

Implementation aspects of the public sector purchase programme (PSPP)

In its implementation of the public sector purchase programme (PSPP), the Eurosystem conducts purchases in a gradual and broad-based manner, aiming to achieve market neutrality in order to avoid interfering with the market price formation mechanism.

In principle, purchases of nominal marketable debt instruments at a negative yield to maturity are permissible. On 19 January 2017, the Governing Council decided on [further details of how the Eurosystem will purchase securities under the APP with a yield to maturity below the interest rate on the ECB's deposit facility \(DFR\)](#).

According to the configuration of the PSPP, substitute purchases are conducted if purchases of marketable debt instruments issued by the central government and agencies need to be complemented to implement the relevant NCB's share of purchases through the end of the APP including the APP reinvestment phase.

If these substitute purchases comprise marketable debt instruments issued by international or supranational institutions located in the euro area, such purchases will be subsumed under the 10% allocation for these securities in the PSPP (from March 2015 until March 2016 this figure was 12%). The remaining purchases of marketable debt instruments issued by international or supranational institutions located in the euro area will be conducted on behalf of the Eurosystem by the Banco de España and the Banque de France.

International and supranational institutions and agencies

The initial list of international or supranational institutions located in the euro area and of agencies located in the euro area whose securities are eligible for the PSPP is as follows:

International or supranational institutions located in the euro area

- Council of Europe Development Bank
- European Atomic Energy Community
- European Financial Stability Facility
- European Stability Mechanism
- European Investment Bank
- European Union
- Nordic Investment Bank

Agencies located in the euro area

Following the publication of the revised [Guideline ECB/2019/11](#), the criteria used for recognised agencies

in the collateral framework and agencies eligible for the public sector purchase programme (PSPP) have been aligned. Accordingly, the old list of agencies was replaced on 5th August 2019 by the [harmonised list of recognised agencies](#).

Issuers transferred from PSPP to CSPP as of 8 June 2016

- SNAM S.p.A.
- ENEL S.p.A.
- Terna S.p.A. - Rete Elettrica Nazionale
- ENMC - Entidade Nacional para o Mercado de Combustíveis E.P.E
- Ferrovie dello Stato Italiane S.p.A.

Securities lending

The marketable debt instruments purchased under the PSPP will be made available for securities lending. This will be implemented in a decentralised manner, mirroring the organisation of the PSPP.

The Eurosystem lends securities using the channels for securities lending available under its existing infrastructure, including so-called fails mitigation programmes by international central securities depositories, agency lending and bilateral securities lending.

For more information, see [Lending of holdings purchased under the public sector purchase programme \(PSPP\)](#)

Reverse auctions under the Public Sector Purchase Programme

Three Eurosystem NCBs (Banque de France, De Nederlandsche Bank and Lietuvos Bankas) conducted reverse auctions on a trial basis under the Public Sector Purchase Programme (PSPP) between October 2015 and December 2015. These trial reverse auctions targeted a small part of the overall monthly purchases and took place alongside regular bilateral purchases. Overall, the experiences of the three NCBs were positive, with the reverse auctions generating adequate participation and leading to competitive pricing.

Based on its assessment of the results at the end of the trial period, the Eurosystem concludes that reverse auctions can be a useful complementary purchase method in less liquid market segments. Therefore, the Governing Council endorsed a regular use of reverse auctions by some NCBs under the PSPP as a complement to the bilateral purchase approach in some specific market segments.

The NCBs making use of the option to conduct reverse auctions separately and individually will announce the exact specifications and operational details of these auctions on their respective websites. In September 2016, the Central Bank of Malta announced that it will begin conducting reverse auctions on a trial basis. Other NCBs may in future also choose to use reverse auctions as a complementary purchase tool in specific market segments.

- [Banque de France](#)

- [De Nederlandsche Bank](#)
- [Lietuvos bankas](#)
- [The Central Bank of Malta](#)

Copyright 2022, European Central Bank