

Securities lending of holdings under the asset purchase programme (APP) and pandemic emergency purchase programme (PEPP)

Securities purchased under the public sector purchase programme (PSPP) have been made available for securities lending in a decentralised manner by Eurosystem central banks since 2 April 2015.

In addition, several Eurosystem central banks make their holdings under the three covered bond purchase programmes (CBPP, CBPP2 and CBPP3) available for securities lending.

As of 18 July 2016, holdings under the corporate sector purchase programme (CSPP) have also been made available for securities lending by the purchasing national central banks (Nationale Bank van België/Banque nationale de Belgique, Deutsche Bundesbank, Banco de España, Banque de France, Banca d'Italia and Suomen Pankki-Finlands Bank).

As of 8 December 2016, Eurosystem central banks have the possibility to also accept cash as collateral in their PSPP securities lending facilities without having to reinvest it in a cash-neutral manner.

The Eurosystem started conducting purchases under the [PEPP](#) on 26 March 2020 and the holdings are also available for lending. The same conditions apply for securities lending transactions under the PEPP as under the APP. This means that, for example, public sector PEPP holdings can also be borrowed against cash as collateral.

The ECB and the Eurosystem national central banks make available further details on their securities lending arrangements on their respective [websites](#).

Data on the securities lending activity of the Eurosystem

PSPP and public sector PEPP securities lending

The ECB publishes the aggregate monthly average on-loan balance for the Eurosystem and the daily on-loan balances, together with breakdowns by collateral type (securities or cash). The data is published every third Tuesday of the month for the previous month.

On-loan balance of securities lent by the Eurosystem¹, € bn.	114.1
Of that, lent against securities collateral, € bn.	61.1
Of that, lent against cash collateral, € bn.	53.0
Date	January 2022

* average balance during the month.

¹ Includes securities lending of holdings under the Securities Markets Programme (SMP), market value, Figures are preliminary and may be subject to revision.

- > [History of PSPP and public sector PEPP securities lending aggregate monthly average balances \(in € bn.\)](#) last update: 15 February 2022
- > [History of PSPP and public sector PEPP securities lending aggregate daily balances \(in €, bn.\)](#) last update: 15 February 2022

More information on the Eurosystem's securities lending can be found in: [Taking stock of the Eurosystem's asset purchase programme after the end of net asset purchases, 3. Implementation issues](#), Economic Bulletin Issue 2, 2019.

General APP securities lending framework

The aim of securities lending is to support bond and repo market liquidity without unduly curtailing normal repo market activity. The Eurosystem is primarily targeting market participants with market-making obligations and is monitoring the securities lending activities closely so as to ensure the ongoing effectiveness of the arrangements.

How is securities lending of the Eurosystem's APP holdings implemented?

Lending of securities purchased under the expanded asset purchase programme (APP) is conducted by the Eurosystem in a decentralised manner.

Eurosystem central banks use various lending channels for that purpose. These channels include bilateral securities lending, lending via specialised securities lending agents and via the lending infrastructure of international central securities depositories (ICSDs). The Eurosystem endeavours to offer effective and accessible securities lending arrangements.

Eurosystem central banks also either make their APP holdings available for the so-called fails mitigation lending programmes of international or domestic central securities depositories, or alternatively ensure that comparable arrangements are in place in their jurisdiction.

Collateral

Lending of APP securities holdings takes place against securities or cash collateral. Lending against securities as collateral means that repo transactions are accompanied by fully offsetting reverse repo transactions for the same value date, and typically with the same counterparty. For securities lending against cash collateral such offsetting transactions are not needed, but this variant is subject to an overall limit which is currently set at €150 billion for the Eurosystem.

Operational and risk parameters

The individual Eurosystem central banks determine the securities lending modalities of their respective APP holdings, including collateral eligibility, pricing, haircut, term and counterparty eligibility, so as to support market liquidity. This allows Eurosystem central banks to reflect domestic infrastructures and market practices.

Pricing

Eurosystem central banks adhere to a pricing principle that ensures that the Eurosystem securities lending

facilities serve as an effective backstop, supporting bond and repo market liquidity without unduly curtailing normal repo market activity.

As of 2 November 2020, Eurosystem central banks allow eligible counterparties to:

- borrow securities against other securities as collateral at a fixed minimum fee of 5 basis points, or a fee based on prevailing market rates, whichever is higher (fee is generally understood as the difference between the repo and reverse repo rates);
- borrow securities against cash as collateral at a rate equal to the rate of the deposit facility minus 20 basis points or the prevailing market repo rate, whichever is lower.

The Eurosystem has adjusted its pricing principles as of November 2020 to reflect the changes in euro area repo market conditions since December 2016 and to ensure that the Eurosystem securities lending facilities remain an effective backstop.

Securities lending: Questions and answers

Eurosystem member	Public sector	Corporate sector (purchasing NCBs)
European Central Bank	(EN)	
Nationale Bank van België/Banque Nationale de Belgique	(EN)	(same link)
Deutsche Bundesbank	(EN)	(same link)
Eesti Pank	(EN)	
Central Bank of Ireland	(EN)	
Bank of Greece	(EN) , (EL)	
Banco de España	(EN) , (ES)	(same links)
Banque de France	(EN) , (FR)	(same links)
Banca d'Italia	(EN) , (IT)	(same links)
Central Bank of Cyprus	(EN) , (EL)	
Latvijas Banka	(EN)	
Lietuvos bankas	(EN) , (LT)	
Bank centrale du Luxembourg	(EN) , (FR)	
Central Bank of Malta	(EN)	
De Nederlandsche Bank	(EN)	
Oesterreichische Nationalbank	(EN) , (DE)	

Eurosystem member	Public sector	Corporate sector (purchasing NCBs)
Banco de Portugal	(EN) , (PT)	
Banka Slovenije	(EN)	
Národná banka Slovenska	(EN)	
Suomen Pankki	(EN)	(same link)

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