



EUROPEAN CENTRAL BANK

EUROSYSTEM

EN

ECB-PUBLIC

## **GUIDELINE (EU) [YYYY/[XX\*]] OF THE EUROPEAN CENTRAL BANK**

**of 10 May 2019**

**amending Guideline (EU) 2016/65 on the valuation haircuts applied in the implementation of the  
Eurosystem monetary policy framework**

**(ECB/2019/12)**

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, Articles 9.2, 12.1, 14.3, 18.2 and the first paragraph of Article 20 thereof,

Whereas:

- (1) All eligible assets for Eurosystem credit operations are subject to valuation rules and specific risk control measures in order to protect the Eurosystem against financial losses in circumstances where its collateral has to be realised due to an event of default of a counterparty. As a result of a review of the Eurosystem risk control and valuation framework in relation to non-marketable assets, several adjustments must be made in order to ensure adequate risk protection of the Eurosystem.
- (2) Therefore, Guideline (EU) 2016/65 of the European Central Bank (ECB/2015/35)<sup>1</sup> should be amended accordingly,

HAS ADOPTED THIS GUIDELINE:

### *Article 1*

#### **Amendments**

Guideline (EU) 2016/65 (ECB/2015/35) is amended as follows:

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\* This number will be allocated by the Publications Office of the European Union when the Guideline is published in the Official Journal.

<sup>1</sup> Guideline (EU) 2016/65 of the European Central Bank of 18 November 2015 on the valuation haircuts applied in the implementation of the Eurosystem monetary policy framework (ECB/2015/35) (OJ L 14, 21.1.2016, p. 30).

1. in Article 2, point (b) is replaced by the following:

‘(b) debt instruments issued by: (i) local and regional governments; (ii) entities which are credit institutions or non-credit institutions classified by the Eurosystem as agencies and which meet the quantitative criteria set out in Annex XIIa to Guideline (EU) 2015/510 (ECB/2014/60); (iii) multilateral development banks and international organisations; as well as UCITS compliant jumbo covered bonds, are included in haircut category II;’;
2. in Article 2, point (c) is replaced by the following:

‘(c) UCITS compliant covered bonds other than UCITS compliant jumbo covered bonds; other covered bonds; and debt instruments issued by (i) non-financial corporations, (ii) corporations in the government sector, and (iii) agencies which are non-credit institutions that do not meet the quantitative criteria set out in Annex XIIa to Guideline (EU) 2015/510 (ECB/2014/60), are included in haircut category III;’;
3. in Article 2, point (d) is replaced by the following:

‘(d) unsecured debt instruments issued by: (i) credit institutions; (ii) agencies which are credit institutions that do not meet the quantitative criteria set out in Annex XIIa to Guideline (EU) 2015/510 (ECB/2014/60); and (iii) financial corporations other than credit institutions, are included in haircut category category IV;’;
4. Article 5 is amended as follows:
  - (a) paragraph 1 is replaced by the following:

‘1. Individual credit claims shall be subject to specific valuation haircuts determined according to the residual maturity, the credit quality step and the interest rate structure as laid down in Table 3 in the Annex to this Guideline.’;
  - (b) paragraph 2 is replaced by the following:

‘2. The following provisions shall apply with respect to the interest rate structure of credit claims:

    - (a) ‘zero coupon’ credit claims shall be treated as fixed rate credit claims;
    - (b) floating rate credit claims with a resetting period longer than one year shall be treated as fixed rate credit claims;
    - (c) floating rate credit claims with a ceiling shall be treated as fixed rate credit claims;
    - (d) floating rate credit claims with a resetting period of one year or less and with a floor, but without a ceiling, shall be treated as floating rate credit claims;
    - (e) the valuation haircut applied to a credit claim with more than one type of interest payment shall depend only on the interest payments during the remaining life of the credit claim. If there is more than one type of interest payment during the remaining life of the credit claim, the remaining interest payments shall be treated as fixed-rate

payments, with the relevant maturity for the haircut being the residual maturity of the credit claim.';

- (c) paragraph 3 is deleted;
  - (d) paragraph 4 is deleted;
  - (e) in paragraph 7 the words 'paragraphs 1 to 4 above' are replaced by the words 'paragraphs 1 to 2';
5. the Annex is amended in accordance with the Annex to this Guideline.

*Article 2*

**Taking effect and implementation**

1. This Guideline shall take effect on the day of its notification to the national central banks of the Member States whose currency is the euro.
2. The national central banks of the Member States whose currency is the euro shall take the necessary measures to comply with this Guideline and apply them from 5 August 2019. They shall notify the European Central Bank of the texts and means relating to those measures by 21 June 2019 at the latest.

*Article 3*

**Addressees**

This Guideline is addressed to the national central banks of the Member States whose currency is the euro.

Done at Frankfurt am Main, 10 May 2019.

