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PRESS RELEASE

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ECB announces a modification to the interest rate applicable to future targeted longer-term refinancing operations

The Governing Council of the European Central Bank (ECB) decided today that the interest rate for the remaining six targeted longer-term refinancing operations (TLTROs) would be equal to the rate on the Eurosystem's main refinancing operations (MROs) prevailing at the time when each TLTRO is conducted.

With this decision, the 10 basis point spread over the MRO rate which was applied in the first two TLTROs is eliminated for the TLTROs to be conducted between March 2015 and June 2016. This decision supports the effectiveness of the operations by reflecting the reduction in term premia on market-based funding instruments for banks that has been observed since the announcement of the TLTROs on 5 June 2014.

Today's decision confirms the intention of the Governing Council to underpin the effectiveness of the TLTROs as key instruments supporting lending to the non-financial private sector, thereby enhancing monetary policy transmission and reinforcing the accommodative monetary policy stance.

The change will be implemented in an amendment to the Decision of the ECB of 29 July 2014 on measures relating to targeted longer-term refinancing operations (ECB/2014/34) which will be published before the next TLTRO operation in March 2015.

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