collateral are laid down in Guideline (EU) 2024/3129 of the European Central Bank (ECB/2024/22)<sup>7</sup>.
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 the General Documentation Guideline.
3. The legal relationship between the Bank and its counterparties shall be laid down in the MPIPs Agreement, this Document, the collateral mobilisation agreement(s) and any other relevant contractual arrangements entered into between the Bank and its counterparties.
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. The Bank may introduce amendments to this Document to reflect any such decisions of the Governing Council and/or any other amendments deemed necessary by the Bank that are consistent with the General Documentation Guideline. Where amendments to this Document are required, the Bank shall provide counterparties with notice of the relevant amendments and the date from which any such amendments shall apply.
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 Document, 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 an entity that is established in a Member State whose currency is the euro and that either engages in certain common-good activities carried out at national or regional level or serves their

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<sup>7</sup> Guideline (EU) 2024/3129 of the European Central Bank of 13 August 2024 on the management of collateral in Eurosystem credit operations (ECB/2024/22) (OJ L, 2024/3129, 20.12.2024, ELI: <http://data.europa.eu/eli/guideline/2024/3129/oj>).

funding needs, and which the Eurosystem has classified as an agency. The list of entities classified as agencies shall be published on the ECB's website and shall specify whether the quantitative criteria for valuation haircut purposes set out in Annex XIIa are met in respect of each entity;

- (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) 'Bank business day' means any day on which the Bank is open for the purpose of conducting Eurosystem monetary policy operations; this will be any day other than Saturdays, Sundays, New Year's Day, Good Friday, Easter Monday, 1 May, Christmas Day and 26 December and any other days as notified by the Bank to the counterparty from time to time;
- (5) 'bilateral procedure' means a procedure whereby the Bank or, if appropriate, the ECB conduct outright transactions directly with one or more counterparties, or through stock exchanges or market agents, without making use of tender procedures;
- (6) '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;
- (7) 'business day' means: (a) in relation to an obligation to make a payment, any day on which TARGET-Ireland 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;
- (8) 'central securities depository' (CSD) means a central securities depository as defined in point (1) of Article 2(1) of Regulation (EU) No 909/2014 of the European Parliament and of the Council<sup>8</sup>;
- (9) 'climate factor' means an adjustment that may be applied to the value assigned to marketable assets issued by certain non-financial corporations and their respective corporate issuer groups that are mobilised as collateral in Eurosystem credit operations in order to mitigate the potential financial impact of climate transition-related uncertainties;
- (10) 'collateral mobilisation agreement' means each of the following:
  - (a) the framework agreement in respect of Eurosystem operations secured over collateral pool assets and related deed of charge;
  - (b) [Point (b) has been deleted.]

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<sup>8</sup> Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).

- (c) [Point (c) has been deleted.]
- (d) any other contractual agreements as notified by the Bank to counterparties, the form of each such agreement being notified to counterparties and any notification for this purpose may occur through publication on the Bank’s website;
- (11) ‘collateralised loan’ means an arrangement between the Bank 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 Bank in the form of a charge granted over assets;
- (12) ‘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 the Bank in order to absorb liquidity from the market;
- (13) ‘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, including the ECB with regard to the tasks conferred on it by Council Regulation (EU) No 1024/2013<sup>9</sup>;
- (14) ‘corporate issuer group’ means, for the purpose of the climate factor, a group of undertakings that operate as a single economic entity and constitute a reporting entity for the purposes of presenting consolidated accounts, comprising the parent undertaking and all of its direct and indirect subsidiaries;
- (15) ‘counterparty’ means an institution established in Ireland fulfilling the eligibility criteria laid down in Part Three entitling it to access the Eurosystem’s monetary policy operations through the Bank;
- (16) ‘covered bond’ means a debt instrument that is 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;
- (17) ‘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;
- (18) ‘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<sup>10</sup> and point (1) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council<sup>11</sup>, which is either subject to supervision by a competent authority or is 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;

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<sup>9</sup> Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

<sup>10</sup> 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, 27.06.2013, p. 338).

<sup>11</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.06.2013, p. 1).

- (19) '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<sup>12</sup>;
- (20) 'cross-border use' means the submission, as collateral, by a counterparty to the Bank 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 Ireland;
  - (c) credit claims where the credit claim agreement is governed by the laws of a Member State whose currency is the euro other than Ireland;
  - (d) [Point (d) has been deleted.]
  - (e) [Point (e) has been deleted.]
- (21) '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;
- (22) '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 Bank 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 Bank 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 Bank;
- (23) 'deposit facility' means a standing facility offered by the Eurosystem which counterparties may use to make overnight deposits at the Eurosystem through the Bank, which are remunerated at a pre-specified interest rate;
- (24) 'deposit facility rate' means the interest rate applied to the deposit facility;
- (25) 'domestic use' means the submission, as collateral, by a counterparty of:
- (a) marketable assets issued and held in Ireland;

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<sup>12</sup> 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).

- (b) credit claims where the credit claim agreement is governed by the laws of Ireland;
- (26) ‘ECONS credit’ means credit provided within contingency processing as referred to in point 2.3 and point 3.2 of Appendix IV to Annex I to Guideline (EU) 2022/912 of the European Central Bank (ECB/2022/8);
- (27) ‘EEA legislative covered bond’ means a covered bond which is issued in accordance with the requirements under Article 52(4) of Directive 2009/65/EC of the European Parliament and of the Council<sup>13</sup>;
- (28) ‘eligible assets’ means assets that fulfil the criteria laid down in Part Four and are accordingly eligible as collateral for Eurosystem credit operations;
- (29) ‘eligible link’ means an eligible link as defined in Article 2, point (26), of Guideline (EU) 2024/3129 (ECB/2024/22);
- (30) ‘eligible securities settlement system’ (eligible SSS) means an eligible SSS as defined in Article 2, point (27), of Guideline (EU) 2024/3129 (ECB/2024/22);
- (31) ‘end-of-day’ means the time of the business day following closure of TARGET-Ireland at which the payments processed in TARGET-Ireland are finalised for the day;
- (32) ‘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);
- (33) ‘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;
- (34) ‘Eurosystem’ means the ECB and the NCBs;
- (35) ‘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;
- (36) ‘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; (b) intraday credit; and (c) ECONS credit;
- (37) ‘Eurosystem monetary policy operations’ means open market operations and standing facilities;
- (38) ‘final transfer’ means an irrevocable and unconditional transfer which effects the discharge of the obligation to make the transfer;
- (39) ‘financial corporation’ means a financial corporation as defined in Annex A to Regulation (EU) No 549/2013 of the European Parliament and of the Council<sup>14</sup>;

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

<sup>14</sup> Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (ESA 2010) (OJ L 174, 26.6.2013, p. 1).

- (40) ‘fine-tuning operations’ means a category of open market operations executed by the Eurosystem, particularly to deal with liquidity fluctuations in the market;
- (41) ‘fixed coupons’ means debt instruments with a predetermined periodic interest payment;
- (42) ‘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;
- (43) ‘fixed-term deposit’ means a deposit placed on account with the Bank in the manner described in Article 12 of this Document;
- (44) ‘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;
- (45) ‘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;
- (46) ‘home NCB’ means the NCB of the Member State whose currency is the euro in which the counterparty is established, and for the purposes of counterparties of the Bank, ‘home NCB’ means the Bank;
- (47) ‘indicative calendar for the Eurosystem’s regular tender operations’ means a calendar prepared by the Eurosystem that 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;
- (48) ‘in-kind recapitalisation with public debt instruments’ means any form of increase in the subscribed capital of a credit institution where all or part of the consideration is provided through a direct placement with the credit institution of sovereign or public sector debt instruments that have been issued by the sovereign state or public sector entity providing the new capital to the credit institution;
- (49) ‘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;
- (50) ‘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;
- (51) ‘international securities identification number’ (ISIN) means the international identification code assigned to securities issued in financial markets;
- (52) ‘intraday credit’ means intraday credit as defined in Article 2, point (35), of Guideline (EU) 2022/912 (ECB/2022/8), in conjunction with point (35) of Annex III to that Guideline;
- (53) ‘investment firm’ means an investment firm within the meaning of point (2) of Article 4(1) of Regulation (EU) No 575/2013;
- (54) ‘investment fund’ means money market funds (MMFs) or non money market funds (non MMFs) as defined in Annex A to Regulation (EU) 549/2013;
- (55) ‘Ireland’ means the Republic of Ireland and shall not encompass Northern Ireland;

- (56) ‘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;
- (57) ‘legislative covered bond’ means a covered bond which is either an EEA legislative covered bond or a non-EEA G10 legislative covered bond;
- (58) ‘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;
- (59) ‘loan-level data repository’ means a securitisation repository within the meaning of Article 2, point (23), of Regulation (EU) 2017/2402 of the European Parliament and of the Council<sup>15</sup>, which is registered with the European Securities and Markets Authority (ESMA) pursuant to Article 10 of that Regulation;
- (60) ‘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;
- (61) ‘main refinancing operations’ (MROs) means a category of regular open market operations that are executed by the Eurosystem in the form of reverse transactions;
- (62) ‘maintenance period’ has the same meaning as defined in Regulation (EU) 2021/378 of the European Central Bank (ECB/2021/1)<sup>16</sup>;
- (63) ‘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 (under-collateralisation), the Eurosystem requires the counterparty to supply additional eligible assets or cash;
- (64) ‘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;
- (65) ‘marginal lending facility’ means a standing facility offered by the Eurosystem which counterparties may use to receive overnight credit from the Eurosystem through the Bank at a pre-specified interest rate subject to a requirement for sufficient eligible assets as collateral;
- (66) ‘marginal lending facility rate’ means the interest rate applied to the marginal lending facility;
- (67) ‘marginal swap point quotation’ means the swap point quotation at which the total tender allotment is exhausted;

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<sup>15</sup> Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35, ELI: <http://data.europa.eu/eli/reg/2017/2402/oj>).

<sup>16</sup> Regulation (EU) 2021/378 of the European Central Bank of 22 January 2021 on the application of minimum reserve requirements (ECB/2021/1) (OJ L 73, 3.3.2021, p. 1).

- (68) ‘marketable assets’ means debt instruments that are admitted to trading on a market and that fulfill the eligibility criteria laid down in Part Four;
- (69) ‘maturity date’ or ‘scheduled 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;
- (70) ‘Member State’ means a member state of the Union;
- (71) ‘MPIPs Agreement’ means the agreement in respect of Eurosystem monetary policy instruments and procedures, a template version of which is published on the Bank’s website;
- (72) ‘*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;
- (73) ‘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;
- (74) ‘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;
- (75) ‘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;
- (76) ‘national central bank’ (NCB) means a national central bank of a Member State whose currency is the euro;
- (77) ‘non-EEA G10 countries’ means the countries participating in the Group of Ten (G10) that are not EEA countries, i.e. Canada, Japan, Switzerland, the United Kingdom and the United States;
- (78) ‘non-EEA G10 legislative covered bond’ means a covered bond issued in accordance with the requirements of the national covered bond legislative framework of a non-EEA G10 country;
- (79) ‘non-financial corporation’ has the same meaning as in Regulation (EU) No 549/2013;
- (80) ‘non-marketable asset’ means any of the following assets: fixed-term deposits and credit claims;
- (81) ‘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;
- (82) ‘pooling’ means pooling as defined in Article 2, point (44), of Guideline (EU) 2024/3129 (ECB/2024/22);
- (83) ‘public credit rating’ means a credit rating which is: (a) issued or endorsed by a credit rating agency registered in the Union that is accepted as an external credit assessment institution by the Eurosystem; and (b) disclosed publicly or distributed by subscription;

- (84) ‘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;
- (85) ‘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;
- (86) ‘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;
- (87) ‘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;
- (88) ‘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;
- (89) ‘residual value risk’ means the risk that arises in relation to a payment under a cash-flow generating asset in any of the following cases:
- (a) the payment is structured so as to be systematically dependent on the sale or refinancing of the goods in question, without any further recourse to the obligor to cover any potential shortfall between the sale proceeds of the goods and the scheduled payments under the cash-flow generating asset, or any potential shortfall on those scheduled payments that arises from the failure to refinance the goods in full or in part;
  - (b) the obligor has the option, among others, to deliver the goods in full settlement of its payment obligations but has no obligation to cover any shortfall between the sale proceeds of the goods and the scheduled payments under the cash-flow generating asset, or any potential shortfall on those scheduled payments that arises from the failure to refinance the goods in full or in part;
  - (c) in the case of either (a) or (b), irrespective of the existence of any repurchase, guarantee or other obligation of a third party or transaction party to make either the scheduled payment or to cover any potential shortfall between the sale proceeds of the goods and the scheduled payments under the cash-flow generating asset, or any potential shortfall on those scheduled payments that arises from the failure to refinance the goods in full or in part;
- (90) ‘resolution authority’ means a resolution authority as defined in Article 2(1), point (18), of Directive 2014/59/EU of the European Parliament and of the Council<sup>17</sup> or the Single Resolution Board

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<sup>17</sup> Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190, ELI: <http://data.europa.eu/eli/dir/2014/59/oj>).

established in accordance with Article 42 of Regulation (EU) No 806/2014 of the European Parliament and of the Council<sup>18</sup>;

- (91) ‘reverse transaction’ means an instrument used in conducting open market operations and when providing access to the marginal lending facility whereby the Bank buys or sells eligible assets under a repurchase agreement or conducts credit operations in the form of collateralised loans;
- (92) ‘risk mitigation measure’ means any one of: (a) the imposition of a cap on the liquidity amount provided after the lifting of the limitation on access by the counterparty to Eurosystem monetary policy operations with a standard maturity of one week or shorter, including in cases where the indicative calendar for these operations provides for an exceptionally extended maturity; (b) the limitation on the mobilisation as collateral of retained mobilised ABS, and own-use covered bonds, as referred to in Article 3(5) and (2a) of Guideline (EU) 2016/65 of the European Central Bank (ECB/2015/35)<sup>19</sup>, respectively, or other assets deemed to be illiquid by the Eurosystem; and (c) the requirement to comply with additional own funds requirements as determined by the competent authority in accordance with Article 104(1), point (a), of Directive 2013/36/EU, in addition to compliance with the own funds requirements under Article 92 of Regulation (EU) No 575/2013;
- (93) ‘securities settlement system’ (SSS) means a securities settlement system as defined in point (10) of Article 2(1) of Regulation (EU) No 909/2014, which allows the transfer of securities, either free of payment (FOP), or against payment (delivery versus payment (DVP));
- (94) ‘settlement date’ means the date on which a transaction is settled;
- (95) ‘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;
- (96) ‘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;
- (97) ‘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;
- (98) ‘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;
- (99) ‘sustainability-linked bond issuer group’ means a group of undertakings that operate as a single economic entity and constitute a reporting entity for the purposes of presenting consolidated accounts, comprising the parent undertaking and all of its direct and indirect subsidiaries;

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<sup>18</sup> Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ L 225, 30.7.2014, p. 1 ELL: <http://data.europa.eu/eli/reg/2014/806/oj>).

<sup>19</sup> Guideline (EU) 2016/65 of the European Central Bank of 18 November 2015 on the valuation haircuts applied in the implementation of the Eurosystem monetary policy framework (ECB/2015/35) (OJ L 14, 21.1.2016, p. 30, ELL: <http://data.europa.eu/eli/guideline/2016/65/oj>).

- (100) ‘sustainability performance target’ (SPT) means a target set out in a publicly available issuance document, measuring quantified improvements in the sustainability profile of the issuer or of one or more undertakings belonging to the same sustainability-linked bond issuer group over a predefined period of time with reference to one or more of the environmental objectives set out in Regulation (EU) 2020/852 of the European Parliament and of the Council<sup>20</sup> and/or to one or more of the Sustainable Development Goals set by the United Nations relating to climate change or environmental degradation<sup>21</sup>
- (101) ‘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;
- (102) ‘tap issuance’ or ‘tap issue’ means an issue forming a single series with an earlier issuance or issue;
- (103) ‘TARGET’ means the new-generation Trans-European Automated Real-time Gross Settlement Express Transfer system, regulated under Guideline (EU) 2022/912 (ECB/2022/8);
- (104) ‘TARGET-Ireland’ means the real-time gross settlement system of the Bank that forms part of TARGET;
- (105) ‘TARGET-Ireland account’ means any account opened in TARGET-Ireland pursuant to Guideline (EU) 2022/912 (ECB/2022/8) and the TARGET-Ireland Terms and Conditions;
- (106) ‘TARGET-Ireland Terms and Conditions’ means the terms and conditions that govern the relationship between the Bank and its participants in TARGET-Ireland as published on the Bank’s website;
- (107) ‘tender procedure’ means a procedure whereby the Eurosystem provides liquidity to, or withdraws liquidity from, the market whereby the Bank enters into transactions by accepting bids submitted by counterparties after a public announcement;
- (108) ‘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);
- (109) ‘Union’ means the European Union;
- (110) ‘valuation haircut’ means a percentage decrease applied to the market value of an asset mobilised as collateral in Eurosystem credit operations;
- (111) ‘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;
- (112) ‘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;

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<sup>20</sup> Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

<sup>21</sup> Contained in the “2030 Agenda for Sustainable Development” adopted by the UN General Assembly on 25 September 2015.

