



EUROPEAN CENTRAL BANK

EUROSYSTEM

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PRESS RELEASE

ECB ANNOUNCES OPERATIONAL DETAILS OF ASSET-BACKED SECURITIES AND COVERED BOND PURCHASE PROGRAMMES

- Programmes will last at least two years
- Will enhance transmission of monetary policy, support provision of credit to the euro area economy and, as a result, provide further monetary policy accommodation
- Eurosystem collateral framework is guiding principle for eligibility of assets for purchase
- Asset purchases to start in fourth quarter 2014, starting with covered bonds in second-half of October

The Governing Council of the European Central Bank (ECB) today agreed key details regarding the operation of its new programmes to buy simple and transparent asset-backed securities (ABSs) and a broad portfolio of euro-denominated covered bonds. Together with the targeted longer-term refinancing operations, the purchase programmes will further enhance the transmission of monetary policy. They will facilitate credit provision to the euro area economy, generate positive spill-overs to other markets and, as a result, ease the ECB's monetary policy stance. These measures will have a sizeable impact on the Eurosystem's balance sheet and will contribute to a return of inflation rates to levels closer to 2%.

The Eurosystem's collateral framework – the rules that lay out which assets are acceptable as collateral for monetary policy credit operations – will be the guiding principle for deciding the eligibility of assets to be bought under the ABS purchase programme (ABSPP) and covered bond purchase programme (CBPP3). There will be some adjustments to take into account the difference between accepting assets as collateral and buying assets outright. To ensure that the programmes can include the whole euro area, ABSs and covered bonds from Greece and Cyprus that are currently not eligible as collateral for monetary policy operations will be subject to specific rules with risk-mitigating measures.

The two programmes will last for at least two years and are likely to have a stimulating effect on issuance. Asset purchases will commence in the fourth quarter of 2014, starting with covered bonds in the second half of October. The ABSPP will start after external service providers have been selected, following an ongoing procurement process.

Further technical details on the ABSPP are provided in Annex 1 of this press release and on CBPP3 in Annex 2.

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