

22 June 2012

PRESS RELEASE

ECB TAKES FURTHER MEASURES TO INCREASE COLLATERAL AVAILABILITY FOR COUNTERPARTIES

On 20 June 2012 the Governing Council of the European Central Bank (ECB) decided on additional measures to improve the access of the banking sector to Eurosystem operations in order to further support the provision of credit to households and non-financial corporations.

The Governing Council has reduced the rating threshold and amended the eligibility requirements for certain asset-backed securities (ABSs). It has thus broadened the scope of the measures to increase collateral availability which were introduced on 8 December 2011 and which remain applicable.

In addition to the ABSs that are already eligible for use as collateral in Eurosystem operations, the Eurosystem will consider the following ABSs as eligible:

1. Auto loan, leasing and consumer finance ABSs and ABSs backed by commercial mortgages (CMBs) which have a second-best rating of at least "single A"¹ in the Eurosystem's harmonised credit scale, at issuance and at all times subsequently. These ABSs will be subject to a valuation haircut of 16%.
2. Residential mortgage-backed securities (RMBSs), securities backed by loans to small and medium-sized enterprises (SMEs), auto loan, leasing and consumer finance ABSs and CMBs which have a second-best rating of at least "triple B"² in the Eurosystem's harmonised credit scale, at issuance and at all times subsequently. RMBSs, securities backed by loans to SMEs, and auto loan, leasing and consumer finance ABSs would be subject to a valuation haircut of 26%, while CMBs would be subject to a valuation haircut of 32%.

¹ A "single-A" rating is a rating of at least A3 from Moody's, A- from Fitch or Standard & Poor's, or AL from DBRS.

² A "triple-B" rating is a rating of at least Baa3 from Moody's, BBB- from Fitch or Standard & Poor's, or BBB from DBRS.

The risk control framework with higher haircuts applicable to the newly eligible ABS aims at ensuring risk equalisation across asset classes and maintaining the risk profile of the Eurosystem.

The newly eligible ABSs must also satisfy additional requirements which will be specified in the legal act to be adopted Thursday, 28 June 2012. The measures will take effect as soon as the relevant legal act enters into force.

European Central Bank

Directorate Communications – Press and Information Division

Kaiserstrasse 29, D-60311 Frankfurt am Main

Tel.: 0049 69 1344 7455, Fax: 0049 69 1344 7404

Internet: <http://www.ecb.europa.eu>

Reproduction is permitted provided that the source is acknowledged.