- (113) ‘wind-down entity’ means an entity, whether privately or publicly owned, that (a) has as its main purpose the gradual divestment of its assets and the cessation of its business; or (b) is an asset management or divestment entity established to support financial sector restructuring and/or resolution, including asset management vehicles resulting from a resolution action in the form of the application of an asset separation tool pursuant to Article 26 of Regulation (EU) No 806/2014 of the European Parliament and of the Council or national legislation implementing Article 42 of Directive 2014/59/EU of the European Parliament and of the Council.
- (114) ‘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 (EU) 2021/378 (ECB/2021/1). 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**

Categories of the monetary policy operations		Types of instruments		Maturity	Frequency	Procedure
		Provision of liquidity	Absorption of liquidity			
Open market operations	Main refinancing operations	Reverse transactions	-	One week	Weekly	Standard tender procedures
	Longer-term refinancing operations	Reverse transactions	-	Three months (*)	Monthly (*)	Standard tender procedures
	Fine-tuning operations	Reverse transactions	Reverse transactions	Non-standardised	Non-standardised	Tender procedures
		Foreign exchange swaps	Foreign exchange swaps			
		-	Collection of fixed-term deposits			
	Structural operations	Reverse transactions	Reverse transactions	Non-standardised	Non-standardised	Standard tender procedures (**)
		-	Issuance of ECB debt certificates	Less than 12 months	Non-standardised	
Outright purchases		Outright sales	-	Non-standardised	Bilateral procedures (***) Tender procedures (****)	
Standing facilities	Marginal lending facility	Reverse transactions	-	Overnight	Access at the discretion of counterparties	
	Deposit facility	-	Deposits	Overnight	Access at the discretion of counterparties	

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

(\*\*) Pursuant to Article 9(2)(c), Article 10(3)(c) and Article 13(5)(d)

(\*\*\*) Procedures for bilateral outright transactions are communicated when needed

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

# 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 by the Bank;
  - (e) are executed by means of standard tender procedures;
  - (f) are subject to the eligibility criteria laid down in Part Three, 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 by the Bank;
  - (e) are executed by means of standard tender procedures;
  - (f) are subject to the eligibility criteria as laid down in Part Three, which must be fulfilled by all counterparties submitting bids for such operations;
  - (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. When the applicable interest rate is calculated as an average of an underlying reference rate over the life of the operation, it shall be calculated by rounding the average to at least the eighth decimal position.

## 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 is 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 means of a standard tender procedure in the light of specific monetary policy considerations or in order to react to market conditions;
  - (d) are executed by the Bank;
  - (e) are subject to the eligibility criteria for counterparties as laid down in Part Three, depending on:
    - (i) the specific type of instrument for conducting fine-tuning operations; and
    - (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 Bank business days, the Bank is not required to 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 by the Bank;
  - (e) are subject to the eligibility criteria for counterparties as laid down in Part Three, depending on: (i) the specific type of instrument for conducting structural operations; and (ii) the applicable procedure for that specific type of instrument;
  - (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 the Bank buys or sells eligible assets under a repurchase agreement or conducts credit operations in the form of collateralised loans in accordance with this Document and the relevant collateral mobilisation agreement(s). The Bank does not currently conduct open market operations by way of repurchase agreements.
2. Liquidity-providing reverse transactions shall be based on eligible assets as collateral, pursuant to Part Four.
3. As regards their operational features, reverse transactions for monetary policy purposes:
  - (a) may be conducted either as liquidity-providing or liquidity-absorbing operations;
  - (b) have a frequency and maturity that depends on the category of open market operation for which they are used;
  - (c) that fall into the category open market operations are executed by means of standard tender procedures, with the exception of fine-tuning operations, where they are executed by means of tender procedures;
  - (d) that fall into the category marginal lending facility are executed as described in Article 18;
  - (e) are executed by the Bank.
4. 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 or climate factors 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 terms and conditions notified to counterparties by the Bank and any such notification may include publication on the Bank's website.
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, unless the Eurosystem decides to conduct the specific operation by means of a standard tender procedure, in the light of specific monetary policy considerations or in order to react to market conditions;
  - (d) are executed by the Bank.
6. Counterparties participating in foreign exchange swaps for monetary policy purposes shall be subject to the eligibility criteria as laid down in Part Three, depending on the applicable procedure for the relevant operation.

**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

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

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

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

$\Delta M$  = 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:

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

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

## Article 12

### Collection of fixed-term deposits

1. The Eurosystem may invite counterparties to place fixed-term deposits with the Bank.
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 Bank, including the right of the Bank to debit the account of the counterparty accordingly. The Bank shall not provide any collateral in exchange for the fixed-term deposits.
5. Fixed-term deposits shall be held in accounts with the Bank.
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 means of a standard tender procedure, in the light of specific monetary policy considerations or in order to react to market conditions;

(d) is executed by the Bank.

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

### *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 in book-entry form in a securities depository in a Member State whose currency is the euro. They shall be held in book-entry form.
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**

<p>The issue amount is:</p> $P_T = N \times \frac{1}{1 + \frac{r_I \times D}{36,000}}$ <p>where:</p> <p>N = nominal amount of the ECB debt certificate</p> <p><math>r_I</math> = interest rate (in %)</p> <p>D = maturity of the ECB debt certificate (in days)</p> <p><math>P_T</math> = issue amount of the ECB debt certificate</p>
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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 by the Bank.
6. Counterparties participating in the standard tender procedure for the issuance of ECB debt certificates shall be subject to the eligibility criteria as laid down in Part Three.

#### *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 by the Bank, unless the ECB's Governing Council decides that the ECB or one or more NCBs, acting as the ECB's operating arm, shall conduct the specific operation;
  - (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 as laid down 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; the value of the assets mobilised as collateral shall cover at all times the total outstanding amount of the liquidity-providing operation including the accrued interest during the term of the operation. If interest accrues at a positive rate, the applicable amount should be added on a daily basis to the total outstanding amount of the liquidity-providing operation and if it accrues at a negative rate, the applicable amount should be subtracted on a daily basis from the total outstanding amount of the liquidity-providing operation;
  - (c) when applicable as regards point (b), provide adequate collateralisation by way of corresponding margin calls by means of sufficient eligible assets or cash. The mobilisation of cash as collateral may also be initiated by the Bank in accordance with Article 11 of Guideline (EU) 2024/3129 (ECB/2024/22).
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 Bank shall grant access to the standing facilities offered by the Eurosystem at 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 Bank 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 8 of Regulation (EU) 2021/378 (ECB/2021/1). The ECB publishes on its website 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 the Bank at a pre-specified interest rate using eligible assets as collateral. Such use of the marginal lending facility may arise where credit advanced on an intraday basis is extended over-night.
2. The Bank shall provide liquidity under the marginal lending facility by means of collateralised loans in the manner provided for by this Document and the relevant collateral mobilisation agreement(s).
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 Bank 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 Bank where the transaction can be settled, notably in TARGET-Ireland, may access the marginal lending facility.
2. Access to the marginal lending facility shall be granted only on TARGET-Ireland business days with the exclusion of days on which TARGET-Ireland is not available at the end of the day due to a 'prolonged TARGET disruption over several business days' as referred to in Article 161a. 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 Bank.
3. If the Bank is not open for the purpose of conducting monetary policy operations on certain Eurosystem business days due to national bank holidays, the Bank 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. Counterparties may access the marginal lending facility after making a request to the Bank at the latest by 17:15 Irish time, the cut-off time for the use of standing facilities, pursuant to Appendix V to Annex I to Guideline (EU) 2022/912 (ECB/2022/8). On the last Eurosystem business day of a minimum reserve maintenance period, the deadline for requesting access to the marginal lending

facility shall occur 15 minutes later. Under exceptional circumstances, the Eurosystem may decide to apply later deadlines. 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 Bank pursuant to Article 18(4).

6. If at the end of a business day, the total balance on a counterparty's TARGET-Ireland accounts after finalisation of the end-of-day control procedures is negative, this negative balance shall automatically be considered as a request for recourse ('automatic request') 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 Bank 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. If an automatic request in the case of a counterparty whose access to Eurosystem monetary policy operations has been limited pursuant to Article 158 results in that counterparty exceeding the defined limit, sanctions in accordance with Articles 154 to 157 shall be applicable in respect of the amount by which the limit is exceeded.

### *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. The credit shall be repaid on the next day on which TARGET-Ireland is 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 Bank, 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 Bank 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 Bank where the transaction can be settled, notably in TARGET-Ireland, may access the deposit facility. Access to the deposit facility shall be granted only on TARGET-Ireland business days with the exclusion of the days on which TARGET-Ireland is not available at the end of the day due to a prolonged TARGET disruption over several business days as referred to in Article 161a.
2. Counterparties may access the deposit facility after making a request to the Bank at the latest by 17:15 Irish time, the cut-off time for the use of standing facilities, pursuant to Appendix V to Annex I to Guideline (EU) 2022/912 (ECB/2022/8). On the last Eurosystem business day of a minimum reserve maintenance period, the deadline for requesting access to the deposit facility shall occur 15 minutes later. Under exceptional circumstances, the Eurosystem may decide to apply later deadlines. The request for access to the deposit facility shall specify the amount to be deposited.

## Article 23

### Maturity and interest rate of the deposit facility

1. The maturity of deposits under the deposit facility shall be overnight. Deposits held under the deposit facility shall mature on the next day on which TARGET-Ireland 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 Bank, including the right of the Bank to debit the account of the counterparty accordingly.

## TITLE III

### Procedures for Eurosystem Monetary Policy Operations

#### CHAPTER 1

#### Tender and procedures for Eurosystem open market operations

## Article 24

### Types of procedures for open market operations

Open market operations shall be executed through tender 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) ECB public announcement (b) NCBs' public announcement and direct announcement 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 tender allotment decision (b) ECB public announcement of the allotment results
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 and the range of counterparties.

**Table 5a: Indicative time frame for standard and quick tender procedures (times are stated in Irish time)**

	Standard tender procedures		Quick tender procedures
	MRO	Regular LTRO	
Tender announcement	T-1 14:40	T-1 14:55	T hh:mm
Deadline for counterparties' submission of bids	T 8:30	T 9:00	+ 00:30
Announcement of tender results	T 10:30	T 11:00	+ 01:35
Settlement of transactions	T+1	T+1	T

T stands for 'trade day'.

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

### Article 26

#### Standard tender procedures

- 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.
- 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.
- 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.
- 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 websites of the ECB and of the Bank 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 Tuesday 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 Tuesday 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. The Bank will only

participate in such operations if the trade day, the settlement day and the reimbursement day are Bank business days.

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 publicly announced by the ECB in advance. In addition, the Bank may announce standard tender procedures publicly and directly to counterparties, if deemed necessary.
2. Quick tender procedures may be publicly announced by the ECB in advance. In quick tender procedures that are publicly announced in advance, the Bank 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 Bank.
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 Bank.
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 the Bank. The bids of an institution may only be submitted to the Bank by one establishment in Ireland 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 Bank for the relevant operation as notified to counterparties and such notification may occur through publication on the Bank's website.

### *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 Bank.
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, the Bank has set the minimum bid amount at 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. For tender procedures announced publicly, the time schedule for the submission of bids shall be detailed in the information provided in the public announcement of the tender procedure.
2. Bids submitted after the deadline shall not be considered and shall be treated as ineligible.
3. The Bank shall determine if a counterparty has complied with the deadline for the submission of bids.

#### *Article 36*

##### **Rejection of bids**

1. The Bank 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. The Bank may reject bids that are incomplete or do not follow the appropriate template as notified to counterparties in accordance with Article 31(4).
3. If the Bank decides to reject a bid, it shall inform the counterparty of such decision prior to the tender allotment. A new amended bid may only be accepted by the Bank if it is received prior to the specified deadline for the submission of bids and conforms with the appropriate template.

## 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. In addition, the Bank may announce the ECB's tender allotment decision publicly and directly to counterparties if it deems 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 Bank 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, containing Articles 44 to 48, inclusive, has been deleted reflecting the repeal of the equivalent section in the General Documentation Guideline by Guideline ECB/2022/17.]**

## 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 the Bank or on the accounts of another credit institution participating in TARGET.
2. Payment orders relating to the participation in open market liquidity-providing operations or use of the marginal lending facility shall only be settled after the final transfer of the eligible assets as collateral to the operation.

## 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 in accordance with the settlement procedures specified in Article 9 of Guideline (EU) 2024/3129 (ECB/2024/22). 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
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.

3. For the avoidance of doubt, settlement with regard to both the taking in and paying out of fixed-term deposits shall take place on the days specified in the ECB announcement made in respect of the relevant deposit operation.

## Article 51

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

1. The Bank shall endeavour to settle open market operations executed by means of standard tender procedures on the first day following the trade day on which TARGET-Ireland is 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 Bank 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. The netting of any amounts that may be payable in accordance with any such transactions shall be governed by the terms of this Document and the relevant collateral mobilisation agreement(s).

3. The issuance of ECB debt certificates shall be settled on the second day following the trade day on which TARGET-Ireland 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 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 and executed by means of bilateral procedures shall be settled through the Bank.

### *Article 53*

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

1. Counterparties shall be required to comply with any additional settlement procedures notified by the Bank to the counterparty. Without prejudice to the requirements laid down in this Chapter and in Guideline (EU) 2024/3129 (ECB/2024/22), additional provisions relating to settlement may be laid down in the contractual or regulatory arrangements applied by the Bank, or the ECB, for the specific monetary policy instrument.
2. The end-of-day procedures are specified in the documentation relating to the TARGET framework and in Guideline (EU) 2024/3129 (ECB/2024/22).

### *Article 54*

#### **Reserve holdings and excess reserves**

1. Pursuant to Article 3(1)(b) and (c) of Regulation (EU) 2021/378 (ECB/2021/1), a counterparty's settlement accounts with the Bank may be used as reserve accounts. Reserve holdings on settlement accounts may be used for intraday settlement purposes. The daily reserve holdings of a counterparty shall be calculated as the sum of the end-of-day balances on its reserve accounts. For the purposes of this Article, 'reserve accounts' shall have the same meaning as that in Regulation (EU) 2021/378 (ECB/2021/1).
2. Reserve holdings that comply with minimum reserve requirements pursuant to Regulation (EC) No 2531/98 and Regulation (EU) No 2021/378 (ECB/2021/1) shall be remunerated in accordance with Regulation (EU) 2021/378 (ECB/2021/1).

3. Reserve holdings that exceed the minimum reserves referred to in paragraph 2 shall be remunerated in accordance with Decision (EU) 2019/1743 of the European Central Bank (ECB/2019/31)<sup>22</sup>.

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<sup>22</sup> Decision (EU) 2019/1743 of the European Central Bank of 15 October 2019 on the remuneration of holdings of excess reserves and of certain deposits (ECB/2019/31) (OJ L267, 21.10.2019, p. 12).

## 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 following criteria:

- (a) They shall be subject to the Eurosystem's minimum reserve system pursuant to Article 19.1 of the Statute of the ESCB and shall not have been granted an exemption from their obligations under the Eurosystem's minimum reserve system pursuant to Regulation (EC) No 2531/98 and Regulation (EU) 2021/378 (ECB/2021/1)
- (b) They shall be one of the following:
  - (i) subject to at least one form of harmonised Union/EEA supervision by competent authorities in accordance with Directive 2013/36/EU and Regulation (EU) No 575/2013;
  - (ii) publicly-owned credit institutions, within the meaning of Article 123(2) of the Treaty, subject to supervision of a standard comparable to supervision by competent authorities under Directive 2013/36/EU and Regulation (EU) No 575/2013;
  - (iii) institutions subject to non-harmonised supervision by competent authorities of a standard comparable to harmonised Union/EEA supervision by competent authorities under Directive 2013/36/EU and Regulation (EU) No 575/2013, e.g. branches established in Member States whose currency is the euro of institutions incorporated outside the EEA. For the purpose of assessing an institution's eligibility to participate in Eurosystem monetary policy operations, as a rule, non-harmonised supervision shall be considered to be of a standard comparable to harmonised Union/EEA supervision by competent authorities under Directive 2013/36/EU and Regulation (EU) No 575/2013, if the relevant Basel III standards adopted by the Basel Committee on Banking Supervision are considered to have been implemented in the supervisory regime of a given jurisdiction.
- (c) They must be financially sound within the meaning of Article 55a;
- (d) They shall fulfil all operational requirements specified in the contractual or regulatory arrangements applied by the Bank or the ECB in respect of the specific instrument or operation. The Bank's operational requirements include:
  - (i) a requirement that counterparties execute the MPIPs Agreement;
  - (ii) a requirement that counterparties execute any collateral mobilisation agreement that is relevant for the purposes of a specific instrument or operation;

- (iii) a requirement that counterparties must have access to an account in TARGET enabling it to conduct transactions with the Bank; and
- (iv) any other requirements that may be notified to counterparties in this Document from time to time.

