

# PRESS RELEASE

21 April 2016

## ECB announces details of the corporate sector purchase programme (CSPP)

- The CSPP aims to further strengthen the pass-through of the Eurosystem's asset purchases to the financing conditions of the real economy.
- Purchases will start in June 2016.
- The CSPP will be carried out by six national central banks acting on behalf of the Eurosystem, coordinated by the ECB.
- In combination with other non-standard measures, the programme will provide further monetary policy accommodation and help inflation rates return to levels below, but close to, 2% in the medium term.

Further to its decision of 10 March 2016 to add a corporate sector purchase programme (CSPP) to the asset purchase programme (APP), the Governing Council of the European Central Bank (ECB) today decided on the main technical parameters of the programme.

The Eurosystem's collateral framework – the rules that lay down which assets are acceptable as collateral for monetary policy credit operations – will be the basis for determining the eligibility of corporate sector securities to be purchased under the CSPP. The following technical parameters will apply:

- The programme will start in June 2016.
- Outright purchases of investment-grade euro-denominated bonds issued by non-bank corporations established in the euro area will be carried out by six Eurosystem national central banks (NCBs): Nationale Bank van België / Banque Nationale de Belgique, Deutsche Bundesbank, Banco de España, Banque de France, Banca d'Italia, and Suomen Pankki/Finlands Bank. Each NCB will be responsible for purchases from issuers in a particular part of the euro area. The ECB will coordinate the purchases.

- The purchases will be conducted in the primary and secondary markets, but no primary market purchases will involve debt instruments issued by entities that qualify as public undertakings.
- Debt instruments will be eligible for purchase, provided they fulfil all the following criteria:
  - they are eligible as collateral for Eurosystem credit operations, based on the requirements defined in the Guideline on the implementation of the Eurosystem monetary policy framework (ECB/2014/60);
  - they are denominated in euro;
  - they have a minimum first-best credit assessment of at least credit quality step 3 (rating of BBB- or equivalent) obtained from an external credit assessment institution according to Guideline ECB/2014/60;
  - they have a minimum remaining maturity of six months and a maximum remaining maturity of 30 years at the time of purchase;
  - the issuer is a corporation established in the euro area, defined as the location of incorporation of the issuer. Corporate debt instruments issued by corporations incorporated in the euro area whose ultimate parent is not based in the euro area are also eligible for purchase under the CSPP, provided they fulfil all the other eligibility criteria;
  - the issuer of the debt instrument:
    - is not a credit institution,
    - does not have any parent undertaking (as defined in Article 4(15) of the Capital Requirements Regulation) which is a credit institution (as defined in Article 2 (14) of Guideline ECB/2014/60),
    - is not an asset management vehicle (as defined in the Bank Recovery and Resolution Directive and Single Resolution Mechanism Regulation) or a national asset management and divestment fund established to support financial sector restructuring and/or resolution.
- Purchases under the CSPP will be conducted with counterparties that are eligible for the Eurosystem's monetary policy operations or counterparties that are used by the Eurosystem for the investment of its euro-denominated portfolios.
- The Eurosystem will apply an issue share limit of 70% per international securities identification number (ISIN) on the basis of the outstanding amount. However, in specific cases a lower issue share limit will apply, e.g. for securities issued by public undertakings, which will be dealt with in a manner consistent with their treatment under the PSPP.
- A benchmark will be defined at issuer group level. The benchmark will be neutral in the sense that it will reflect proportionally all outstanding issues qualifying for the benchmark. This also implies that market capitalisation provides a weighting for each of the jurisdictions of issuance within the

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benchmark. Issuer group limits will be based on the benchmark to ensure a diverse portfolio, while at the same time they will offer sufficient leeway to build up the portfolio.

- The Eurosystem will conduct appropriate credit risk and due diligence procedures on the purchasable universe on an ongoing basis.
- The volume of CSPP holdings will be published on a weekly and monthly basis. A breakdown of primary and secondary market purchases will also be published every month.
- The CSPP holdings will be made available for securities lending by the relevant NCBs.

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