



**EUROPEAN CENTRAL BANK**  
EUROSYSTEM

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

**of 2 May 2022**

**amending Guideline ECB/2014/31 on additional temporary measures relating to Eurosystem  
refinancing operations and eligibility of collateral**

**(ECB/2022/19)**

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union, and in particular the first indent of Article 127(2) thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular the first indent of Article 3.1, and Articles 5.1, 12.1, 14.3 and 18.2 thereof,

Whereas:

- (1) In accordance with Article 18.1 of the Statute of the European System of Central Banks and of the European Central Bank, the European Central Bank (ECB) and the national central banks of the Member States whose currency is the euro (hereinafter the 'NCBs') may, in order to achieve the objectives of the European System of Central Banks, conduct credit operations with credit institutions and other market participants, with lending being based on adequate collateral. The general conditions under which the ECB and the NCBs stand ready to enter into credit operations, including the criteria determining the eligibility of collateral for the purposes of Eurosystem credit operations, are laid down in Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60)<sup>1</sup>.
- (2) It is necessary to provide greater clarity with regard to the treatment for eligibility purposes of interest reference rates for marketable assets.
- (3) The Governing Council conducted a comprehensive review of the temporary collateral easing measures adopted since 2020 in response to the exceptional economic and financial circumstances associated with the spread of coronavirus disease (COVID-19). These measures included temporarily reducing valuation haircuts; maintaining the eligibility of assets, and the issuers and guarantors of these assets, that fulfilled the Eurosystem's minimum credit quality requirements on 7 April 2020 but were subsequently downgraded; and allowing NCBs to accept as eligible collateral sovereign debt securities issued by the central government of the Hellenic Republic that do not satisfy the Eurosystem's credit quality requirements. This review took into account (a) that Eurosystem counterparties participating in targeted longer-term refinancing operations conducted

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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 (General Documentation Guideline) (ECB/2014/60) (OJ L 91, 2.4.2015, p. 3).

under Decision (EU) 2019/1311 of the European Central Bank (ECB/2019/21)<sup>2</sup> should be able to continue mobilising sufficient collateral for these operations; (b) the collateral impact for Eurosystem counterparties associated with each of such measures; (c) risk considerations associated with each of such measures; (d) other market and policy considerations.

- (4) In that context, the Governing Council decided on 23 March 2022, inter alia, to phase out the abovementioned haircut reduction in two stages, the first one of which is to start on 8 July 2022, in order to increase the Eurosystem's risk protection and risk efficiency.
- (5) It also decided to no longer accept, from 8 July 2022, as eligible marketable assets, and the issuers and guarantors of these assets, that fulfilled the Eurosystem's minimum credit quality requirements on 7 April 2020 but were subsequently downgraded by the credit rating agencies accepted in the Eurosystem to a credit quality level below the Eurosystem minimum, in order to return to a consistent treatment of issuers, marketable assets and guarantors within the Eurosystem's collateral framework independent of the timing of credit rating agencies' actions.
- (6) The Governing Council further decided to continue to allow NCBs to accept as eligible collateral marketable debt securities issued by the central government of the Hellenic Republic that do not satisfy the Eurosystem's credit quality requirements but fulfil all other eligibility criteria applicable to marketable assets, for at least as long as reinvestments in these securities under the pandemic emergency purchase programme (PEPP)<sup>3</sup> continue, subject to a specific haircut schedule. This measure will be temporary and is based on the following additional considerations: (a) the need to continue to prevent fragmentation in the access to Eurosystem monetary policy operations which would impair the proper functioning of the monetary policy transmission mechanism to the Greek economy while it is still recovering from the fallout from the pandemic; (b) the commitments undertaken by the Hellenic Republic in the context of the enhanced surveillance under Regulation (EU) No 472/2013 of the European Parliament and of the Council<sup>4</sup> and the monitoring of the implementation thereof by Union institutions; (c) the fact that medium-term debt relief measures for the Hellenic Republic delivered via the European Financial Stability Facility and the European Stability Mechanism depend on the continued implementation of these commitments; (d) the information available to the ECB regarding the economic and financial situation of the Hellenic Republic as a result of the involvement of the ECB in the enhanced surveillance framework; (e) the fact that even after the end of the enhanced surveillance: (i) the economic, fiscal and financial situation of the Hellenic Republic will be regularly reviewed in the context of post-programme surveillance under Article 14 of Regulation (EU) No 472/2013 and the quarterly early warning system

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<sup>2</sup> Decision (EU) 2019/1311 of the European Central Bank of 22 July 2019 on a third series of targeted longer-term refinancing operations (ECB/2019/21) (OJ L 204, 2.8.2019, p. 100).