### *Article 55a*

#### **Assessment of the financial soundness of institutions**

1. In its assessment of the financial soundness of individual institutions for the purposes of this Article, the Eurosystem may take into account the following prudential information:
  - (a) quarterly information on capital, leverage and liquidity ratios reported under Regulation (EU) No 575/2013 on an individual and consolidated basis, in accordance with the supervisory requirements; or
  - (b) where applicable, prudential information of a standard comparable to information under point (a).
2. If such prudential information is not made available to the Bank and the ECB by the institutions's supervisor, either the Bank or the ECB may require the institution to make such information available. When such information is provided directly by an institution, the institution shall also submit an assessment of the information carried out by the relevant supervisor. An additional certification from an external auditor may also be required.
3. In the case of branches, the information reported under paragraph 1 shall relate to the institution to which the branch belongs.
4. As regards the assessment of the financial soundness of institutions that have been subject to in-kind recapitalisation with public debt instruments, the Eurosystem may take into account the methods used for and the role played by such in-kind recapitalisations, including the type and liquidity of such instruments and the market access of the issuer of such instruments, in ensuring the fulfilment of the capital ratios reported under Regulation (EU) No 575/2013.
5. A wind-down entity shall not be eligible to access Eurosystem monetary policy operations.

### *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 through the Bank to institutions established in Ireland fulfilling the eligibility criteria under Article 55.
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**

1. For open market operations executed by means of quick tender procedures, counterparties shall be selected in accordance with paragraphs 2 and 3.
2. For structural operations conducted by means of outright transactions that are executed by means of quick tender procedures, the eligibility criteria laid down in paragraph 3(b) shall apply.
3. For fine-tuning operations that are executed by means of quick tender 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 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 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 Bank 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, the Bank 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 Ireland. The selection shall be primarily based on the relevant institution's activity in the money market. Additional selection criteria may be applied by the Bank, such as the efficiency of the trading desk and the bidding potential.
4. [Paragraph 4 has been deleted.]

5. Without prejudice to paragraphs 1 to 3, open market operations executed by means of quick tender procedures may also be conducted with a broader range of counterparties than those indicated in paragraphs 2 to 3, 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 Document and shall manage such assets in accordance with Guideline (EU) 2024/3129 (ECB/2024/22).
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 Document, as outlined in Guideline (EU) 2022/912 (ECB/2022/8).
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 charge granted over the relevant assets, which takes the legal form of a collateralised loan,

in either case pursuant to this Document and the relevant collateral mobilisation agreement(s). As of the effective date of this Document, repurchase agreements are not used by the Bank and its counterparties in the mobilisation of eligible assets as collateral for Eurosystem credit operations.

4. In accordance with Article 3 of Guideline (EU) 2024/3129 (ECB/2024/22) and the relevant collateral mobilisation agreements, where counterparties provide eligible assets as collateral, the Bank shall use pooling to maintain these assets. Counterparties may substitute eligible assets within their collateral pools on a daily basis.
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's 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), 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 the three 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 day on which TARGET is operational. Marketable assets included on the list of eligible marketable assets become eligible for use in Eurosystem credit operations upon their publication on the list. As an exception to this rule, in the specific case of debt instruments with same-day value settlement, the Eurosystem may grant eligibility from the date of issue.
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 domestic inflation index reference rate for debt instruments in euro, pounds sterling, yen or US dollars. Linkage on a flat basis shall be understood as the compensating on a one-to-one basis for the inflation recorded in the domestic inflation index reference rate (but allowing for positive floors and/or ceilings).
2. Debt instruments that comply with paragraph 1, point (b), and whose coupon structure is as set out in Article 63(1), point (ba), shall have coupons indexed to the same domestic inflation index reference rate as the principal amount.
3. Assets with warrants or similar rights attached shall not be eligible.
4. In order to be eligible, debt instruments shall have a quantity expressed in face amount (FAMT).

## Article 63

### Acceptable coupon structures for marketable assets

1. In order to be eligible, debt instruments shall have one 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; or
  - (b) floating coupons that are not linked to an inflation index reference rate and have the following structure: coupon rate = (reference rate \* l) ± x, with  $f \leq \text{coupon rate} \leq c$ , where:
    - (i) in the case of euro-denominated debt instruments the reference rate is only one of the following at a single point in time:
      - a euro money market rate the use of which is permitted in the Union in accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council<sup>23</sup>, e.g. the euro short-term rate (€STR) (including compounded or averaged daily €STR), Euribor, or similar indices; for the first or/and the last coupon the reference rate can be a linear interpolation between two tenors of the same euro money market rate, e.g. a linear interpolation between two different tenors of Euribor;
      - 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;
    - (ia) in the case of debt instruments denominated in pounds sterling, yen or US dollars the reference rate is only one of the following at a single point in time:
      - a single money market rate, the use of which is permitted in the Union in accordance with Regulation (EU) 2016/1011 in their currency of denomination,
      - any other acceptable benchmark foreign currency interest rate, as decided by the Governing Council.
    - (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 l is greater than zero throughout the entire lifetime of the asset;
  - (ba) floating coupons that are linked to a domestic inflation index reference rate for the relevant currency of denomination, namely euro, pounds sterling, yen or US dollars, provided that:

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<sup>23</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1, ELI: <http://data.europa.eu/eli/reg/2016/1011/oj>).

- (i) the non-inflation adjusted fixed component of the coupon and, if present, other margins that are applicable by means of addition or subtraction, are fixed, or may change over time only according to a path predefined at issuance;
  - (ii) inflation compensation is linked on a flat basis to a single domestic inflation index reference rate – with the possible exceptions of positive floors and ceilings, and cases where inflation compensation is computed with reference to a maximum price index level reached for recent coupon payment dates in the event of recorded episodes of deflation (such as in the case of *Buoni del Tesoro Poliennali (BTP) Italia* bonds);
  - (iii) floors and ceilings, if present, are numbers that are either pre-defined at issuance, or may change over time only according to a path predefined at issuance;
  - (iv) such floating coupons contain no other complex component;
- (c) multi-step or floating coupons with steps linked to SPTs, provided that:
- (i) the compliance with SPTs by the issuer, or any undertaking belonging to the same sustainability-linked bond issuer group, is subject to verification by an independent third party in accordance with the terms and conditions of the debt instrument; and
  - (ii) the step-up event and/or the associated step-up payment have not been cancelled or disappplied by the issuer or by other means.
2. Any coupon structure that does not comply with paragraph 1 shall not be eligible, including instances where only part of the remuneration structure, such as a premium, is non-compliant.
  3. 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.
  4. 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.
  5. By way of derogation from paragraph 4, the coupon structure shall not be rendered ineligible in the case of multi-step or floating coupons with steps linked to SPTs by the mere existence of the issuer's right to cancel or disapply the step-up event and/or the associated step-up payment.

#### *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 64a

#### Marketable assets other than ABSs and covered bonds

1. In order to be eligible, marketable assets other than ABSs, legislative covered bonds and *multi cédulas* shall be unsecured obligations of both the issuer and guarantor. For marketable assets with more than one issuer or with more than one guarantor, the requirement in this paragraph shall apply to each issuer and each guarantor.
2. Marketable assets which are secured and were eligible before 1 January 2021 but do not comply with the eligibility requirements as set out in this Article shall remain eligible until 1 January 2026, provided that they fulfil all other eligibility criteria for marketable assets. By derogation from the first sentence of this paragraph, covered bonds which are neither legislative covered bonds nor *multi cédulas*, shall become ineligible from 1 January 2021.

### Article 65

#### Currency of denomination of marketable assets

In order to be eligible, debt instruments shall be denominated in one of the following currencies: euro, one of the former currencies of the Member States whose currency is the euro, pounds sterling, yen or US dollars.

### Article 66

#### Place of issue of marketable assets

1. In order to be eligible, debt instruments denominated in euro shall be issued in the EEA, and those denominated in pounds sterling, yen or US dollars shall be issued in the euro area, in both cases with a CSD operating (i) an eligible SSS or (ii) an SSS with an eligible link to an eligible SSS.
2. [Paragraph 2 has been deleted.]
3. [Paragraph 3 has been deleted.]

### Article 66a

#### Form of issuance of certain marketable assets

1. The following eligibility criteria shall only apply to international debt instruments that are issued through the ICSDs in a global note form and represented by a physical (paper) certificate or by an electronic (digital) copy of a paper global note.
  - (a) Where such instruments are issued in global bearer form, they shall be issued in the form of new global notes (NGNs) and shall be deposited with a common safekeeper which is an ICSD or a CSD that operates (i) an eligible SSS or (ii) an SSS with an eligible link to an eligible SSS. This requirement shall not apply to international debt instruments issued in global bearer form issued in the form of classical global notes prior to 1 January 2007 and fungible tap issuances of such notes issued under the same ISIN irrespective of the date of the tap issuance.

- (b) Where such instruments are issued in global registered form, they 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.
2. International debt instruments in individual note form which are represented by individual physical (paper) certificates shall not be eligible unless they were issued in individual note form prior to 1 October 2010.
  3. For international debt instruments that are issued through the ICSDs in fully dematerialised form, the Eurosystem reserves the right to verify that such instruments do not give rise to material risks that might affect the Eurosystem's rights as collateral holder and are validly constituted under the law governing such instruments, irrespective of the technology that supports their issuance.

### *Article 67*

#### **Settlement procedures for marketable assets**

1. The settlement procedures applicable to the mobilisation of marketable assets as collateral are specified in Guideline (EU) 2024/3129 (ECB/2024/22). In order to be eligible, debt instruments shall be transferable in book-entry form and settled under the law of a Member State whose currency is the euro such that the perfection and realisation of collateral is subject to the law of a Member State whose currency is the euro.
  - 1a. [Paragraph 1a has been deleted.]
  2. [Paragraph 2 has been deleted.]

### *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 2004/39/EC of the European Parliament and of the Council<sup>24</sup>, 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.

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<sup>24</sup> 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).

- (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. For marketable assets with more than one issuer, this requirement shall apply to each issuer.
- 1a. The requirement set out in the first sentence of paragraph 1 shall not apply to the guarantor of a debt instrument where the guarantee is not used to establish the compliance of that debt instrument with the credit quality requirements for marketable assets.
2. Debt instruments issued or guaranteed by investment funds shall be ineligible.

### *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 3a to 7 of this Article and in Article 81a(4). For marketable assets with more than one issuer, this requirement shall apply to each issuer.
2. In order to be eligible, guarantors of debt instruments shall be established in the EEA, unless a guarantee is not used to establish the compliance of that debt instrument with the credit quality requirements for specific debt instruments, subject to the exceptions laid down in paragraphs 3a and 4. The possibility to use an ECAI guarantor rating to establish compliance with the relevant credit quality requirements for specific debt instruments is laid down in Article 84.
3. [Paragraph 3 has been deleted.]
- 3a. For debt instruments issued or guaranteed by agencies, 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.
7. For debt instruments denominated in pounds sterling, yen or US dollars, the issuer shall be established in the EEA.

### *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**

1. In order to be eligible for Eurosystem credit operations, ABSs with a credit assessment corresponding, as a minimum, to credit quality step 2 on the Eurosystem's harmonised rating scale shall comply with (a) the general eligibility criteria relating to all types of marketable assets laid down in Section 1, except for the requirements laid down in Article 62 relating to the principal amount, and (b) the specific eligibility criteria laid down in Articles 73 to 79a.
2. In order to be eligible for Eurosystem credit operations, ABSs with a credit assessment corresponding to credit quality step 3 on the Eurosystem's harmonised rating scale shall comply with the requirements set out in paragraph 1 and with the additional specific eligibility criteria laid down in Article 79b.

### 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 types of loan-level templates specified in the implementing technical standards adopted by the Commission as referred to in Article 7(4) of Regulation (EU) 2017/2402, which shall relate to one of the following:
  - (a) residential mortgages;
  - (b) loans to small and medium-sized enterprises (SMEs);
  - (c) auto loans;
  - (d) consumer finance loans;
  - (e) leasing receivables;
  - (f) 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. The cash-flow generating assets must entail full recourse against the obligors.
7. The issuer of an ABS must not be subject to residual value risk.

### 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.

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. Obligors who are natural persons must have been resident in the EEA at the time the cash-flow generating assets were originated. 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 77a

### **Restrictions on investments for asset-backed securities**

Any investments of monies standing to the credit of the issuer's or of any intermediary SPV's bank accounts under the transaction documentation shall not consist, in whole or in part, actually or potentially, of tranches of other ABSs, credit-linked notes, swaps or other derivative instruments, synthetic securities or similar claims.

## Article 78

### **Availability of loan level data for asset-backed securities**

1. In order for ABSs to become or remain eligible, comprehensive and standardised loan-level data on the pool of cash-flow generating assets backing the ABSs shall be made available by the relevant parties to a securitisation repository in accordance with this Article.
  - 1a. Loan-level data shall be submitted for each individual transaction using the relevant templates specified in the implementing technical standards adopted by the Commission as referred to in Article 7(4) of Regulation (EU) 2017/2402. The relevant template to be submitted depends on the type of asset that backs the ABS, as specified in Article 73(1), points (a) to (f).
  - 1b. Loan-level data shall 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. For the purpose of the templates referred to in paragraph 1(a), the 'pool cut-off date' shall be the date on which a snapshot of the performance of the underlying assets was captured for the respective report that is required to be submitted and the respective 'date of submission of report' shall be no more than two months after such pool cut-off date.
  - 1c. To ensure compliance with the requirements in paragraphs 1, 1(a) and 1(b), automated consistency and accuracy checks on reports shall be conducted on all new and updated loan-level data for each transaction by the loan-level data repository.

## 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 its eligibility.

## Article 79a

### Assessment of information in relation to the eligibility of asset-backed securities

The Eurosystem may decide not to accept ABSs for use as collateral in Eurosystem credit operations on the basis of its assessment of the information provided. In its assessment, the Eurosystem shall take into account whether the information submitted is deemed sufficiently clear, consistent and comprehensive to demonstrate fulfilment of each of the eligibility criteria applicable to ABSs, in particular with respect to whether the cash-flow generating assets have been acquired in a manner which the Eurosystem considers to be a “true sale” as laid down in Article 75(2).

## Article 79b

### Additional eligibility criteria for asset-backed securities with a credit assessment equal to credit quality step 3

1. In order to be eligible, ABSs with a credit assessment equal to credit quality step 3 on the Eurosystem’s harmonised rating scale shall comply with the following additional specific eligibility criteria:
  - (a) the pool of cash-flow generating assets backing the ABS shall not contain, at the time of issuance of the ABS or when added to the pool subsequently – for example by means of a substitution or replacement of the cash-flow generating assets – loans in respect of which payment of interest or principal is more than 90 days past due and the obligor is in default as defined in Article 178 of Regulation (EU) No 575/2013, or when there are good reasons to doubt that payment of such interest or principal will be made in full;
  - (b) the pool of cash-flow generating assets shall not contain loans that are, or have at any point in time been, structured loans, syndicated loans or leveraged loans;
  - (c) the ABS transaction documentation shall contain servicing continuity provisions.
2. A counterparty may not submit as collateral an ABS that complies with the additional specific eligibility criteria set out in paragraph 1 if the counterparty, or any third party with which it has close links, acts as an interest rate hedge provider in relation to the ABS.
3. For the purposes of this Article the following definitions shall apply:

- (a) ‘structured loan’ means a loan whose structure includes subordinated credit claims;
- (b) ‘syndicated loan’ means a loan provided by a group of lenders in a lending syndicate;
- (c) ‘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 purpose of acquiring the equity of a company which is also the obligor of the loan;
- (d) ‘servicing continuity provisions’ means provisions in the legal documentation of an ABS that contain back-up servicer provisions or, if there is no back-up servicer, back-up servicer facilitator provisions;
- (e) ‘back-up servicer facilitator provisions’ means provisions that: (i) require the nomination and mandating of a back-up servicer facilitator to find a suitable back-up servicer within 60 days of the occurrence of a trigger event in order to ensure timely payment and servicing of the ABS; and (ii) provide that there shall be no close links between each of the servicer, the back-up servicer facilitator and the issuer account bank at the same time.
- (f) ‘back-up servicer provisions’ means provisions that: (i) provide for triggers for the replacement of the servicer that are linked to changes in the rating of the servicer, non-performance of obligations by the servicer, and/or any other industry-standard triggers for servicer replacement; and (ii) provide that there shall be no close links between the back-up servicer and the servicer.

