

# Further technical specifications for the temporary expansion of the collateral framework

12 November 2008

With reference to the measures announced by the European Central Bank (ECB) on 15 October 2008 - i.e. the temporary expansion of the list of assets eligible as collateral in Eurosystem credit operations, the Eurosystem provides further technical specifications on the enlarged eligibility criteria which will remain in force until the end of 2009.

As of 14 November 2008, marketable debt instruments denominated in some currencies other than the euro, namely the US dollar, pound sterling or Japanese yen, are eligible collateral for Eurosystem credit operations, provided that they are issued and held/settled in the euro area, and the issuer is established in the European Economic Area (EEA). Furthermore, they should fulfil all other eligibility criteria, as temporarily amended in earlier decisions of the ECB. It is recalled that international debt securities in global bearer form issued after 1 January 2007 through the ICSDs Euroclear Bank (Belgium) and Clearstream Banking Luxembourg must, in order to be eligible, be issued in the form of New Global Notes (NGNs) and must be deposited with a Common Safekeeper (CSK) which is an ICSD or, if applicable, a CSD that fulfils the minimum standards established by the ECB.

The exchange rate to be applied between the foreign currencies and the euro will be the euro foreign exchange reference rates, updated on a daily basis, as published on the ECB's website on the day before the valuation.

Marketable debt instruments denominated in other currencies than the euro will be subject to a uniform haircut add-on of 8%. The application of haircut add-ons will be cumulative. For example, a marketable debt instrument denominated in a foreign currency and rated below A- will be subject to a total haircut add-on of 13% (8% due to the denomination in a foreign currency and 5% due to the rating below A-).

Finally, for assets used on a cross-border basis, the home central banks will not accept marketable debt instruments denominated in foreign currencies with an income flow (e.g. a coupon payment) occurrence or falling due in the period for which they are put forward to be used as collateral with the Eurosystem.

Subject to a positive eligibility assessment, marketable debt instruments denominated in the foreign currencies set out above will be included in the list of eligible marketable assets published and updated on a daily basis on the ECB's website. It is the intention of the Eurosystem to include the new eligible assets mentioned above in the list of marketable assets for the first time during the regular update of the list on 13 November 2008 at 6.30 p.m. CET.

Further specifications on the implementation and the legal aspects related to the acceptance of euro-denominated syndicated loans under the law of England will be published in due course.

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