*For the Governing Council of the ECB*

[signed]

*The President of the ECB*

Mario DRAGHI

The Annex to Guideline (EU) 2016/65 (ECB/2015/35) is amended as follows:

1. Table 1 is replaced by the following:

*Table 1*

**Haircut categories for eligible marketable assets based on the type of issuer and/or type of asset**

Category I	Category II	Category III	Category IV	Category V
debt instruments issued by central governments ECB debt certificates debt certificates issued by national central banks (NCBs) prior to the date of adoption of the euro in their respective Member State	debt instruments issued by local and regional governments debt instruments issued by entities (credit institutions or non-credit institutions) classified by the Eurosystem as agencies and which meet the quantitative criteria set out in Annex XIIa to Guideline (EU) 2015/510 (ECB/2014/60) debt instruments issued by multilateral development banks and international organisations UCITS compliant jumbo covered bonds	UCITS compliant covered bonds other than UCITS compliant jumbo covered bonds other covered bonds debt instruments issued by non-financial corporations, corporations in the government sector and agencies which are non-credit institutions that do not meet the quantitative criteria set out in Annex XIIa to Guideline (EU) 2015/510 (ECB/2014/60)	unsecured debt instruments issued by credit institutions and agencies which are credit institutions that do not meet the quantitative criteria set out in Annex XIIa to Guideline (EU) 2015/510 (ECB/2014/60) unsecured debt instruments issued by financial corporations other than credit institutions	asset-backed securities

2. Table 2 is replaced by the following:

*Table 2*

**Valuation haircut levels applied to eligible marketable assets in haircut categories I to IV**

		Haircut categories											
Credit quality	Residual maturity (years) (*)	Category I			Category II			Category III			Category IV		
		fixed coupon	zero coupon	floating coupon	fixed coupon	zero coupon	floating coupon	fixed coupon	zero coupon	floating coupon	fixed coupon	zero coupon	floating coupon
Steps 1 and 2	[0-1)	0,5	0,5	0,5	1,0	1,0	1,0	1,0	1,0	1,0	7,5	7,5	7,5
	[1-3)	1,0	2,0	0,5	1,5	2,5	1,0	2,0	3,0	1,0	10,0	10,5	7,5
	[3-5)	1,5	2,5	0,5	2,5	3,5	1,0	3,0	4,5	1,0	13,0	13,5	7,5
	[5-7)	2,0	3,0	1,0	3,5	4,5	1,5	4,5	6,0	2,0	14,5	15,5	10,0
	[7-10)	3,0	4,0	1,5	4,5	6,5	2,5	6,0	8,0	3,0	16,5	18,0	13,0
	[10,∞)	5,0	7,0	2,0	8,0	10,5	3,5	9,0	13,0	4,5	20,0	25,5	14,5

		Haircut categories											
Credit quality	Residual maturity (years) (*)	Category I			Category II			Category III			Category IV		
		fixed coupon	zero coupon	floating coupon	fixed coupon	zero coupon	floating coupon	fixed coupon	zero coupon	floating coupon	fixed coupon	zero coupon	floating coupon
Step 3	[0-1)	6,0	6,0	6,0	7,0	7,0	7,0	8,0	8,0	8,0	13,0	13,0	13,0
	[1-3)	7,0	8,0	6,0	9,5	13,5	7,0	12,0	15,0	8,0	22,5	25,0	13,0
	[3-5)	9,0	10,0	6,0	13,5	18,5	7,0	16,5	22,0	8,0	28,0	32,5	13,0
	[5-7)	10,0	11,5	7,0	14,0	20,0	9,5	18,5	26,0	12,0	30,5	35,0	22,5
	[7-10)	11,5	13,0	9,0	16,0	24,5	13,5	19,0	28,0	16,5	31,0	37,0	28,0
	[10,∞)	13,0	16,0	10,0	19,0	29,5	14,0	19,5	30,0	18,5	31,5	38,0	30,5

(\*) i.e. [0-1) residual maturity less than one year, [1-3) residual maturity equal to or greater than one year and less than three years, etc.

3. Table 3 is replaced by the following:

*'Table 3*

**Valuation haircut levels applied to eligible credit claims with fixed or floating interest payments**

<i><b>Credit quality</b></i>	<i><b>Residual maturity (years) *</b></i>	<i><b>Fixed interest payment</b></i>	<i><b>Floating interest payment</b></i>
<b>Steps 1 and 2 (AAA to A-)</b>	[0-1)	12,0	12,0
	[1-3)	16,0	12,0
	[3-5)	21,0	12,0
	[5-7)	27,0	16,0
	[7-10)	35,0	21,0
	[10, ∞)	45,0	27,0
<b>Step 3 (BBB+ to BBB-)</b>	[0-1)	19,0	19,0
	[1-3)	33,5	19,0
	[3-5)	45,0	19,0
	[5-7)	50,5	33,5
	[7-10)	56,5	45,0
	[10, ∞)	63,0	50,5

\* i.e. [0-1) residual maturity less than one year, [1-3) residual maturity equal to or greater than one year and less than three years, etc.'.