## SUBSECTION 2

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

#### *Article 80*

#### **Legacy covered bonds backed by asset-backed securities**

1. Without prejudice to the eligibility of legislative covered bonds pursuant to Article 64a, EEA legislative covered bonds for which an ISIN has been opened prior to 8 July 2022 and that are not subject to Directive (EU) 2019/2162 of the European Parliament and of the Council<sup>25</sup> (‘legacy covered bonds’), may be backed by ABSs provided that the cover pool of such bonds (for the purposes of paragraphs 1 to 4, ‘the cover pool’) only contains 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 at the time the ISIN was opened.
  - (b) The cash-flow generating assets were originated by an entity closely linked to the issuer, as described in Article 138.

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<sup>25</sup> Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (OJ L 328, 18.12.2019, p. 29)

- (c) They are used as a technical tool to transfer mortgages or guaranteed real estate loans from the originating entity into the cover pool.
2. Subject to paragraph 4, the Bank shall use the following measures to verify that the cover pool does not contain ABSs that do not comply with paragraph 1.
  - (a) On a quarterly basis, the Bank shall request a self-certification and undertaking of the issuer confirming that the cover pool does not contain ABSs that do not comply with paragraph 1. The Bank'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, the Bank shall request an *ex post* confirmation by external auditors or cover pool monitors from the issuer, confirming that the cover pool 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 complies with the criteria in paragraph 1, the Eurosystem shall decide not to accept the EEA legislative covered bonds referred to in paragraph 1 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 ABSs are transferred into the cover pool of the EEA legislative covered bond referred to in paragraph 1.
6. The cover pool of non-EEA G10 legislative covered bonds shall not contain ABSs.

### SUBSECTION 3

Specific eligibility criteria for debt certificates issued by the ECB or by NCBs prior to the date of adoption of the euro in their respective Member State

#### *Article 81*

#### **Eligibility criteria for debt certificates issued by the ECB or by NCBs prior to the date of adoption of the euro in their respective Member State**

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 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 not be subject to the criteria laid down in Title II of this Part Four.

## SUBSECTION 4

### Specific eligibility criteria for certain unsecured debt instruments

#### *Article 81a*

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

1. By derogation from Article 64 and provided that they fulfil all other eligibility criteria, the following subordinated unsecured debt instruments issued by credit institutions or investment firms, or by their closely linked entities as referred to in Article 141(3), shall be eligible until maturity, provided that they are issued before 31 December 2018 and their subordination results neither from contractual subordination as defined in paragraph 2 nor from structural subordination pursuant to paragraph 3:
  - debt instruments issued by agencies,
  - debt instruments guaranteed by a Union public sector entity which has the right to levy taxes by way of a guarantee that complies with the features laid down in Article 114(1) to (4) and Article 115.
2. For the purposes of paragraph 1, contractual subordination means subordination based on the terms and conditions of an unsecured debt instrument, irrespective of whether such subordination is statutorily recognised.
3. Unsecured debt instruments issued by holding companies, including any intermediate holding companies, subject to national legislation implementing Directive 2014/59/EU or to similar recovery and resolution frameworks, shall be ineligible.
4. For unsecured debt instruments issued by credit institutions or investment firms, or by their closely linked entities as referred to in Article 141(3), other than unsecured debt instruments issued by multilateral development banks or international organisations as referred to in Article 70(4), the issuer shall be established in the Union.

## 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 3 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 ECAs 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 is explicitly and unambiguously matched with the asset's ISIN code by the ECAI, 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.
- (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 or, in the case of covered bonds, in the absence of an issue rating fulfilling the requirements of Annex IXb, an ECAI issuer or ECAI guarantor rating may be considered by the Eurosystem. If multiple ECAI issuer and/or ECAI guarantor ratings are available for the same issue, then the first-best of those ratings shall be taken into account by the Eurosystem.
- (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**

1. 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/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/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*

#### **Local and foreign currency ratings**

For the purpose of ECAI issuer and guarantor ratings, foreign currency ratings shall be acceptable. If the asset is denominated in the domestic currency of the issuer, the local currency issuer rating shall also be acceptable. If the asset is denominated in the domestic currency of the guarantor, the local currency guarantor 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, point (a) or point (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 paragraph 2. 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 point 8 of Article 4(1) of Regulation (EU) No 575/2013 (hereinafter a 'CRR public sector entity') established in a Member State whose currency is the euro, the credit assessment shall be performed by the Eurosystem in accordance with the following rules.
  - (a) If the issuers or guarantors are regional governments, local authorities or CRR public sector entities, which are treated for capital requirements purposes pursuant to Articles 115(2) or 116(4) of Regulation (EU) No 575/2013 equally to the central government in whose

jurisdiction they are established, the debt instruments issued or guaranteed by these entities shall be allocated the credit quality step corresponding to the best credit rating provided by an accepted ECAI to the central government in whose jurisdiction these entities are established.

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

3. [Paragraph 3 has been deleted.]

**Table 9: Implicit Credit Quality Assessments for Issuers or Guarantors without an ECAI Credit Quality Assessment**

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

(\*1) 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 ECAs 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.
6. Credit claims classified as non-performing exposures in Article 47a(3) of Regulation (EU) No 575/2013 shall not be eligible types of credit claims even if they are covered by a guarantee that is acceptable under Title IV.

### *Article 90*

#### **Principal amount, coupon and other elements of eligible credit claims**

In order to be eligible, credit claims shall comply with the following requirements from the moment they are mobilised until their final redemption or demobilisation:

- (a) they have a fixed, unconditional principal amount;
- (b) they have an interest rate that shall be one of the following:
  - (i) a 'zero coupon';
  - (ii) fixed;
  - (iii) floating, i.e. linked to a reference interest rate and with the following structure: coupon rate = reference rate  $\pm$  x, with  $f \leq$  coupon rate  $\leq$  c, where:
    - the reference rate is only one of the following at a single point in time:
      - a euro money market rate the use of which is permitted in the Union in accordance with Regulation (EU) 2016/1011, e.g. €STR (including compounded or averaged daily €STR), Euribor, 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;
    - f (floor) and c (ceiling), if they are present, are numbers that are either pre-defined at origination or may change over the life of the credit claim; they may also be introduced after origination of the credit claim;
    - x (margin);
- (ba) their coupon structure (irrespective of whether it is fixed or floating interest rate credit claim) may contain a margin that is either pre-defined at origination or may change over the life of the credit claim. In the event of a margin change, the eligibility assessment of the coupon structure shall be based on the remaining lifetime of the credit claim; and
- (c) their current coupon does not lead to a negative cash flow or to a reduction of principal payment. If in the current accrual period the coupon structure leads to a negative coupon-

related cash flow, the credit claim is ineligible as of the moment of the coupon reset. It may become eligible again at the start of a new accrual period when the coupon-related cash flow applied to the debtor turns non-negative, provided it meets all other relevant requirements.

### *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 both domestic and cross-border use, credit claims shall, at the time of their submission as collateral by the counterparty, meet a minimum size threshold of EUR 500 000.

### *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 (excluding public financial corporations), multilateral development banks or international organisations. This requirement shall not apply to the guarantor of a credit claim where the guarantee is not used to establish the compliance of that credit claim with the credit quality requirements for non-marketable assets.

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 used to establish the compliance of that credit claim with the credit quality requirements for non-marketable assets.
3. For debtors or guarantors that are multilateral development banks or international organisations, the rules in paragraphs 1 and 2, respectively, 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 Bank 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 ( only where a guarantee exists and the guarantee is used to establish the compliance of the credit claim with the credit quality requirements for non-marketable assets);
- (e) credit claim agreement;
- (f) the agreement between the counterparty and the Bank mobilising the credit claim as collateral.

### *Article 98*

#### **Handling procedures**

Credit claims shall be handled in accordance with the Eurosystem procedures as notified by the Bank to counterparties that may wish to mobilise credit claims, where applicable, in accordance with Guideline (EU) 2024/3129 (ECB/2024/22).

## 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) validity of the agreement for the mobilisation of credit claims;
  - (c) full effect of the mobilisation vis-à-vis third parties;
  - (d) an absence of restrictions concerning the mobilisation and realisation of credit claims;
  - (e) an absence of restrictions concerning 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 these requirements may be determined by the Bank and notified to counterparties.
3. In order to use credit claims as collateral, counterparties shall be required to execute the framework agreement in respect of Eurosystem operations secured over collateral pool assets, together with the related deed of charge used to secure the Bank's interest in any such credit claims.

## Article 100

### Verifications of the procedures and systems used to submit credit claims

1. The Bank, or supervisors or external auditors, shall conduct a verification of the appropriateness of the procedures and systems used by the counterparty to submit the information on credit claims to the Eurosystem prior to the first mobilisation of credit claims by the counterparty. The verification of the procedures and systems shall subsequently be conducted at least once every five years. In the event of significant changes to such procedures or systems, a new verification may be conducted.
2. If the Bank, or supervisors or external auditors ascertain that the procedures and systems used by the counterparty are no longer adequate for the submission of the information on credit claims to the Eurosystem, the Bank shall take the measures it deems necessary, which may include the partial or full suspension of the mobilisation of credit claims by the counterparty until a new verification of the appropriateness of the procedures and systems used by the counterparty to submit the information on credit claims to the Eurosystem has been conducted.

## Article 101

### Verification of existence of credit claims

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

- (a) The Bank 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 may be replaced with cross-checks of information held in a central credit register);
  - (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 Bank no later than within the course of the next business day, any event that materially affects the contractual relationship between the counterparty and the Bank, in particular early, partial or total repayments, downgrades and material changes in the conditions of the credit claim.
- (aa) The Bank shall require counterparties to submit in relation to credit claims mobilised as collateral from May 2021, where applicable, the relevant analytical credit database (AnaCredit) identifiers (i.e. the 'Observed Agent' identifier, the 'Contract' identifier and the 'Instrument' identifier), as submitted under the statistical reporting requirements in accordance with Regulation (EU) 2016/867 of the European Central Bank (ECB/2016/13)<sup>26</sup>.
- (b) The Bank, or relevant central credit register, 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 the Bank, 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 Bank under Irish law. All the necessary legal formalities to ensure the validity

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<sup>26</sup> Regulation (EU) 2016/867 of the European Central Bank of 18 May 2016 on the collection of granular credit and credit risk data (ECB/2016/13) (OJ L 144, 1.6.2016, p. 44).

of the agreement and to ensure the mobilisation of a credit claim 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 Irish law. All legal formalities necessary to ensure valid mobilisation shall be fulfilled by the counterparty and/or the transferee, as appropriate.
2. As regards public registration of the mobilisation of a credit claim, counterparties shall comply with all applicable laws regarding perfection and registration requirements, together with any applicable terms and conditions laid down in the framework agreement in respect of Eurosystem operations secured over collateral pool assets and related deed of charge.
3. The debtor shall be notified by the counterparty about the credit claim being mobilised as collateral by the counterparty to the benefit of the Bank immediately following an event of default (encompassing such events as specified in the framework agreement in respect of Eurosystem operations secured over collateral pool assets).
4. Where a counterparty of the Bank wishes to mobilise a credit claim with the Bank on a cross-border basis, the counterparty shall be required to register the details of the security interest taken in that credit claim at the Irish companies registration office.

### 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, other contractual arrangements between the counterparty and the debtor or, where a guarantee in respect of such credit claim exists, the guarantee, shall not contain any restrictive provisions on mobilisation as collateral, unless national legislation provides that such contractual restrictions cannot impact the transferability and mobilisation of the credit claim or are without prejudice to the Eurosystem's rights with respect to the mobilisation of collateral.
2. Credit claims shall be capable of realisation without restriction for the benefit of the Eurosystem. The credit claim agreement, other contractual arrangements between the counterparty and the debtor or, where a guarantee in respect of such credit claim exists, the guarantee, 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.

- 3a. The credit claim agreement between the counterparty and the debtor shall incorporate a written agreement (which agreement shall be legally valid, binding and enforceable against the debtor, including in the event of its insolvency) that the debtor irrevocably and unconditionally waives all rights of set-off, present and future and howsoever arising (including, without limitation, those arising pursuant to contract, law or equity), that the debtor may otherwise have or acquire against the creditor from time to time in respect of the credit claim, or any person deriving any interest in the credit claim through any such creditor (including, without limitation, any successor in title, transferee or assignee of any such creditor, any person for whose benefit the credit claim is mobilised as collateral and any person acquiring an interest as a result of realisation of such collateral).
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.

## **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, containing Article 107, has been deleted reflecting the repeal of the equivalent section in the General Documentation Guideline by Guideline ECB/2026/1.]

[SECTION 4, containing Articles 107a to 107f, inclusive, has been deleted reflecting the repeal of the equivalent section in the General Documentation Guideline by Guideline ECB/2026/1.]

## 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.

#### 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 systems or sources as determined in accordance with Article 110.
2. Without prejudice to Article 89(6) and Article 92, counterparties shall within the course of the next business day inform the Bank 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 Bank, withdraw or replace the assets.
3. Counterparties shall be responsible for ensuring that they use the most recent credit quality assessment available from their credit assessment systems or sources, as determined in accordance with Article 110, for the debtors or guarantors of credit claims mobilised as collateral.

#### Article 110

##### **Determination of the credit assessment system or source**

- 1. NCBs' full in-house credit assessment systems (F-ICASs) accepted by the Eurosystem in accordance with the general acceptance criteria in Title V of Part Four shall be used as the primary credit assessment source for the assessment of the credit quality of debtors and guarantors of credit claims mobilised as collateral where a credit assessment by an accepted F-ICAS is available from any NCB.
1. Counterparties mobilising credit claims as collateral may select one additional credit assessment system or source from one of the other credit assessment sources accepted by the Eurosystem in accordance with the general acceptance criteria in Title V of Part Four. The credit assessment system or source selected under this paragraph shall be referred to as the counterparty's secondary

credit assessment system or source. The secondary credit assessment system or source may be used only where no credit assessment for the relevant debtor or guarantor, respectively, by an accepted NCB F-ICAS is available.

2. The Bank may allow its counterparties to use more than two credit assessment systems or sources upon submission of a reasoned request to the Bank supported by an adequate business case based on the lack of sufficient coverage of the primary and the secondary credit assessment sources or systems. The Bank may allow the use of statistical in-house credit assessment systems (S-ICASs) as a third credit assessment system or source upon the request of a counterparty, without requiring that counterparty to submit a reasoned statement supported by an adequate business case.
3. In cases where a counterparty is allowed to use more than two credit assessment systems or credit assessment sources in accordance with paragraph 2, the counterparty's secondary credit assessment 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 among the counterparty's credit assessment systems or sources selected in accordance with paragraphs 1 and 2 in addition to the primary credit assessment source. If credit assessments exist from multiple credit assessment systems or sources accepted for the counterparty, the credit assessment used to determine the eligibility of the debtor or guarantor, respectively, and the valuation haircuts applicable to the relevant credit claim shall be, in accordance with paragraphs 1 to 3: (a) the primary credit assessment source, or in the absence thereof, (b) the secondary credit assessment system or source where selected by the counterparty, or in the absence thereof, (c) the additional credit assessment systems or sources referred to in paragraph 2 where selected by the counterparty.
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 Bank 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, the Bank 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, an ECAI debtor or ECAI guarantor rating may be used. If multiple ECAI debtor and/or ECAI guarantor ratings are available for the same credit claim, then the first-best available ECAI credit assessment from among all accepted ECAs shall be used, in accordance with paragraphs 1 to 3.

### *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 systems or sources determined in accordance with Article 110 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 systems or sources, as determined in accordance with Article 110, shall meet the Eurosystem’s credit quality requirements for non-marketable assets laid down in Article 108.

