

**DECISION (EU) 2016/1041 OF THE EUROPEAN CENTRAL BANK****of 22 June 2016****on the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic and repealing Decision (EU) 2015/300 (ECB/2016/18)**

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

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

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular the first indent of Article 3.1, Article 12.1, Article 18 and the second indent of Article 34.1 thereof,

Having regard to 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) <sup>(1)</sup> (General Documentation Guideline), and in particular Article 1(4), Titles I, II, IV, V, VI and VIII of Part Four, and Part Six thereof,

Having regard to Guideline ECB/2014/31 of 9 July 2014 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9 <sup>(2)</sup>, and in particular Article 1(3) and Article 8 thereof,

Having regard to 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) <sup>(3)</sup>, and in particular Article 3(2) thereof,

Whereas:

- (1) Pursuant to 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 Member States whose currency is the euro may conduct credit operations with credit institutions and other market participants, with lending being based on adequate collateral.
- (2) The standard criteria and minimum requirements for credit quality thresholds determining the eligibility of marketable assets as collateral for the purposes of Eurosystem monetary policy operations are laid down in Guideline (EU) 2015/510 (ECB/2014/60) and in particular in Article 59 and in Part Four, Title II thereof.
- (3) Pursuant to Article 1(4) of Guideline (EU) 2015/510 (ECB/2014/60), the Governing Council may, at any time, change the tools, instruments, requirements, criteria and procedures for the implementation of Eurosystem monetary policy operations. Pursuant to Article 59(6) of Guideline (EU) 2015/510 (ECB/2014/60), 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.
- (4) Article 8(2) of Guideline ECB/2014/31 provides that the Eurosystem's credit quality thresholds do not apply to marketable debt instruments issued or fully guaranteed by the central governments of Member States whose currency is the euro under a European Union/International Monetary Fund programme, unless the Governing Council decides that the respective Member State does not comply with the conditionality of the financial support and/or the macroeconomic programme.
- (5) In February 2015, the Governing Council concluded that it was not possible to assume a successful conclusion of the review of the European Union/International Monetary Fund financial assistance programme for the Hellenic Republic that was ongoing at the time. Consequently, Decision (EU) 2015/300 of the European Central Bank

<sup>(1)</sup> OJ L 91, 2.4.2015, p. 3.

<sup>(2)</sup> OJ L 240, 13.8.2014, p. 28.

<sup>(3)</sup> OJ L 121, 14.5.2015, p. 20.

(ECB/2015/6) <sup>(1)</sup> provided that the Hellenic Republic should no longer be considered to be in compliance with a European Union/International Monetary Fund programme for the purposes of Article 6(1) and Article 8 of Guideline ECB/2014/31 and that the Eurosystem's credit quality thresholds should apply in respect of marketable debt instruments issued or fully guaranteed by the Hellenic Republic. On 19 August 2015, following the expiry of the European Financial Stability Facility (EFSF) programme of financial support for Greece, the Board of Governors of the European Stability Mechanism (ESM) approved a new three-year financial assistance programme for Greece.

- (6) The first tranche under the new ESM programme was disbursed once all required measures were taken and milestones met which supported the gradual stabilisation of the Greek economy and allowed for the recapitalisation of the Greek banking system at the end of 2015. Upon completion of the prior actions agreed under the programme for the first review, the Board of Directors of the ESM approved on 17 June 2016 the disbursement of the first part of the second tranche of the programme. The first review of the ESM programme has thus been successfully concluded.
- (7) The Governing Council has assessed the effects of the new ESM programme for Greece, the continued implementation thereof and the commitment demonstrated by the Greek authorities to fully implement the programme.
- (8) On the basis of the abovementioned assessment, the Governing Council considers the Hellenic Republic to be in compliance with the conditionality of the programme and has decided to restore the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic for Eurosystem's monetary policy operations. Therefore, Decision (EU) 2015/300 (ECB/2015/6) should be repealed.
- (9) In view of the specific market and credit risk conditions for marketable debt instruments issued or fully guaranteed by the Hellenic Republic, the Governing Council has decided to revise the haircut schedule applicable to those instruments pursuant to Article 8(3) of Guideline ECB/2014/31.
- (10) In line with past Governing Council deliberations, potential purchases of marketable debt instruments issued or guaranteed by the Hellenic Republic in the secondary markets public sector asset purchase programme (PSPP) will be examined at a later stage, taking into account the progress in the analysis and reinforcement of the sustainability of Greece's public debt and other risk management considerations,

HAS ADOPTED THIS DECISION:

#### *Article 1*

##### **Eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic**

1. The Hellenic Republic shall be considered to be in compliance with a European Union/International Monetary Fund programme.
2. The Eurosystem's minimum requirements for credit quality thresholds, as laid down in Guideline (EU) 2015/510 (ECB/2014/60) and in particular in Article 59 and in Part Four thereof, shall not apply to marketable debt instruments issued or fully guaranteed by the Hellenic Republic.

#### *Article 2*

##### **Haircut schedule applying to marketable debt instruments issued or fully guaranteed by the Hellenic Republic**

Marketable debt instruments issued or fully guaranteed by the Hellenic Republic shall be subject to the specific haircuts set out in the Annex to this Decision.

<sup>(1)</sup> Decision (EU) 2015/300 of the European Central Bank of 10 February 2015 on the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic (ECB/2015/6) (OJ L 53, 25.2.2015, p. 29)

*Article 3***PSPP purchases**

Purchases of marketable debt securities issued or fully guaranteed by the central government of the Hellenic Republic pursuant to Decision (EU) 2015/774 (ECB/2015/10) shall be conducted — in line with Article 5(3) of that Decision and within the limits to be set by the Governing Council in accordance therewith — following a positive assessment by the Governing Council of the progress made in the analysis and reinforcement of the sustainability of Greece's public debt and other risk management considerations.

*Article 4***Repeal**

Decision (EU) 2015/300 (ECB/2015/6) is hereby repealed.

*Article 5***Final provisions**

1. This Decision shall enter into force on 29 June 2016.
2. In the event of any discrepancy between this Decision, Decision (EU) 2015/774 (ECB/2015/10) and any of Guideline (EU) 2015/510 (ECB/2014/60) and Guideline ECB/2014/31, as implemented at national level by the national central banks of Member States whose currency is the euro, this Decision shall prevail.

Done at Frankfurt am Main, 22 June 2016.

*The President of the ECB*  
Mario DRAGHI

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## ANNEX

**HAIRCUT SCHEDULE APPLYING TO MARKETABLE DEBT INSTRUMENTS ISSUED OR FULLY  
GUARANTEED BY THE HELLENIC REPUBLIC**

	Residual maturity (years)	Haircuts for fixed coupons and floaters	Haircuts for zero coupon
Government bonds	0-1	15,0	15,0
	1-3	33,0	35,5
	3-5	45,0	48,5
	5-7	54,0	58,5
	7-10	56,0	62,0
	> 10	57,0	71,0
	Residual maturity (years)	Haircuts for fixed coupons and floaters	Haircuts for zero coupon
Government-guaranteed bank bonds and govern- ment-guaranteed non-financial corporate bonds	0-1	23,0	23,0
	1-3	42,5	45,0
	3-5	55,5	59,0
	5-7	64,5	69,5
	7-10	67,0	72,5
	> 10	67,5	81,0