<sup>3</sup> Decision (EU) 2020/440 of the European Central Bank of 24 March 2020 on a temporary pandemic emergency purchase programme (ECB/2020/17) (OJ L 91, 25.3.2020, p. 1).

<sup>4</sup> Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability (OJ L 140, 27.5.2013, p. 1).

of the European Stability Mechanism, (ii) the debt relief measures for the Hellenic Republic will continue to be linked to that post-programme surveillance, and (iii) planned disbursements to the Hellenic Republic in the context of the Recovery and Resilience Facility under Regulation (EU) 2021/241 of the European Parliament and of the Council<sup>5</sup> are subject to the successful completion of the agreed milestones and targets in accordance with Article 24 of that Regulation; (f) the regular sovereign debt sustainability assessments that will be conducted by the European Stability Mechanism, the European Commission and the ECB ; (g) the fact that the ECB will continue to have access to information on the economic and financial situation of the Hellenic Republic even after the end of the enhanced surveillance, via the mechanisms described under points (e)(i) and (e)(iii) above.

(7) Therefore, Guideline ECB/2014/31 of the European Central Bank<sup>6</sup> should be amended accordingly,

HAS ADOPTED THIS GUIDELINE:

#### *Article 1*

#### **Amendments**

Guideline ECB/2014/31 is amended as follows:

1. in Article 7, paragraph 3 is replaced by the following:

‘3. Marketable debt instruments described in paragraph 1, which have coupons linked to a single money market rate provided by a central bank, or provided by an administrator in accordance with Article 36 of Regulation (EU) 2016/1011 of the European Parliament and of the Council (\*), or a money market rate included as a third country benchmark in the register referred to in Article 36 of that Regulation in their currency of denomination or to an inflation index containing no discrete range, range accrual, ratchet or similar complex structures for the respective country, shall also constitute eligible collateral for the purposes of Eurosystem monetary policy operations.

(\* ) 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).’;

2. in Article 8a, paragraph 3 is deleted;

3. in Article 8b, paragraph 12 is replaced by the following:

‘12. The provisions of this Article shall remain in effect until 7 July 2022.’;

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<sup>5</sup> Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57 18.2.2021, p. 17).

<sup>6</sup> Guideline ECB/2014/31 of the European Central Bank of 9 July 2014 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9 (OJ L 240, 13.8.2014, p. 28).

4. Annex IIa is replaced by Annex I to this Guideline;
5. Annex IIb is replaced by Annex II to this Guideline.

#### *Article 2*

#### **Taking effect and implementation**

1. This Guideline shall take effect on the day of its notification to the NCBs.
2. The NCBs shall take the necessary measures to comply with this Guideline and apply them from 8 July 2022, except for the measures to comply with Article 1, points 2 and 3, which they shall apply from 30 June 2022. They shall notify the European Central Bank of the texts and means relating to those measures by 20 May 2022 at the latest.

#### *Article 3*

#### **Addressees**

This Guideline is addressed to all Eurosystem central banks.

Done at Frankfurt am Main, 2 May 2022.

*For the Governing Council of the ECB*

*The President of the ECB*

Christine LAGARDE

Annex IIa to Guideline ECB/2014/31 is replaced by the following:

**'Annex IIa**

**Valuation haircut levels (in %) applied to asset-backed securities (ABS) eligible under  
Article 3(2) of this Guideline**

<i>Weighted Average Life (*)</i>	<i>Valuation haircut</i>
[0,1)	5,4
[1,3)	8,1
[3,5)	11,7
[5,7)	13,5
[7,10)	16,2
[10, ∞)	27

\* i.e. [0,1) weighted average life (WAL) less than one year, [1,3) WAL equal to or greater than one year and less than three years, etc.';

Annex IIb to Guideline ECB/2014/31 is replaced by the following:

**'Annex IIb**

**Valuation haircut levels (in %) applied to eligible marketable assets referred in Article 8a**

Credit quality	Residual maturity (years) (*)	Category I		
		fixed coupon	zero coupon	floating coupon
Step 4	[0,1)	7,2	7,2	7,2
	[1,3)	10,8	11,7	10,8
	[3,5)	12,6	13,5	12,6
	[5,7)	14,0	15,3	14,0
	[7,10)	14,9	16,2	14,9
	[10, ∞)	16,2	18,9	16,2
Step 5	[0,1)	9	9	9
	[1,3)	12,6	13,5	12,6
	[3,5)	14,9	15,8	14,9
	[5,7)	16,2	17,6	16,2
	[7,10)	17,1	18,5	17,1
	[10, ∞)	18,5	21,2	18,5

\*i.e. [0,1) residual maturity less than one year, [1,3) residual maturity equal to or greater than one year and less than three years, etc.'.