**[SECTION 2, containing Article 112, has been deleted reflecting the repeal of the equivalent section in the General Documentation Guideline by Guideline ECB/2026/1.]**

**[SECTION 3, containing Article 112a, has been deleted reflecting the repeal of the equivalent section in the General Documentation Guideline by Guideline ECB/2026/1.]**

## **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 used to establish compliance with 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
2. 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.
3. 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.
4. The guarantee shall be legally valid, binding and enforceable against the guarantor.
5. The guarantee shall be governed by the law of a Member State.
6. 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 be prepared by persons who are independent of the counterparty, the issuer/debtor and the guarantor, and legally qualified to issue such confirmation under the applicable law, e.g. lawyers practising in a law firm, or working in a recognised academic institution or public body. 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 used to establish the compliance of that marketable asset with 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) [Point (b) has been deleted.]
- (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 used to establish the compliance of that credit claim with the credit quality requirements for non-marketable assets. The option to use a credit assessment in respect of a guarantor to establish the compliance of that credit claim with 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' F-ICASs;
  - (c) NCBs' S-ICASs;
  - (d) counterparties' IRB systems.
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, F-ICASs and S-ICASs, 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 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. Following the application process outlined in Annex IXc of the General Documentation Guideline, the Eurosystem reserves the right to decide whether to initiate an ECAF acceptance procedure upon request from a credit rating agency (CRA). In making its decision, the Eurosystem shall take into account, among other things, whether the CRA provides relevant coverage for the efficient implementation of the ECAF in accordance with the requirements set out in Annex IXa.
  - 2a. Following the initiation of an ECAF acceptance procedure, the Eurosystem shall investigate all additional information deemed relevant to ensure the efficient implementation of the ECAF, including the ECAI's capacity (i) to fulfil the criteria and rules of the ECAF performance monitoring process in accordance with the requirements set out in Annex IX and the specific criteria in Annex IXb (if relevant), and (ii) to comply with the acceptance criteria set out in Annex IXc of the General Documentation Guideline. The Eurosystem reserves the right to decide whether to accept an ECAI for the purposes of the ECAF on the basis of the information provided and its own due diligence assessment.
  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.
  4. ECAIs shall be transparent in relation to the incorporation of climate change risk in their methodologies and ratings, where such climate change risk can be a source of credit risk. They shall provide regular updates to the ECB on their activities in this field.

### *Article 121*

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

1. The Bank may decide to use its own F-ICAS or S-ICAS for the purpose of credit assessment. The decision of the Bank to use its own F-ICAS or S-ICAS shall be subject to an acceptance procedure by the Eurosystem.
2. A credit assessment by means of the Bank's F-ICAS or S-ICAS may be performed in advance, or on a counterparty's specific request upon submission of an asset to the Bank.
3. With regard to paragraph 2, upon submission of an asset to the Bank in respect of which the eligibility of a debtor or guarantor shall be assessed, the Bank will inform the counterparty either of its eligibility status or of the lead time necessary to establish a credit assessment. If the Bank's F-ICAS or S-ICAS is limited in scope and only assesses specific types of debtors or guarantors, or if the

Bank is unable to receive the information and data necessary for its credit assessment, the Bank 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 Bank, nor any legal obligation for these corporations to provide non-public information to the Bank, the information is provided on a voluntary basis.

## *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 Bank. An IRB system may only be approved in the ECAF if the counterparty has been authorised by the competent authority to use it for capital requirements purposes. Where an IRB system has been so authorised, but such authorisation is subsequently withdrawn, ECAF approval is withdrawn at the same time.
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 English:
  - (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) an up-to-date assessment by the competent authority reflecting the currently available information on all issues affecting the use of the IRB system for collateral purposes and all issues relating to the data used for the ECAF performance monitoring process;
  - (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. The probability of default, as referred to in Article 59(3), reported by the counterparty's IRB system shall be the 'final' probability of default used for the

- calculation of own fund requirements, including any supervisory regulatory floors, add-ons, appropriate adjustments, margin of conservatism, overrides and mapping to master scales;
- (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 Bank on Article 122(3)(b) to (f) on an annual basis, or as and when required by the Bank, unless such information is transmitted directly by the competent authority to the Bank upon its 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 Bank 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 this Document or the relevant collateral mobilisation agreement(s), including provisions in relation to:

- (a) *ad hoc* checks on the procedures in place for communicating a credit claim's features to the Bank;
- (b) annual checks by the Bank (or, where relevant, an 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 Bank 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. These shall include, but are not limited to, any changes affecting the probabilities of default, as referred to in Article 122(3), point (d), used by the IRB system to calculate own funds requirements.

**[Articles 124 and 125 have been deleted reflecting the repeal of the equivalent articles in the General Documentation Guideline by Guideline ECB/2019/11.]**

### *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 quality assessment information provided by the credit assessment system to the Eurosystem's harmonised rating scale remains appropriate and that the results from credit quality 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 quality 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 protect 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 as laid down in the Supplement to this Document on the valuation haircuts applied in the implementation of the Eurosystem monetary policy framework;
  - (b) variation margins (marking-to-market):

the Eurosystem requires the market value of the eligible assets used in its liquidity-providing reverse transactions, adjusted by haircuts and, as applicable, climate factors, to be maintained over time. If the value of the eligible assets, which are measured on a daily basis, falls below a certain level (under-collateralisation), the Bank shall require the counterparty to supply additional assets or cash by way of a margin call in accordance with Article 136. Similarly, if the value of the eligible assets exceeds a certain level following their revaluation, the Bank shall return the excess 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 as laid down in the Supplement to this Document on the valuation haircuts applied in the implementation of the Eurosystem monetary policy framework;
  - (e) from 15 June 2026, a climate factor as laid down in Annex XIIb.
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;
- (c) 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;
- (d) supplementary haircuts;
- (e) additional guarantees from guarantors meeting the Eurosystem's credit quality requirements in order to accept certain assets;
- (f) the exclusion of certain assets from use as collateral in Eurosystem credit operations.

**[Articles 129 to 133a, inclusive, have been deleted reflecting the repeal of the equivalent articles in the General Documentation Guideline by Guideline ECB/2015/34.]**

## **CHAPTER 1**

### **Valuation Rules for Marketable and Non-Marketable Assets**

#### *Article 134*

##### **Valuation rules for marketable assets**

1. For the purposes of determining the value of assets used as collateral in open market operations conducted by means of reverse transactions, the Bank 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) [Point (d) has been deleted.]

2. For marketable assets, additional valuation rules are provided for in the framework agreement in respect of Eurosystem operations secured over collateral pool assets.

### *Article 135*

#### **Valuation rules for non-marketable assets**

1. Non-marketable assets shall be assigned a value by the Eurosystem corresponding to the outstanding amount of such non-marketable assets.
2. Non-marketable collateral pool assets, as defined in the framework agreement in respect of Eurosystem operations secured over collateral pool assets, shall be subject to additional valuation rules provided for in that framework agreement.
3. [Paragraph 3 has been deleted.]
4. The valuation applied by the correspondent central bank (CCB) in respect of credit claims mobilised on a cross border basis, which is received each business day from the CCB, shall be used by the Bank.

### *Article 136*

#### **Margin calls**

1. Assets mobilised as collateral for Eurosystem credit operations shall be subject to daily valuation by the Bank, in accordance with the valuation rules laid down in Articles 134 and 135.
2. If, after valuation, haircuts and, as applicable, climate factors, the mobilised assets do not match the requirements as calculated on that day, margin calls shall be performed in accordance with the procedures laid down in Article 11 of Guideline (EU) 2024/3129 (ECB/2024/22). If the value of the eligible assets mobilised as collateral by a counterparty, following their revaluation, exceeds the amount owed by the counterparty plus, where relevant, the variation margin, the Bank shall return any excess cash that the counterparty has provided for a margin call.
3. [Paragraph 3 has been deleted.]
4. The deposit facility rate shall also apply to cash margins.

[TITLE VII and Article 137 have been deleted reflecting the repeal of the equivalent title and article in the General Documentation Guideline by Guideline ECB/2022/17.]

## **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, as defined under paragraph 2, created as a result of the existence of an EEA public sector entity that has the right to levy taxes and is either (i) an entity that owns directly, or indirectly through one or more undertakings, 20% or more of the capital of the counterparty, or (ii) a third party that 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, provided that no other close links exist between the counterparty and the other entity except the close links resulting from one or more EEA public sector entities that have the right to levy taxes;
  - (b) EEA-legislative covered bonds, with the exception of intragroup pooled covered bond structures issued in line with Article 8 of Directive (EU) 2019/2162, that:
    - (i) if issued on or before 7 July 2022, meet the requirements set out in Article 129(1) to (3) and (6) of Regulation (EU) No 575/2013 that apply on the date of issue and are included on the list of eligible marketable assets published on the ECB's website as of 7 July 2022; or, if issued on or after 8 July 2022, meet the requirements set out in Article 129(1) to (3b) and (6) and (7) of Regulation (EU) No 575/2013 that apply on the date of issue;
    - (ii) do not contain in their cover pool unsecured debt instruments issued by the counterparty or any other entity closely linked to that counterparty, as defined in paragraph 2, and fully guaranteed by one or several EEA public sector entities which have the right to levy taxes; and
    - (iii) have an ECAI issue rating as defined in point (a) of Article 83 which fulfils the requirements of Annex IXb;
  - (c) [Point (c) has been deleted.];

- (d) *multi-cédulas* issued before 1 May 2015 where the underlying *cédulas* comply with the criteria set out in Article 129(1) to (3) and (6) of Regulation (EU) No 575/2013.
4. If compliance with paragraph 3(b)(i) or (ii) needs to be verified, that is, for EEA legislative covered bonds, where the applicable legislation or prospectus do not exclude (i) intragroup pooled covered bond structures issued in line with the relevant national measures transposing Article 8 of Directive (EU) 2019/2162 or (ii) debt instruments referred to in paragraph 3(b)(ii) as cover pool assets, respectively, where the counterparty or an entity closely linked to the counterparty has issued such debt instruments, the Bank may take all or some of the following measures to conduct *ad hoc* checks of compliance with paragraph 3(b)(i) or (ii).
- (a) The Bank may obtain regular surveillance reports providing an overview of assets in the cover pool of EEA legislative covered bonds;
  - (b) If surveillance reports do not provide sufficient information for verification purposes, the Bank may obtain a self-certification and undertaking of the counterparty mobilising an EEA legislative covered bond by which the counterparty shall confirm that the EEA legislative covered bond is not part of an intragroup pooled covered bond structure issued in line with the relevant national measures transposing Article 8 of Directive (EU) 2019/2162, in breach of paragraph 3(b)(i), and that the cover pool of EEA legislative covered bonds does not include, in breach of paragraph 3(b)(ii), unsecured bank bonds which are issued by that counterparty or any other entity closely linked to that counterparty, and are fully guaranteed by one or several EEA public entities which have the right to levy taxes. The counterparty's self-certification must be signed by the counterparty's CEO, CFO or a manager of similar seniority, or by an authorised signatory on their behalf.
  - (c) On an annual basis, the Bank may obtain from the counterparty mobilising an EEA-legislative covered bond an *ex post* confirmation by external auditors or cover pool monitors that the EEA legislative covered bond is not part of an intragroup pooled covered bond structure issued in line with the relevant national measures transposing Article 8 of Directive (EU) 2019/2162, in breach of paragraph 3(b)(i), and that the cover pool of EEA legislative covered bonds does not include, in breach of paragraph 3(b)(ii), unsecured bank bonds which are issued by that counterparty or any other entity closely linked to that counterparty, and are fully guaranteed by one or several EEA public sector entities which have the right to levy taxes.
  - (d) If the counterparty does not provide the self-certification or confirmation referred to in points (b) and (c) upon request from the Bank, the EEA legislative covered bond shall not be mobilised as collateral by that counterparty.

### *Article 138a*

#### **Use of debt instruments in connection with in-kind recapitalisation with public debt instruments**

Public debt instruments used in an in-kind recapitalisation of a counterparty may only be used as collateral by that counterparty or by any other counterparty which has 'close links', as defined in

Article 138(2), to that counterparty if the Eurosystem considers that the level of market access of their issuer is adequate, also taking into account the role played by such instruments in the recapitalisation.

### *Article 139*

#### **Use of guaranteed unsecured debt instruments issued by a counterparty or its closely linked entity**

In exceptional cases, the ECB's Governing Council may decide on temporary derogations from Article 138(1), by allowing a counterparty to use unsecured debt instruments issued by that counterparty or any other entity closely linked to that counterparty, and fully guaranteed by one or several EEA public sector entities which have the right to levy taxes, 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 the extent that the value of such collateral issued by that credit institution or other entity with which it has close links taken together exceeds 2.5 % of the total value of the assets used as collateral by that counterparty after the applicable haircut and, as applicable, climate factor. This threshold shall not apply in the following cases:
  - (a) if the value of such assets does not exceed EUR 50 million after any applicable haircut and, as applicable, climate factor;
  - (b) if such assets are guaranteed by a public sector entity which has the right to levy taxes by way of a guarantee that complies with the features laid down in Article 114; or

- (c) if such assets are issued by an agency, a multilateral development bank or an international organisation.
2. If a close link is established or a merger takes place between two or more issuers of unsecured debt instruments, the threshold in paragraph 1 shall apply from three months after the date on which the close link is established or the merger becomes effective.
3. For the purposes of this Article, “close links” between an issuing entity and another entity has the same meaning as “close links” between a counterparty and another entity, as referred to in Article 138.

## *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 has been deleted reflecting the repeal of the equivalent article in the General Documentation Guideline by Guideline ECB/2016/31.]**

### *Article 144*

#### **Non-acceptance of eligible assets for operational reasons**

Irrespective of the fact that an asset is eligible, the Bank may, for operational reasons, request the counterparty to remove such asset before the occurrence of a cash flow, including payment of principal or coupons.

### *Article 144a*

#### **Eligible assets with negative cash flows**

1. A counterparty shall remain liable for the timely payment of any amount of negative cash flows related to eligible assets submitted or used by it as collateral and managed pursuant to Guideline (EU) 2024/3129 (ECB/2024/22).
2. If a counterparty fails to effect timely payment of the cashflows referenced in paragraph 1, the Bank may, but is not obliged to, discharge the relevant payment.
3. Any amount paid by the Bank under paragraph 2 shall be considered as a credit from the Bank, for which a sanction is applicable in accordance with Article 154.

### *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 Bank 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 Bank 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

#### Cross-border mobilisation of eligible assets

Counterparties may use eligible assets on a cross-border basis throughout the euro area for all types of Eurosystem credit operations in accordance with the procedures applicable to the mobilisation of eligible assets as collateral specified in Guideline (EU) 2024/3129 (ECB/2024/22).

[Paragraph 2 has been deleted.]

[Paragraph 3 has been deleted.]

[Paragraph 4 has been deleted.]

[Paragraph 5 has been deleted.]

[Paragraph 6 has been deleted.]

[Articles 149 to 152, inclusive, have been deleted reflecting the repeal of the equivalent articles in the General Documentation Guideline by Guideline ECB/2024/37.]

## PART FIVE

### Sanctions for Non-Compliance 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, Regulation (EU) 2021/378 (ECB/2021/1) and Decision (EU) 2021/1815 of the European Central Bank (ECB/2021/45)<sup>27</sup> on institutions which

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<sup>27</sup> Decision (EU) 2021/1815 of the European Central Bank of 7 October 2021 on the methodology applied for the calculation of sanctions for non-compliance with the requirement to hold minimum reserves and related minimum reserve requirements (ECB/2021/45) (OJ L 367, 15.10.2021, p. 4).

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 legal acts.

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 this Document, the Bank 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, as laid down in Article 15, to adequately collateralise and settle the amount the counterparty has been allotted over the whole term of a particular operation including any outstanding amount of a particular operation in the case of early termination executed by the Bank over the remaining term of an operation;
  - (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, in cases where there is any remaining negative balance on a counterparty's TARGET-Ireland accounts 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), the obligation to present sufficient eligible assets in advance as collateral or, in the case of a counterparty whose access to Eurosystem monetary policy operations has been limited pursuant to Article 158, the obligation to keep its recourse to Eurosystem monetary policy operations within the defined limit;
  - (e) any payment obligations pursuant to Article 144a(3).
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**

1. If a counterparty fails to comply with an obligation referred to in Article 154(1), the Eurosystem shall impose a financial penalty for each occasion of non-compliance. For the purposes of Part Five,

each individual asset mobilised as collateral that is affected by an occasion of non-compliance shall constitute a case of non-compliance. The applicable financial penalty shall comprise the following:

- (a) a fixed amount of EUR 500 in respect of each occasion of non-compliance notified by the Bank to the counterparty, irrespective of the number of assets mobilised as collateral that are affected by the occasion of non-compliance;
  - (b) a variable amount in respect of each asset mobilised as collateral that is affected by the occasion of non-compliance, calculated in accordance with Annex VII, Part I.
2. The total applicable financial penalty calculated in accordance with paragraph 1 and Annex VII shall be reduced by 50% in any of the following cases of self-reported non-compliance:
- (a) where a counterparty rectifies a failure to comply with an obligation referred to in Article 154(1), point (c), and notifies the Bank of such rectification before the counterparty has been notified of the non-compliance by the Bank, ECB or an external auditor;
  - (b) where a counterparty notifies the Bank of an occasion of non-compliance that (i) was not discovered by the Bank or ECB, and (ii) occurred in respect of assets that have been demobilised. The reduction of the financial penalty shall not be applicable to assets that fall under the scope of an ongoing verification procedure of which the counterparty is aware due to a notification by the Bank, ECB or an external auditor.

