



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

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Members of the European Parliament

European Parliament

60, rue Wiertz

B-1047 Brussels

Frankfurt, 23 June 2017

L/MD/17/249

Re: Your letter (QZ-046)

Honourable Members of the European Parliament,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 9 June 2017.

The outright purchases of eligible marketable debt instruments by the Eurosystem under the corporate sector purchase programme (CSPP) are implemented in a decentralised manner and are coordinated by the ECB, thereby safeguarding the singleness of the Eurosystem's monetary policy.¹

As I mentioned during my appearance before the Committee on Economic and Monetary Affairs on 29 May 2017, the six national central banks (NCBs) currently purchasing such bonds² have published on a weekly

¹ See Decision (EU) 2016/948 of the European Central Bank of 1 June 2016 on the implementation of the corporate sector purchase programme https://www.ecb.europa.eu/ecb/legal/pdf/celex_32016d0016_en_txt.pdf

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basis a list of CSPP holdings available for securities lending.³ Interested market participants can obtain necessary information on such holdings by looking up the international security identification numbers (ISINs) published by the NCBs on the ECB website or on market data providing systems.⁴ To aid further in this matter, the ECB provides other relevant links on its website.⁵

In addition to the regular publications just described, the ECB's website also includes a Q&A with clarifications on issues such as eligibility of securities and the implementation framework⁶ in order to increase transparency. Moreover, the ECB published an Economic Bulletin box on the CSPP shortly after its inception. This provides additional information on the programme, including on the sectoral distribution of the holdings.⁷

While respecting the decentralised nature of the programme, the ECB recently decided to further enhance its transparency practices. On 21 June, the ECB published in its Economic Bulletin a dedicated box, which covers some implementation details and the impact of the programme⁸. It reiterates the principles behind the design of the CSPP universe of eligible assets and evidences how the CSPP holdings mirror this universe very closely in terms of composition, when looking at either country, sectoral or rating breakdowns. Moreover the ECB will as of 26 June provide a full list of CSPP holdings, also for the convenience of non-market experts. This list will include the names of issuers, maturity dates and the coupon rates of the bonds. The NCBs will continue publishing information on the securities available for lending on their own websites, but these will be complemented with this full list of CSPP holdings published on the ECB's website. In line with the existing practice of some NCBs, the ECB will start creating a history of these lists by publishing a new one every week, starting on 26 June. The ECB also plans to provide updates on the country, sectoral and rating breakdowns of the CSPP portfolio, in line with the information provided in the above mentioned box of the Economic Bulletin.

Regarding your specific question on the matter of internal guidelines, I can confirm that the ECB does not intend to disclose the operating guidelines beyond what has already been published on the ECB's website. Let me, nevertheless, clarify that an internal benchmark exists for guiding the Eurosystem purchases under the CSPP, taking into account nominal outstanding amounts of all eligible bonds. Some flexibility is incorporated into the implementation of the programme to cater for differences in bonds' liquidity conditions and their availability for purchase. Moreover, it should be noted that the CSPP eligibility criteria do not include

² Nationale Bank van België/Banque nationale de Belgique, Deutsche Bundesbank, Banco de España, Banque de France, Banca d'Italia and Suomen Pankki-Finlands Bank

³ Since 18 July 2016, holdings under the CSPP have been made available for securities lending in order to allow them to continue to be used by other market participants for their transactions.

⁴ See <https://mfi-assets.ecb.int/queryEa.htm>

⁵ See <https://www.ecb.europa.eu/mopo/implement/omt/lending/html/index.en.html>

⁶ See <http://www.ecb.europa.eu/mopo/implement/omt/html/cspp-ga.en.html>

⁷ See https://www.ecb.europa.eu/pub/pdf/other/eb201605_focus02.en.pdf

⁸ See: <https://www.ecb.europa.eu/pub/economic-bulletin/html/eb201704.en.html#IDofBox2>

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any minimum amount outstanding, so the Eurosystem can also buy bonds issued by smaller corporates and has done so in the past.

Let me again underline that the CSPP benefits not only large companies with direct access to the bond market, but also smaller companies, as favourable bond market conditions have positive spillover effects to small and medium-sized enterprises (SMEs) through various channels. For instance, the fact that large corporations rely more on funding from bond markets leaves more space in the balance sheet of banks to provide loans to SMEs. In addition, lower bond market rates reduce funding costs for banks and thus allow them to provide cheaper funding to SMEs. In this context, results from the latest available Survey on the Access to Finance of Enterprises show further improvement in SMEs' access to bank-related finance at lower interest rates, continuing a trend observed in previous survey rounds.⁹ This is corroborated by a decline in bank lending rates on very small loans (< €250,000) to non-financial corporations – which are used as a proxy for loans to SMEs – of around 180 basis points since May 2014 and of around 40 basis points since the ECB's additional measures were announced in March 2016, the latter timeframe including the launch of the CSPP.

Yours sincerely,

[signed]

Mario Draghi

⁹ See Report on the results of the Survey on the Access to Finance of Enterprises in the euro area – October 2016 to March 2017, available at <https://www.ecb.europa.eu/press/pr/date/2017/html/ecb.pr170524.en.html>

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