II

(Non-legislative acts)

DECISIONS

DECISION (EU) 2015/2464 OF THE EUROPEAN CENTRAL BANK

of 16 December 2015

amending Decision (EU) 2015/774 on a secondary markets public sector asset purchase programme (ECB/2015/48)

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 to the second subparagraph of Article 12.1 in conjunction with the first indent of Article 3.1, and Article 18.1 thereof,

Whereas:

(1) On 4 March 2015, the Governing Council adopted Decision (EU) 2015/774 of the European Central Bank (ECB/2015/10) ([1]) which established a secondary markets public sector asset purchase programme (hereinafter the 'PSPP'). By establishing the PSPP, the Governing Council expanded the existing asset purchase programmes to include public sector securities. Alongside the third covered bond purchase programme (hereinafter the 'CBPP3') and the asset-backed securities purchase programme (hereinafter the 'ABSPP'), the PSPP is part of the expanded asset purchase programme (hereinafter the 'APP'). The APP aims to further enhance the transmission of monetary policy, facilitate the provision of credit to the euro area economy, ease borrowing conditions for households and firms and contribute to returning inflation rates to levels closer to 2 %, consistent with the ECB's primary objective of maintaining price stability.

(2) On 3 December 2015, the Governing Council decided, in line with its mandate to ensure price stability, to revise certain of the PSPP's design features, to secure a sustained adjustment in the path of inflation towards levels that are below, but close to 2 %, over the medium term. The revisions are in line with the Governing Council's monetary policy mandate and duly reflect risk management considerations.

(3) Accordingly, in order to achieve the PSPP's objectives, the Governing Council decided to extend the intended horizon of purchases under the PSPP until the end of March 2017, or beyond, if necessary, and in any event until the Governing Council sees a sustained adjustment in the path of inflation that is consistent with its aim of achieving inflation rates below, but close to, 2 % over the medium term. The Governing Council decided to extend the intended horizon of the purchases under the CBPP3 and the ABSPP accordingly.

(4) The Governing Council also decided that, in order to enhance the flexibility of the PSPP and thereby support the continued smooth implementation of purchases at least until its intentional end date, euro-denominated marketable debt instruments issued by regional and local governments located in the euro area will be eligible for regular purchases under the PSPP by the national central banks of the jurisdiction in which the issuing entity is located.

([1]) Decision (EU) 2015/774 of the European Central Bank of 4 March 2015 on a secondary markets public sector asset purchase programme (ECB/2015/10) (OJ L 121, 14.5.2015, p. 20).

(5) The Governing Council also decided to reinvest the principal payments of the securities purchased under the APP as the underlying securities mature, for as long as necessary, thus contributing to favourable liquidity conditions and to an appropriate monetary policy stance.

(6) With regard to debt securities referred to in Article 3(2)(c) of Decision (EU) 2015/774 (ECB/2015/10), different issuer and issue share limits apply. These limits will be set by the Governing Council taking due account of risk management and market functioning considerations.

(7) Therefore, Decision (EU) 2015/774 (ECB/2015/10) should be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

Amendments

Decision (EU) 2015/774 (ECB/2015/10) is amended as follows:

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

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

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

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

3. in Article 3, paragraph 4 is replaced by the following:

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

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

— be a "non-financial corporation" as defined in Regulation (EU) No 549/2013 of the European Parliament and of the Council (*),

— be a “public sector entity”, meaning an entity within the meaning of Article 3 of Council Regulation (EC) No 3603/93 (**).

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

(*) Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (OJ L 174, 26.6.2013, p. 1).
(**) Council Regulation (EC) No 3603/93 of 13 December 1993 specifying definitions for the application of the prohibitions referred to in Articles 104 and 104b(1) of the Treaty (OJ L 332, 31.12.1993, p. 1).
(***) Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (OJ L 91, 2.4.2015, p. 3).’;

4. Article 5 is replaced by the following:

‘*Article 5*

Purchase limits

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

As of 10 November 2015, the issue share limit is set at 33 % per ISIN. As an exception, the issue share limit is set at 25 % per ISIN for eligible marketable debt securities containing a collective action clause (CAC) that differs from the euro area model CAC elaborated by the Economic and Financial Committee and implemented by the Member States in accordance with Article 12(3) of the Treaty establishing the European Stability Mechanism, but will be increased to 33 %, subject to verification on a case-by-case basis that a holding of 33 % per ISIN would not lead the Eurosystem central banks to reach blocking minority holdings in orderly debt restructurings.

2. Under the PSPP, an aggregate limit of 33 % of an issuer’s outstanding securities shall apply to the universe of eligible marketable debt securities in respect of the maturities defined in Article 3, after consolidating holdings in all of the portfolios of the Eurosystem central banks.

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

5. in Article 6, paragraph 1 and 2 are replaced by the following:

‘1. Of the total book value of purchases of marketable debt securities eligible under the PSPP, 12 % shall be purchased in securities issued by eligible international organisations and multilateral development banks, and 88 % shall be purchased in securities issued by eligible central, regional or local governments and recognised agencies or, where applicable pursuant to Article 3(4) of this Decision, in securities issued by eligible public non-financial corporations. This allocation is subject to revision by the Governing Council. Purchases of debt securities issued by eligible international organisations, multilateral development banks and regional and local governments shall be conducted by NCBs only.

2. The NCBs’ share of the total book value of purchases of marketable debt securities eligible under PSPP shall be 92 %, and the remaining 8 % shall be purchased by the ECB. The distribution of purchases across jurisdictions shall be according to the key for subscription of the ECB’s capital as referred to in Article 29 of the Statute of the ESCB.’.

Article 2

Entry into force

This Decision shall enter into force on 1 January 2016.

Done at Frankfurt am Main, 16 December 2015.

The President of the ECB
Mario DRAGHI