### *Article 156*

#### **Non-financial penalties for non-compliance with certain operational rules**

1. In the case of non-compliance by a counterparty with an obligation of the same type as referred to in Article 154(1), point (a) or point (b), the following shall apply:
  - (a) the Eurosystem may suspend the counterparty on the third and any subsequent occasion of such non-compliance within a 12-month period, if in relation to each such occasion of non-compliance both conditions (i) and (ii) are fulfilled:
    - (i) a financial penalty was imposed;
    - (ii) each decision to impose a financial penalty was notified to the counterparty;
  - (b) the 12-month period referred to in point (a) shall be calculated from the date of notification of the first occasion of non-compliance with an obligation of the same type as referred to in Article 154(1), point (a) or point (b), as applicable. A first self-reported occasion of non-compliance as described in Article 155(2) that occurs within the relevant 12-month period shall not be counted as an occasion of non-compliance.
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 the imposition of a financial penalty as referred to in paragraph 1.
3. The period of suspension imposed in accordance with paragraph 1 shall be determined in accordance with Annex VII.

4. In the case of non-compliance by a counterparty with an obligation of the same type as referred to in Article 154(1), point (c), the following shall apply:
- (a) the Eurosystem may suspend the counterparty on the third and any subsequent occasion of non-compliance within a 12-month period if in relation to each such occasion of non-compliance both conditions (i) and (ii) are fulfilled:
    - (i) a financial penalty was imposed;
    - (ii) each decision to impose a financial penalty was notified to the counterparty;
  - (b) the 12-month period referred to in point (a) shall be calculated from the date of notification of the first occasion of non-compliance with an obligation of the same type as referred to in Article 154(1), point (c). A first self-reported occasion of non-compliance as described in Article 155(2) that occurs within the relevant 12-month period shall not be counted as an occasion of non-compliance.
  - (c) any suspension imposed pursuant to point (a) shall apply for the first liquidity-providing open market operation within the reserve maintenance period following the notification of the suspension.
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 in the case of any occasion of non-compliance with 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.

### *Article 157*

#### **Application of non-financial penalties to branches for non-compliance with certain operational rules**

Where 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 Bank may take any of the following measures:
  - (a) suspend, limit or exclude a counterparty's access to Eurosystem monetary policy operations, pursuant to any contractual or regulatory arrangements applied by the Bank or by the ECB;
  - (b) 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 Bank 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. Counterparties that are subject to supervision as referred to in Article 55, point (b)(i), but which do not meet the own funds requirements laid down in Regulation (EU) No 575/2013, on an individual and/or consolidated basis, in accordance with the supervisory requirements, and counterparties that are subject to supervision of a comparable standard as referred to in Article 55, point (b)(iii), but which do not meet requirements comparable to the own funds requirements laid down in Regulation (EU) No 575/2013, on an individual and/or consolidated basis, shall automatically have their access to Eurosystem monetary policy operations limited on the grounds of prudence. The limitation shall correspond to the level of access to Eurosystem monetary policy operations prevailing at the time such non-compliance is notified to the Eurosystem. This limitation is without prejudice to any further discretionary measure that the Eurosystem may take. Counterparties shall automatically be suspended from accessing Eurosystem monetary policy operations on the grounds of prudence, unless the ECB's Governing Council decides otherwise upon the Bank's request, where any of the following applies:
  - (-a) there is no prospect of a timely restoration of compliance by the counterparty with the relevant own funds requirements;
  - (a) compliance with own funds requirements has not been restored through adequate and timely measures at the latest within 20 weeks from the reference date of the data collection exercise in which the non-compliance was identified;
  - (b) non-compliance was identified outside the scope of the data collection exercise and compliance with own funds requirements has not been restored within eight weeks from the day on which the relevant supervisory authority confirmed that the counterparty no longer complies with minimum own funds requirements and no later than 20 weeks after the end of the relevant quarter.
3. In the context of its assessment of financial soundness of a counterparty pursuant to Article 55(c) and without prejudice to any other discretionary measures, the Eurosystem may limit, on the

grounds of prudence, access to Eurosystem monetary policy operations by the following counterparties:

- (a) counterparties for which information on capital and/or leverage ratios under Regulation (EU) No 575/2013 is incomplete or not made available to the Bank and the ECB in a timely manner and at the latest within 14 weeks from the end of the relevant quarter;
- (b) counterparties which are not required to report capital and leverage ratios under Regulation (EU) No 575/2013 but for which information of a comparable standard as referred to in Article 55(b)(iii) is incomplete or not made available to the Bank and the ECB in a timely manner and at the latest within 14 weeks from the end of the relevant quarter.

Access shall be restored once the relevant information has been made available to the Bank and it has been determined that the counterparty fulfils the criterion of financial soundness pursuant to Article 55(c). If the relevant information has not been made available at the latest within 20 weeks from the end of the relevant quarter, the counterparty's access to Eurosystem monetary policy operations shall be automatically suspended on the grounds of prudence.

In the case of a delay in providing the relevant information for a specific reference period arising from events outside of the control of the counterparty, the relevant reporting quarter-end deadlines in relation to the specific quarter shall be extended as follows:

- (a) by eight weeks for counterparties fulfilling eligibility criteria under Article 55, point (b)(i) or (ii); or
  - (b) by two weeks for counterparties referred to in Article 55, point (b)(iii).
- 3a. The Eurosystem may suspend, limit or exclude, on the grounds of prudence, access to monetary policy operations by counterparties that channel Eurosystem liquidity to another entity that belongs to the same banking “group” (as defined in point (26) of Article 2(1) of Directive 2014/59/EU and point (11) of Article 2 of Directive 2013/34/EU of the European Parliament and of the Council<sup>28</sup>) where the entity receiving such liquidity is (i) a non-eligible wind-down entity or (ii) subject to a discretionary measure on the grounds of prudence.
  - 3b. The Bank may suspend, limit, or exclude, on the grounds of prudence, access to Eurosystem monetary policy operations by counterparties that are in breach of the initial capital requirement laid down in Article 93 of Regulation (EU) No 575/2013 and the relevant national legislation.
  4. Without prejudice to any other discretionary measures, the Bank shall, on the grounds of prudence, limit access to Eurosystem monetary policy operations by counterparties deemed to be ‘failing or likely to fail’ by the relevant authorities based on the conditions laid down in Article 18(4)(a) to (d) of Regulation (EU) No 806/2014 or laid down in Regulation 62(3) of the European Union (Bank Recovery and Resolution) Regulations 2015, S.I. No 289 of 2015 (the “BRRD Regulations”). The limitation shall correspond to the level of access to Eurosystem monetary policy operations prevailing at the time when such counterparties are deemed to be ‘failing or likely to fail’. The

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<sup>28</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ, L 182, 29.6.2013).

limitation of access shall be automatic vis-à-vis the relevant counterparty, without necessitating a specific decision, and the limitation of access shall be effective on the day following the day on which the relevant authorities deem the relevant counterparty “failing or likely to fail”. This limitation is without prejudice to any further discretionary measures that the Bank may take.

4a. For counterparties referred to in paragraph 4, the Eurosystem shall lift the limitation on access to Eurosystem monetary policy operations with a standard maturity of one week or shorter, including in cases where the indicative calendar for these operations provides for an exceptionally extended maturity. The lifting of the limitation shall take effect on the business day following the adoption of a resolution scheme or a resolution action, provided that all of the following conditions are met:

- (a) the resolution authority has informed the Eurosystem about the upcoming resolution no later than 48 hours before the business day on which the limitation to access is expected to be lifted;
- (b) the resolution authority has confirmed in writing:
  - (i) the adoption of the resolution scheme pursuant to Article 18(1) of Regulation (EU) No 806/2014 or the resolution action pursuant to national legislation implementing Article 32 of Directive 2014/59/EU;
  - (ii) that the resolution scheme or resolution action has entered into force, where applicable pursuant to Article 18(7) of Regulation (EU) No 806/2014;
- (c) the resolution scheme or the resolution action does not provide for the implementation of the bridge institution tool pursuant to Article 25 of Regulation (EU) No 806/2014 or national legislation implementing Article 40 of Directive 2014/59/EU as regards the limited counterparty;
- (d) the competent authority has confirmed in writing that, following the adoption of the resolution scheme or the resolution action, the counterparty referred to in paragraph 4 complies with the own funds requirements laid down in Regulation (EU) No 575/2013 on an individual and/or consolidated basis, taking into consideration adoption and entry into force of the resolution scheme or the resolution action.

In the case of a delay by the competent or resolution authority in fulfilling the conditions referred to in points (a) to (d), the lifting of the limitation may take effect with a corresponding delay.

The Eurosystem may lift the limitation in full where the competent authority provides the information referred to in Article 55a(1) and provided that the counterparty is financially sound pursuant to Article 55, point (c).

Where the information referred to in Article 55a(1) is not provided by the competent authority within 12 weeks after the adoption of the resolution scheme or resolution action, the Eurosystem shall limit the counterparty’s access to Eurosystem monetary policy operations on the grounds of prudence.

4b. Without prejudice to the application of risk control measures pursuant to Article 128(2), the Eurosystem may apply any of the risk mitigation measures set out in Article 2 with respect to a

counterparty referred to in paragraph 4 following the lifting of the limitation referred to in paragraph 4a.

5. In addition to limiting access to Eurosystem monetary policy operations under paragraph 4, the Bank may, on the grounds of prudence, suspend, further limit or exclude counterparties from accessing Eurosystem monetary policy operations if they are deemed to be “failing or likely to fail” under paragraph 4 and they meet any of the following:
  - (a) are not made subject to a resolution action by the resolution authority because there are reasonable prospects that an alternative private sector measure or supervisory action, as referred to in Article 18(1)(b) of Regulation (EU) No 806/2014 and Regulation 62(1)(b) of the BRRD Regulations, would prevent the failure of the institution within a reasonable timeframe, in view of the development of the alternative private sector measure of supervisory action;
  - (b) are assessed as meeting the conditions for resolution pursuant to Article 18(1) of Regulation (EU) No 806/2014 or Regulation 62(1) of the BRRD Regulations, in view of the development of the resolution action;
  - (c) result from a resolution action as defined under Article 3(1) of Regulation (EU) No 806/2014 and Regulation 3(1) of the BRRD Regulations or from an alternative private sector measure or supervisory action as referred to in Article 18(1)(b) of Regulation (EU) No 806/2014 and Regulation 62(1)(b) of the BRRD Regulations.
6. Beyond a limitation of access to Eurosystem monetary policy operations pursuant to paragraph 4, the Bank shall suspend, further limit or exclude from access to Eurosystem monetary policy operations on the grounds of prudence counterparties which have been deemed to be ‘failing or likely to fail’ but for which neither a resolution action has been provided for nor are there reasonable prospects that an alternative private sector measure or supervisory action would prevent the failure of the institution within a reasonable timeframe as referred to in Article 18(1)(b) of Regulation (EU) No 806/2014 and Regulation 62(1)(b) of the BRRD Regulations.
7. In the event that a discretionary measure is based on prudential information, the Eurosystem shall use any such information, provided either by supervisors or by counterparties, in a manner strictly commensurate with, and necessary for, the performance of the Eurosystem’s tasks of conducting monetary policy.
  - 7a. Discretionary measures that the Eurosystem may take on the grounds of prudence referred to in paragraph 1 may be based on any information that raises substantial concerns about the counterparty's financial soundness.
8. In the case of an occurrence of an event of default, the Bank may, in line with Article 161, suspend, limit or exclude access to Eurosystem monetary policy operations with regard to counterparties that are in default pursuant to Article 160 and/or relevant collateral mobilisation agreement(s).
- 8a. The Bank may immediately suspend, rather than limit, the counterparty’s access to Eurosystem monetary policy operations where all of the following apply:

- (a) the conditions for a limitation as set out in paragraphs 2, 3 and 4 are met;
  - (b) the counterparty's outstanding exposure to Eurosystem monetary policy operations at the time of the non-compliance is zero;
  - (c) the counterparty had zero intraday credit and auto-collateralisation exposure over the last 90 business days preceding the decision to impose the measure.
9. All discretionary measures of the Bank shall be applied in a proportionate and non-discriminatory manner and shall be duly justified by the Bank.

### *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, co-issued, serviced or guaranteed by counterparties, or entities closely linked to counterparties subject to freezing of funds and/or other measures, including restrictive measures imposed by the Union under Article 75 or Article 215 or similar relevant provisions of the Treaty or by a Member State restricting the use of funds; and/or
  - (b) assets issued, co-issued, serviced or guaranteed by counterparties, or entities closely linked to counterparties in respect of which the Eurosystem has suspended, limited or excluded their access to Eurosystem monetary policy operations.

## PART SEVEN

# Additional Legal Requirements

### Article 160

#### Events of default

1. Events of default in relation to the counterparty are considered either automatic ('automatic events of default') or discretionary ('discretionary events of default'), as set out in this Article.
2. The following shall be considered automatic events of default, as referred to in paragraph 1:
  - (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. For the purposes of this point (a), the taking of crisis prevention measures or crisis management measures within the meaning of Directive 2014/59/EU against a counterparty shall not qualify as an automatic event of default;
  - (b) the counterparty becomes subject to freezing of funds and/or other measures, including restrictive measures, imposed by the Union under Article 75 or Article 215 or similar relevant provisions of the Treaty restricting the counterparty's ability to use its funds;
  - (c) the counterparty is no longer subject to the Eurosystem's minimum reserve system as required by Article 55, point (a);
  - (d) the counterparty is no longer subject to harmonised Union/EEA supervision or comparable supervision under Article 55, point (b);
  - (e) the counterparty becomes a wind-down entity as defined in Article 2.
3. The following shall be considered discretionary events of default, as referred to in paragraph 1:
  - (a) a decision is made by a competent judicial or other authority to implement, in relation to the counterparty, an intervention measure, other than under paragraph 2, point (a), restricting its business activities, including a moratorium, or a reorganisation measure or other analogous procedure intended to safeguard or restore the financial situation of the counterparty and to avoid a decision of the type referred to in paragraph 2, point (a), being taken;
  - (b) the counterparty no longer fulfils any of the Banks's operational requirements referred to in Article 55, point (d);
  - (c) a declaration is made 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 any other transactions with the Bank or with any other NCB, or the counterparty ceases to pursue its objects under its articles of association or analogous constitutive documents or a declaration is made by the counterparty of its intention to cease to pursue its objects under its articles of association or analogous constitutive documents, or a voluntary general

- agreement or arrangement is entered into by the counterparty 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 are taken preliminary to a decision being made under paragraph 2, point (a) or points (a) or (f), of this paragraph, including a proposal to withdraw the authorisation to conduct activities under either: (a) Directive 2013/36/EU and Regulation (EU) No 575/2013; or (b) Directive 2014/65/EU, as implemented in the relevant Member State whose currency is the euro;
  - (e) a temporary administrator or other analogous officer with the powers to restrict the ability of the counterparty to meet its obligations towards the Eurosystem is appointed;
  - (f) a receiver, trustee or analogous officer is appointed over all or any material part of the property of the counterparty, to the extent applicable;
  - (g) an incorrect or untrue representation or other pre-contractual statement is made or implied by the counterparty under applicable provisions of law in relation to:
    - (i) monetary policy transactions or any other transactions with the Bank or with any other NCB, or
    - (ii) compliance with any laws or regulations to which it may be subject, 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;
  - (h) the counterparty's authorisation to conduct activities under Directive 2014/65/EU, as implemented in the relevant Member State whose currency is the euro, is suspended or revoked;
  - (i) the counterparty is suspended from or has its participation terminated in any payment system through which payments under monetary policy transactions are made or (except for foreign exchange swap transactions) is suspended from or has its participation terminated in any SSS used for the settlement of Eurosystem monetary policy operations;
  - (j) measures such as those referred to in Articles 41(1) and 43(1) and Article 44 of Directive 2013/36/EU are taken against the counterparty;
  - (k) in relation to reverse transactions, the counterparty fails to comply with provisions concerning risk control measures;
  - (l) 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;
  - (m) 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, the counterparty fails to pay foreign currency amounts on the applicable dates for such payments;

- (n) an event of default, not materially different from those defined in this Article, occurs 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;
  - (o) the counterparty fails to provide relevant information, thus causing severe consequences for the Bank;
  - (p) the counterparty fails to perform any other of its 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 Bank or NCB requiring it to do so;
  - (q) an event of default occurs in relation to the counterparty, including its branches, under any agreement or transaction with the Eurosystem entered into for the purpose of effecting Eurosystem monetary policy operations;
  - (r) 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;
  - (s) all or a substantial part of the counterparty's assets are subjected 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;
  - (t) all or a substantial part of the counterparty's assets are assigned to another entity or all or a substantial part of the operations or business of the counterparty are sold, dissolved, liquidated or discontinued or any decision to this effect is made; and
  - (u) any other impending or existing event which threatens the performance by the counterparty of its obligations under the arrangements it entered into for the purpose of effecting Eurosystem monetary policy operations or under any other contractual and/or statutory rules applying to the relationship between the counterparty and the ECB or any of the NCBs; or the counterparty defaults on, breaches or fails to duly perform any other obligation, agreement or transaction with the Bank under the arrangements entered into for the purpose of effecting monetary policy operations or under any other contractual and/or statutory rules applying to the relationship between the counterparty and the ECB or any of the NCBs.
4. In the case of the discretionary events of default referred to in paragraph 3, the event of default is to be declared by the Bank in accordance with Eurosystem procedures adopted by the Governing Council and shall be perfected only upon service of a notice of default. Such notice of default may provide a 'grace period' of up to three business days to rectify the event in question.

