

TECHNICAL ANNEX ECB ANNOUNCES OPERATIONAL MODALITIES OF THE EXPANDED ASSET PURCHASE PROGRAMME

The expanded asset purchase programme will comprise the ongoing purchase programmes for asset-backed securities (ABSPP) and covered bonds (CBPP3), and, as a new element, purchases of additional euro-denominated securities that meet the following eligibility criteria:

1. They fulfil the collateral eligibility criteria for marketable assets in order to participate in Eurosystem monetary policy operations, as specified in Guideline ECB/2011/14, as amended, subject to the fulfilment of the additional criteria listed in points 2-4 below.
2. They are issued by an entity established in the euro area classified in one of the following categories: central government, certain agencies established in the euro area or certain international or supranational institutions located in the euro area.
3. They have a first-best credit assessment from an external credit assessment institution of at least CQS3 for the issuer or the guarantor, provided the guarantee is eligible in accordance with Guideline ECB/2011/14, as amended.
4. Securities that do not achieve the CQS3 rating will be eligible, as long as the Eurosystem's minimum credit quality threshold is not applied for the purpose of their collateral eligibility. Moreover, during reviews in the context of financial assistance programmes for a euro area Member State, eligibility would be suspended and would resume only in the event of a positive outcome of the review.

Inflation-linked and floating rate securities issued by central governments, certain agencies established in the euro area and certain international or supranational institutions located in the euro area are eligible for purchase under the expanded asset purchase programme.

All eligibility criteria and other modalities of the ABSPP and CBPP3 remain unaltered under the programme. In addition it was decided that:

- Securities purchased under the expanded asset purchase programme that are not covered by the ABSPP or CBPP3 must have a minimum remaining maturity of 2 years and a maximum remaining maturity of 30 years at the time of purchase.
- Securities purchased under the expanded asset purchase programme that are not covered by the ABSPP or CBPP3 will be subject to an issue limit, an aggregate holding limit and other operational modalities specified, in particular, with the aim of preserving market functioning and allowing the formation of a market price on a given security. Moreover, the limits ensure that the application of collective action clauses for a bondholder decision is not obstructed.
- Regarding creditor treatment, the Eurosystem accepts the same (pari passu) treatment as private investors with respect to securities purchased by the Eurosystem, in accordance with the terms of such securities.
- Purchases of securities under the expanded asset purchase programme that are not covered by the ABSPP or CBPP3 will be allocated across issuers from the various euro area countries on the basis of the ECB's capital key.
- Holdings of securities issued by central governments, certain agencies established in the euro area and certain international or supranational institutions located in the euro area will be valued at amortised cost, in line with Guideline ECB/2010/20 on the legal framework for accounting and financial reporting in the ESCB, as amended.
- The eligible counterparties for purchases shall be those eligible for the Eurosystem's monetary policy instruments, together with any other counterparties used by the Eurosystem for the investment of its euro-denominated portfolios.

- Holdings of securities issued by central governments, certain agencies established in the euro area and certain international or supranational institutions located in the euro area purchased under the expanded asset purchase programme will be eligible for securities lending.
- Transactions in securities purchased under the programme will be published in a weekly report which will list holdings at amortised cost by asset type. In addition, for securities purchased under the expanded asset purchase programme that are not covered by the ABSPP or CBPP3, a report of the amounts held, valued at amortised cost, and the weighted average remaining maturity by issuer residence will be released on a monthly basis.