## Article 161

### Remedies in the event of default or on the grounds of prudence

1. Certain consequences of the events of default as specified in Article 160 for certain of the Eurosystem monetary policy operations which are the subject of this Document are set out in applicable collateral mobilisation agreement(s). Without prejudice to the continued application of the provisions of any such collateral mobilisation agreement providing for such consequences, the remedies set out in this Article may be exercised by Bank in relation to all instruments and procedures that are the subject of this Document upon the occurrence of an event of default as outlined in Article 160 or, if the Bank determines it appropriate to do so, on grounds of prudence, with respect to the counterparty.
2. Further to paragraph 1, on the grounds of prudence the Bank may 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) immediately terminating all outstanding agreements and transactions such that the obligations of the parties thereunder fall due;
  - (d) demanding accelerated performance of claims that have not yet matured or are contingent;
  - (e) using deposits of the counterparty placed with the Bank 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.

Any amount (each, a "relevant amount") payable by one party (the "payer") to the other (the "payee") upon any termination in accordance with the remedies above or otherwise pursuant to the arrangements provided for under this Document shall, at the option of the Bank, be reduced by its set-off against any amount(s) (an "other amount" which, for the avoidance of doubt, may include any other relevant amount or arise under any other agreement(s) between the payee and the payer or instrument(s) or undertaking(s) issued or executed by either of them to, or in favour of, the other) payable (whether at such time or in the future or upon the occurrence of a contingency) by the payee to the payer (irrespective of the currency, place of payment or booking office of the obligation).

Each of any relevant amount and other amount so set off shall be discharged promptly and in all respects to the extent that it is so set-off. The Bank shall give notice to the counterparty of any set-off effected under this Article. For this purpose, if another amount (or the relevant portion of such amounts) is not denominated in euro, it shall be converted into euro at the ECB daily euro foreign exchange reference rate or, if not available, the spot rate of exchange indicated by the ECB on the Bank 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 currency in which such sum is denominated. If another amount is

unascertained, the Bank may in good faith estimate that obligation and set-off in respect of the estimate, subject to its accounting to the counterparty when the obligation is ascertained.

2a. Further to paragraph 1:

- (a) following the occurrence of an automatic event of default under Article 160(2), the Bank may exercise any of the remedies listed in paragraph 2, except for the remedy of limiting the counterparty as set out in paragraph 2, points (a) and (b); and
- (b) following the occurrence of a discretionary event of default under Article 160(3), the Bank may exercise any of the remedies listed in paragraph 2.

3. If an event of default occurs, the Bank may exercise any of the following remedies, in addition to the remedies referred to in paragraph 2a:
  - (a) claiming default interest; and
  - (b) claiming an indemnity for any losses sustained as a consequence of a default by the counterparty.
4. The Bank may, on the grounds of prudence, limit the use of or apply supplementary haircuts to assets mobilised as collateral in Eurosystem credit operations by counterparties.
- 4a. The Bank may impose a financial penalty for a failure of a counterparty to reimburse or pay, in full or in part, any amount of the credit or of the repurchase price, or to deliver the purchased assets, at maturity or when otherwise due, in the event that no remedy is available to it pursuant to Article 161(3). The financial penalty shall be calculated in accordance with Annex VII, Section III to this Document, taking into account the amount of cash that the counterparty could not pay or reimburse, or of the assets the counterparty could not deliver, and the number of calendar days during which the counterparty did not pay, reimburse or deliver.
5. The Bank shall be in a legal position to realise all assets provided as collateral without undue delay and in such a manner as to entitle the Bank to realise value for the credit provided, if the counterparty does not settle its negative balance promptly, as further outlined in the relevant collateral mobilisation agreement(s).
6. 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.

## PART SEVEN A

# Special Provisions in the Event of a TARGET Disruption Over Several Business Days

### *Article 161a*

#### **Prolonged TARGET disruption over several business days**

1. The ECB may declare a disruption of the TARGET system which impairs the normal processing of payments to be a “prolonged TARGET disruption over several business days” if:
  - (a) the contingency solution as defined in Article 2, point (20), of Guideline (EU) 2022/912 (ECB/2022/8), in conjunction with point (20) of Annex III to that Guideline, is activated as a result of the interruption; and
  - (b) the disruption lasts or is expected by the ECB to last more than one business day.

Regular monetary policy operations may be delayed or cancelled upon activation of the contingency solution as referred to in point (a).

2. The declaration referred in paragraph 1 shall be communicated via the ECB’s website. As a part of such a declaration, or subsequent to it, the ECB shall communicate the consequences of the disruption for specific monetary policy operations and instruments.
3. Following a declaration made pursuant to this Article, special measures and provisions relating to certain monetary policy operations and instruments may apply, as specified in this Document and in particular in Articles 161b, 161c, and 161d.
4. Once the disruption of the TARGET system is resolved, the ECB shall issue a communication via the ECB’s website stating that the special measures and provisions adopted due to that prolonged TARGET disruption over several business days are no longer applicable.

### *Article 161b*

#### **Processing of Eurosystem monetary policy operations in the event of a prolonged TARGET disruption over several business days**

In the event of a declaration of a prolonged TARGET disruption over several business days pursuant to Article 161a, the following provisions may apply in relation to the processing of Eurosystem monetary policy operations.

- (a) The settlement of open market operations in euro as set out in Title III, Chapter 2 of this Document shall not be processed via the contingency solution as defined in Article 2, point (20), of Guideline (EU) 2022/912 (ECB/2022/8), in conjunction with point (20) of Annex III, to that Guideline. As a consequence, the settlement of such operations may be delayed until normal TARGET operations resume.

- (b) The interest payments of such operations shall be calculated either (i) as if no delay had occurred in the settlement of the operations or (ii) according to the actual duration, whichever results in a lower payable or higher receivable interest amount for the counterparty.
- (c) The Eurosystem shall offset in the calculation of the interest payment calculated in accordance with point (b) any extra current account balance remuneration the counterparty is entitled to receive, or obliged to pay in case of negative rates, as a consequence of the delayed settlement.
- (d) The interest shall be paid out or received when the ECB issues the communication referred to in Article 161a(4).

#### *Article 161c*

### **Access to the marginal lending facility in the event of a prolonged TARGET disruption over several business days**

In the event of a declaration of a prolonged TARGET disruption over several business days pursuant to Article 161a, the following provisions may apply in relation to access to the marginal lending facility.

- (a) Notwithstanding Article 19(6), a negative balance on a counterparty's settlement account with its home NCB at the end of the day shall be treated as intraday liquidity and remunerated at an interest rate of zero.
- (b) An interest rate of zero shall be applied to any outstanding credit in the marginal lending facility as set out in Article 20 granted on the day before activation of the contingency solution. That interest rate shall be applied for the period of the disruption. Any credit granted under the marginal lending facility and settled in real time on the day of but before the declaration of the prolonged TARGET disruption over several business days shall be treated as credit granted on the business day when the prolonged TARGET disruption over several business days is resolved. Interest payable for any credit received under the marginal lending facility shall be payable together with repayment of the marginal lending facility credit only after the contingency solution is deactivated and the ECB has issued a communication pursuant to Article 161a(4). The calculation of the interest rate payment shall exclude the business day(s) during which the prolonged TARGET disruption persisted.

#### *Article 161d*

### **No imposition of sanctions in the event of a prolonged TARGET disruption over several business days**

No sanction shall be imposed on a counterparty pursuant to Article 154 if a prolonged TARGET disruption over several business days is declared pursuant to Article 161a which affects that counterparty's ability to fulfil its obligations under this Document.

## PART EIGHT

### Final Provisions

#### *Article 162*

##### **Sharing of information**

The Bank may, if necessary for the implementation of monetary policy, share with other NCBs 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 163*

##### **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 164*

##### **Notice**

1. Save as where expressly provided for herein, notice as provided for under this Document shall be delivered in written form and may include the delivery of notice by e-mail. Notices shall be sent to the relevant contacts as may from time to time be notified by either the Bank or its counterparties to the other by written notice in accordance with the provisions of this clause.
2. Any notice referred to in this Article 164 shall be deemed to be served:
  - (a) if sent by hand, when delivery at the address of the party to be served is made or attempted, if that is between 09.00 and 17.00 on a Bank business day or, if it is left before 09.00 on a business day, at 09.00 on that Bank business day and in all other cases at 09.00 on the next Bank business day; and
  - (b) if sent by e-mail, when it is so sent if it is sent between 09.00 and 17.00 on a Bank business day or, if it is sent before 09.00 on a Bank business day, at 09.00 on that Bank business day and in all other cases at 09.00 on the next Bank business day.

# 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 'Statute 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 (EU) 2021/378 (ECB/2021/1). The application of Regulation (EU) 2021/378 (ECB/2021/1) 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 1(a) of Regulation (EU) 2021/378 (ECB/2021/1), the Eurosystem's minimum reserve system applies to credit institutions that are:
  - (i) authorised in accordance with Article 8 of Directive 2013/36/EU; or
  - (ii) exempt from such authorisation pursuant to Article 2(5) of Directive 2013/36/EU.

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 4(1) of Regulation (EU) 2021/378 (ECB/2021/1), institutions will be exempt from reserve requirements if their authorisation is withdrawn or renounced, or they are subject to winding-up proceedings pursuant to Directive 2001/24/EC of the European Parliament and of the Council<sup>29</sup>.
5. Pursuant to Article 4(2) of Regulation (EU) 2021/378 (ECB/2021/1), the ECB may exempt, upon request by the Bank, institutions in the circumstances set out in points (a) to (d) thereof from reserve requirements. Such institutions include, *inter alia*, institutions subject to a reorganisation measure pursuant to Directive 2001/24/EC, institutions subject to a freezing order imposed by the Union or by a Member State or subject to measures imposed by the Union under Article 75 of the Treaty restricting the use of their funds; institutions subject to a decision of the Eurosystem suspending or excluding their access to the Eurosystem's open market operations or standing facilities and institutions in respect of which it is not appropriate to require minimum reserves.

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<sup>29</sup> Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions (OJ L 125, 5.5.2001, p. 15).

6. The exemptions mentioned in Article 4 of Regulation (EU) 2021/378 (ECB/2021/1) apply from the start of the maintenance period in which the relevant event occurs.
7. Pursuant to Article 3(3) of Regulation (EU) 2021/378 (ECB/2021/1), the ECB publishes on its website a list of institutions subject to the Eurosystem's minimum reserve requirements pursuant to that Regulation.
8. The ECB also publishes a list of institutions exempted from minimum reserve requirements, excluding those institutions referred to in points (a) to (c) of Article 4(2) of Regulation (EU) 2021/378 (ECB/2021/1).
9. 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 5(5) of Regulation (EU) 2021/378 (ECB/2021/1), subject to the exceptions for tail institutions, as laid down in Article 5(6) of that Regulation.
10. The reserve ratios are those specified by the ECB in Regulation (EU) 2021/378 (ECB/2021/1) subject to the maximum limit set out in Regulation (EC) No 2531/98.
11. The amount of minimum reserves to be held by institutions are calculated using the reserve ratios set out in Article 6(1) of Regulation (EU) 2021/378 (ECB/2021/1) for each of the liabilities of the reserve base under Article 5 of that Regulation. The Bank must use the minimum reserves calculated in accordance with Article 6 of Regulation (EU) 2021/378 (ECB/2021/1) to remunerate holdings of minimum reserves and to assess whether institutions comply with the obligation to hold the required amount of minimum reserves.
12. 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-day balance on one or more reserve accounts over a maintenance period. The maintenance period is defined in Article 8 of Regulation (EU) 2021/378 (ECB/2021/1).
13. In accordance with Article 9 of Regulation (EU) 2021/378 (ECB/2021/1), institutions' holdings of minimum reserves are remunerated at 0%.

The end-of-day balance of TARGET-Ireland during the period of a prolonged TARGET disruption over several business days as referred to in Article 161a will be considered in the remuneration of minimum reserves retroactively after the TARGET disruption is resolved.

The end-of-day balance of TARGET-Ireland, applied over the number of days of the prolonged TARGET disruption over several business days, will be determined according to the best information available to the ECB. Any balances held in the contingency solution used during a prolonged TARGET disruption over several business days, intraday or for a longer period, are remunerated at zero percent.

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 2531/98, Regulation (EC) No 2532/98, Regulation (EC) No 2157/1999 (ECB/1999/4) and Decision (EU) 2021/1815 (ECB/2021/45).

14. Additional information concerning the operation of the minimum reserves regime by the Bank may be published on the Bank's website.

## 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 a 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;
- (v) whether the tender is conducted with full allotment, if applicable.

## 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  $s$ th interest rate ( $r_s$ )

$$a(r_s) = \sum_{i=1}^n a(r_s)_i$$

$r_m$  = marginal interest rate:

$$r_1 \geq r_s \geq r_m \text{ for a liquidity-providing tender}$$

$$r_m \geq r_s \geq r_1 \text{ for a liquidity-absorbing tender}$$

$r_{m-1}$  = interest rate before the marginal interest rate (last interest rate at which bids are completely satisfied):

$$r_{m-1} > r_m \text{ for a liquidity-providing tender}$$

$$r_m > r_{m-1} \text{ for a liquidity-absorbing tender}$$

$all\%(r_m)$  = percentage of allotment at the marginal interest rate

$all(r_s)_i$  = allotment to the  $i$ th counterparty at the  $s$ th interest rate

$all_i$  = total amount allotted to the  $i$ th 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
- $\Delta_s$  = sth swap point quotation bid by the counterparties
- N = total number of counterparties
- $a(\Delta_s)_i$  = amount bid at the sth swap point quotation ( $\Delta_s$ ) by the  $i$ th counterparty
- $a(\Delta_s)$  = total amount bid at the sth swap point quotation ( $\Delta_s$ )

$$a(\Delta_s) = \sum_{i=1}^n a(\Delta_s)_i$$

- $\Delta_m$  = 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
- $\Delta_{m-1}$  = 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
- $all\%(\Delta_m)$  = percentage of allotment at the marginal swap point quotation
- $all(\Delta_s)_i$  = allotment to the  $i$ th counterparty at the sth 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 has been deleted reflecting the repeal of the equivalent annex laid down in the General Documentation Guideline by Guideline ECB/2024/37.]**

**[ANNEX VIa has been deleted reflecting the repeal of the equivalent annex laid down in the General Documentation Guideline by Guideline ECB/2024/37.]**

## ANNEX VII

# Calculation of Sanctions to be Imposed in Accordance with Part Five and Financial Penalties to be Imposed in Accordance with Part Seven

### I. Calculation of financial penalties to be imposed in accordance with Part Five

1. Where a financial penalty is to be imposed by the Bank on any of its counterparties in accordance with Part Five, the Bank calculates the variable amount of 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), point (a), point (b), or point (c), the variable amount of 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), point (d), or point (e), the variable amount of 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 failures to comply with the obligation referred to in Article 154(1), point (d), or of the obligation referred to in Article 154(1), point (e), within a 12-month period, starting from the day of the first failure to comply, the penalty rate increases by a further 2.5 percentage points for each occasion of non-compliance.
2. For failure to comply with an obligation referred to in Article 154(1), point (a), or point (b), the variable amount of a financial penalty is calculated by applying the penalty rate, determined in accordance with paragraph 1, point (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 Bank over the remainder of the term of the operation.
3. For failure to comply with an obligation referred to in Article 154(1), point (c), the variable amount of a financial penalty is calculated in respect of each asset affected by applying the penalty rate, determined in accordance with paragraph 1, point (a), to the value after haircuts and, as applicable, the climate factor of the ineligible asset or the asset that may not be mobilised or used by the counterparty, as follows:
  - (a) in the case of an ineligible asset which is provided by the counterparty to the Bank, the value of the ineligible asset after haircuts and, as applicable, the climate factor is taken into account; or

(b) in the case of a marketable asset which was originally eligible but became ineligible or may no longer be mobilised or used by the counterparty, the value after haircuts and, as applicable, the climate factor are taken into account of the asset that has not been removed by 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.

4. The amounts referred to in paragraph 3, point (a), and point (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, point (b), the calculation of  $X$  begins after the expiry of the grace period of seven calendar days.

*[EUR [value of ineligible assets after haircuts (and, as applicable, the climate factor) on the first day of the non-compliance] \* (applicable marginal lending facility rate on the day when the non-compliance began + 2.5%) \* [X]/360 = EUR [...]]*

5. For a failure to comply with Article 154(1), point (c), which results from exceeding the threshold for the submission or use of unsecured debt instruments issued by a credit institution or their closely linked entities as laid down in Article 141 (hereinafter, 'limit breach'), the application of a grace period is determined as follows:

(a) A grace period of seven calendar days applies if the limit breach resulted from a change in the valuation after haircuts and, as applicable, the climate factor, without a submission of additional such unsecured debt instruments and without removal of assets (including matured assets) from the total collateral pool, on the basis of the following:

- (i) the value of those already submitted unsecured debt instruments has increased; or
- (ii) the total value of the collateral pool has decreased.

In such cases the counterparty is required to adjust the value of its total collateral pool and/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 their 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 respect 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, or if the counterparty fails to provide on a timely basis information as required under Article 101, point (a)(iv), 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 and no grace period shall be applicable. If the incorrect information is corrected within the applicable notification period, e.g. for credit claims within the course of the next business day pursuant to Article 109(2), no penalty is to be imposed.

7. For failure to comply with the obligations referred to in Article 154(1), point (d), or point (e), the variable amount of a financial penalty is calculated by applying the penalty rate, determined in accordance with paragraph 1, point (b), to the amount of the counterparty's unauthorised access to the marginal lending facility or unpaid credit from the Eurosystem.
8. [Paragraph 8 has been deleted.]

## II. Calculation of non-financial penalties to be imposed in accordance with Part Five

### *Suspension for non-compliance with obligations referred to in Article 154(1), point (a), or point (b)*

9. Where a suspension period applies in accordance with Article 156(1), the Bank will impose the suspension in accordance with the following rules:
  - (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.

## III. Calculation of financial penalties to be imposed in accordance with Part Seven

1. The Bank calculates the financial penalty to be imposed pursuant to Article 161(4a) in accordance with the following rules:
  - (a) For failure to comply with an obligation referred to in Article 161(4a), the financial penalty is calculated using the marginal lending facility rate that applied on the day when the non-compliance began plus 2.5 percentage points.
  - (b) The financial penalty is calculated by applying the penalty rate, determined in accordance with paragraph (a), to the amount of cash that the counterparty could not reimburse or pay, or to the value of the assets which were not delivered, multiplied by the coefficient  $X/360$ , where  $X$  is the number of calendar days, with a maximum of seven, during which the counterparty was unable to: (i) reimburse any amount of the credit, pay the repurchase price or the cash otherwise due; or (ii) deliver the assets at maturity or when otherwise due according to the contractual or regulatory arrangements.
2. The following formula is used for the calculation of the financial penalty in accordance with paragraph 1, point (a) and point (b) above:

*[EUR [amount of cash that the counterparty could not reimburse or pay, or value of assets that the counterparty could not deliver] \* (the applicable marginal lending facility rate on the day when the non-*

*compliance began plus 2.5 percentage points) \* [X]/360 (where X is the number of calendar days during which the counterparty did not pay, reimburse or deliver) = EUR [...]*

**[ANNEX VIII has been deleted reflecting the repeal of the equivalent annex laid down in the General Documentation Guideline by Guideline ECB/2026/1.]**

## ANNEX IX

# Eurosystem Credit Assessment Framework Performance Monitoring Process

1. For each credit assessment system, the Eurosystem credit assessment framework (ECAAF) 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 ECAAF 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 IXa

## Minimum Coverage Requirements for External Credit Assessment Institutions in the Eurosystem Credit Assessment Framework

This Annex applies to the acceptance of a credit rating agency (CRA) as an ECAI in the Eurosystem credit assessment framework, as specified in Article 120(2).

### I. Coverage requirements

1. Concerning current coverage, in each of at least three out of the four asset classes (a) unsecured bank bonds, (b) corporate bonds, (c) covered bonds and (d) ABS, the CRA must provide a minimum coverage of:
  - (i) 10% in the eligible universe of euro area assets, computed in terms of rated assets and rated issuers, except for the ABS asset class, for which coverage in terms of rated assets only will apply;
  - (ii) 20% in the eligible universe of euro area assets, computed in terms of nominal amounts outstanding;
  - (iii) in at least 2/3 of the euro area countries with eligible assets in the respective asset classes, the CRA must provide the required coverage of rated assets, rated issuers or rated nominal amounts as referred to in points (i) and (ii).
2. The CRA must provide sovereign ratings for, at a minimum, all euro area issuer residence countries where assets in one of the four asset classes mentioned in paragraph 1 are rated by this CRA, with the exception of assets for which the Eurosystem considers the respective country risk assessment to be irrelevant for the credit rating provided by the CRA for the issue, issuer or guarantor.
3. Concerning historical coverage, the CRA must meet at least 80% of the minimum coverage requirements outlined in paragraphs 1 and 2 in each of the last three years prior to the application for ECAF acceptance, and must meet 100% of those requirements at the time of application and during the entire period of ECAF acceptance.

### II. Calculation of coverage

1. Coverage is calculated on the basis of credit ratings issued or endorsed by the CRA in accordance with Regulation (EC) No 1060/2009 and meeting all other requirements for ECAF purposes. For historical coverage, only the Eurosystem collateral eligibility requirements that were in force at the

relevant point in time and only ratings that had been issued or endorsed in accordance with Regulation (EC) No 1060/2009 at the relevant point in time will be considered.

2. The coverage of a given CRA is based on credit ratings of eligible assets for Eurosystem monetary policy operations, and is computed in line with the priority rules under Article 84 by considering only that CRA's ratings.
3. In the calculation of the minimum coverage of a CRA not yet accepted for ECAF purposes, the Eurosystem also includes relevant credit ratings provided for assets that are not eligible because of the lack of a rating from ECAF-accepted external credit assessment institutions (ECAI).

### **III. Review of compliance**

1. The compliance of ECAIs accepted with these coverage requirements will be reviewed annually.
2. Non-compliance with the coverage requirements may be sanctioned in accordance with ECAF rules and procedures.

# ANNEX IXb

## Minimum Requirements in the Eurosystem Credit Assessment Framework for New Issue and Surveillance Reports on Covered Bond Programmes

### 1. Introduction

For the purposes of the Eurosystem credit assessment framework (ECAAF), external credit assessment institutions (ECAIs), in respect of the Article 120(2), must comply with specific operational criteria in relation to covered bonds, with effect from 1 July 2017. In particular, ECAIs shall:

- (a) explain newly rated covered bond programmes in a publicly available credit rating report; and
- (b) make surveillance reports on covered bond programmes available on a quarterly basis.

This Annex sets out these minimum requirements in detail.

The requirements apply to issue ratings as referred to in Article 83 and therefore encompass all asset and programme ratings for eligible covered bonds. ECAIs' compliance with these requirements will be regularly reviewed. If the criteria are not fulfilled for a particular covered bond programme, the Eurosystem may deem the public credit rating(s) related to the relevant covered bond programme not to meet the high credit standards of the ECAAF. Thus, the relevant ECAI's public credit rating may not be used to establish the credit quality requirements for marketable assets issued under the specific covered bond programme.

### 2. Minimum requirements

- (a) The publicly available credit rating reports (new issue report) referred to in paragraph 1(a) must include a comprehensive analysis of the structural and legal aspects of the programme, a detailed collateral pool assessment, an analysis of the refinancing and market risk, an analysis of the transaction participants, ECAI proprietary assumptions and metrics, and an analysis of any other relevant details of the transaction.
- (b) The surveillance reports referred to in paragraph 1(b) must be published by the ECAI no later than eight weeks after the end of each quarter. The surveillance reports must contain the following information.
  - (i) Any ECAI proprietary metrics, including the latest available dynamic proprietary metrics used in the determination of the rating. If the date to which the proprietary

metrics refer differs from the publication date of the report, the date to which the proprietary metrics refer should be specified.

- (ii) A programme overview, to include, at a minimum, the outstanding assets and liabilities, the issuer and other key transaction parties, the main collateral asset type, the legal framework to which the programme is subject, and the rating of the programme and the issuer.
- (iii) Overcollateralisation levels, including current and committed overcollateralisation.
- (iv) The asset-liability profile, including the maturity type of the covered bonds, e.g. hard bullet, soft bullet, or pass through, the weighted average life of the covered bonds and of the cover pool and information on interest rate and currency mismatches.
- (v) Interest rate and currency swap arrangements existing at the time of the publication of the report, including the swap counterparty names and, where available, their legal entity identifiers.
- (vi) The distribution of currencies, including a breakdown in terms of value at the level of both the cover pool and the individual bonds and including the percentage of euro-denominated assets and the percentage of euro-denominated bonds.
- (vii) Cover pool assets, including the asset balance, asset types, number and average size of loans, seasoning, maturity, loan-to-valuation ratios, regional distribution and arrears distribution. As regards regional distributions, if the cover pool assets consist of loans originated in different countries, the surveillance report must, as a minimum, present the distribution across countries and the regional distribution for the main country of origin.
- (viii) Cover pool substitute assets, including the asset balance.
- (ix) The list of all rated securities in the programme, identified by their international securities identification number (ISIN). This disclosure can also be made via a separate, downloadable file published on the ECAI's website.
- (x) A list of data definitions and data sources used in the production of the surveillance report. This disclosure can also be made via a separate file published on the ECAI's website.

Surveillance reports for multi-cédulas must contain all the information required under points (i) to (x). In addition, these reports must include the list of the relevant originators and their respective shares in the multi-cédula. Asset-specific information must be reported either directly in the multi-cédula's surveillance report or by reference to the surveillance reports for each individual cédula rated by the ECAI.

## ANNEX IXc

# ECAI Acceptance Criteria and Application Process

The acceptance criteria for external credit assessment institutions (ECAIs) and the process for a credit rating agency (CRA) to apply to become accepted as an ECAI under the Eurosystem credit assessment framework (ECAAF), as referred to in Article 120 of this Document, are set out in detail in Annex IXc of the General Documentation Guideline.

**[ANNEX X has been deleted reflecting the repeal of the equivalent annex laid down in the General Documentation Guideline by Guideline ECB/2015/34.]**

## 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 and NSS criteria.

**Table 1: Eligibility Rules for Different Security Forms**

Global /individual	Bearer /registered	NGN /classic global note (CGN)/ NSS	Is the common safekeeper (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
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

Examples of the following Eurosystem monetary policy operations and procedures may be found in Annex XII of the General Documentation Guideline:

- |           |   |
|-----------|---|
| Example 1 | Liquidity-providing reverse transaction by fixed rate tender                      |
| Example 2 | Liquidity-providing reverse transaction by variable rate tender                   |
| Example 3 | Issuance of European Central Bank (ECB) debt certificates by variable rate tender |
| Example 4 | Liquidity-absorbing foreign exchange swap by variable rate tender                 |
| Example 5 | Liquidity-providing foreign exchange swap by variable rate tender                 |

## ANNEX XIIa

An entity that is considered an agency as defined in Article 2 of this Document must fulfil the following quantitative criteria in order for its eligible marketable assets to be allocated to haircut category II as set out in Table 1 of the Annex to Guideline (EU) 2016/65 (ECB/2015/35):

- (a) the average of the sum of the nominal values outstanding of all eligible marketable assets issued by the agency is at least EUR 10 billion over the reference period; and
- (b) the average of the sum of the nominal values of all eligible marketable assets with a nominal value outstanding of at least EUR 500 million issued by the agency over the reference period results in a share equal to 50% or more of the average of the sum of nominal value outstanding of all eligible marketable assets issued by that agency over the reference period.

Compliance with these quantitative criteria is assessed on an annual basis by calculating, in each given year, the relevant average over a one-year reference period starting on 1 August of the previous year and ending on 31 July of the current year.

## ANNEX XIb

# Determination of Climate Factors Applicable to Marketable Assets to Mitigate Climate Transition-Related Uncertainties

1. The climate factor referred to in Article 128(1), point (e), of this Guideline applies to marketable debt instruments issued by non-financial corporations and their respective corporate issuer groups, with the exception of:
  - (a) debt instruments issued by agencies as defined in Article 2;
  - (b) debt instruments issued by wind-down entities as defined in Article 2;
  - (c) debt instruments for which the credit quality assessment is based on Article 87(2), points (a) and (b); and
  - (d) debt instruments issued by credit institutions within the corporate issuer group.
2. For each asset  $i$ , of corporation  $j$  in sector  $s$ , a score assessing its sensitivity to climate transition-related uncertainties (the ‘uncertainty score’) is calculated using the following formula:

$$u_{i,j,s} = V_i \times E_j \times S_s$$

with the following variables:

- (a) a sector-specific stressor  $S_s$  derived from the aggregated sector-level increase in expected shortfall in an adverse transition scenario relative to a baseline scenario of the last available Eurosystem climate stress test. This metric is the same for all assets issued by entities within a specific sector;
  - (b) an issuer-specific exposure  $E_j$  based on the inverse of the ‘climate score’ under the Corporate Sector Purchase Programme as laid down in the Annex to Decision (EU) 2016/948 of the European Central Bank (ECB/2016/16)<sup>30</sup>. This metric is the same for all assets issued by the same entity;
  - (c) an asset-specific vulnerability  $V_i$  equal to the square root of the asset’s residual maturity. This metric is specific to each asset.
3. The uncertainty score per asset is converted into a ‘climate factor’ (CF) per asset, using the following formula:

$$CF(u_{i,j,s}) = a + (1 - a) \frac{1}{e^{u_{i,j,s} \times b}}$$

<sup>30</sup> Decision (EU) 2016/948 of the European Central Bank of 1 June 2016 on the implementation of the corporate sector purchase programme (ECB/2016/16) (OJ L 157, 15.6.2016, p. 28, ELI: <http://data.europa.eu/eli/dec/2016/948/oj>).

with the following two parameters:

- (a) parameter  $\underline{a}$  is set by the Governing Council and informed in particular by the expected shortfall aggregated across all sectors in an adverse transition scenario relative to a baseline scenario of the last available Eurosystem climate stress test;
- (b) parameter  $\underline{b}$  is set by the Governing Council and informed in particular by the median uncertainty score  $\bar{u}$  across the assets that are subject to the climate factor using this natural logarithmic formula:

$$b = \ln\left(1 + \frac{1}{\bar{u}}\right).$$

- (c) Parameters  $a$  and  $b$  are equal for all assets subject to climate factors. The highest possible climate factor is one for assets with the lowest uncertainty score, while the lowest possible climate factor is equal to  $a$  for assets with the highest uncertainty score.
4. The collateral value of each asset, or the amount of credit which may be granted against the asset provided by a counterparty, is calculated by multiplying its value, adjusted for haircuts, and as applicable, by the corresponding climate factor.
  5. The uncertainty score and climate factor applicable to each asset will be updated annually. Assets which become eligible between two annual updates will be initially assigned a median climate factor calculated using the following formula:

$$CF(u_{i,j,s}) = \begin{cases} \bar{CF}_b, & \text{if the asset is a bond} \\ \bar{CF}_{mtn}, & \text{if the asset is a medium term note,} \\ \bar{CF}_{cp}, & \text{if the asset is a commercial paper} \end{cases}$$

where  $\bar{CF}_b$  is the latest median climate factor across all bonds for which a climate factor has been calculated at the last annual update,  $\bar{u}_{mtn}$  is the latest median climate factor across all medium-term notes for which a climate factor has been calculated at the last annual update, and  $\bar{u}_{cp}$  is the latest median climate factor across all commercial paper for which a climate factor has been calculated at the last annual update. This climate factor is applicable until the subsequent annual update of the uncertainty scores and climate factor.



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