



EUROPEAN CENTRAL BANK

EUROSYSTEM

**29 June 2018**

## **Decisions taken by the Governing Council of the ECB (in addition to decisions setting interest rates)**

June 2018

### **Monetary policy**

#### *Non-standard monetary policy measures*

On 14 June 2018 the Governing Council decided that net purchases under the asset purchase programme (APP) would continue at the current monthly pace of €30 billion until the end of September 2018 and announced that it anticipated that, after that date – and subject to incoming data confirming the Governing Council's medium-term inflation outlook – the monthly pace of net asset purchases would be reduced to €15 billion until the end of December 2018, and that net purchases would then end. The Governing Council also announced its intention to maintain its policy of reinvesting the principal payments from maturing securities purchased under the APP for an extended period of time after the end of the net asset purchases, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation. More detailed information on the background to these decisions can be found in the introductory statement available on the ECB's website and in the press release published on that day.

### **Market operations**

#### *Methodology for calculating the euro short-term rate (ESTER)*

On 25 June 2018 the Governing Council approved the methodology for calculating the euro short-term rate (ESTER) – the overnight unsecured rate based entirely on money market statistical reporting (MMSR) – publication of which will begin by October 2019. The Governing Council also decided to release, before then, historical daily rate, volume and dispersion data based on the main methodological features of ESTER. The methodology and a related press release are available on the ECB's website.

### **Financial stability and supervision**

#### *Eurosystem response to ESMA consultation on securitisation transparency requirements*

On 18 May 2018 the Governing Council approved the Eurosystem's response to the European Securities and Markets Authority (ESMA) consultation on application requirements for securitisation repositories. The Eurosystem's response expresses support for ESMA's goals of transparency in the securitisation market and a pivotal role for securitisation repositories in fostering transparency as collectors and centralisers of data. The Eurosystem's response to the ESMA consultation is available on the ECB's website.

## **Market infrastructure and payments**

### *Updated Eurosystem assessment methodology for payment systems*

On 7 June 2018 the Governing Council approved an updated version of the Eurosystem assessment methodology for payment systems and authorised its publication on the ECB's website. The methodology initially approved in 2014 has been updated to take into account the requirements introduced by the revised ECB Regulation on oversight requirements for systemically important payment systems (or "SIPS Regulation") which entered into force in December 2017. It also includes references to the Eurosystem's Cyber Resilience Oversight Expectations, which are based on the CPMI-IOSCO Guidance on cyber resilience for financial market infrastructures published in June 2016. The updated methodology is available on the ECB's website.

### *Amended TARGET2-Securities pricing policy*

On 21 June 2018 the Governing Council approved a change to the TARGET2-Securities (T2S) pricing policy whereby the settlement fee for a delivery versus payment (DvP) instruction will increase from 15 euro cents to 23.5 euro cents as from 1 January 2019. This adjustment reflects the current T2S revenue and costs position, in particular the extension of the cost-recovery period, updated projections on growth in volumes and evolution of operational costs, and additional costs related to enhancing T2S's cyber resilience. As for the pricing structure approved in 2010 and the fees for information services, these remain unchanged. More detailed information on the pricing policy and financial situation of T2S can be found on the ECB's website.

## **Advice on legislation**

### *ECB Opinion on the establishment of a framework for the security of network and information systems of general interest in Belgium*

On 18 May 2018 the Governing Council adopted Opinion CON/2018/27 at the request of the Belgian Minister for Finance.

### *ECB Opinion on various financial law provisions in Belgium*

On 8 June 2018 the Governing Council adopted Opinion CON/2018/29 at the request of the Belgian Minister for Finance.

### *ECB Opinion on mortgage amortisation requirements in Sweden*

On 15 June 2018 the Governing Council adopted Opinion CON/2018/30 at the request of Finansinspektionen (the Swedish financial supervisory authority).

## **Corporate governance**

*ECB Recommendation to the Council of the European Union on the external auditors of Lietuvos bankas*

On 18 May 2018 the Governing Council adopted Recommendation ECB/2018/15 to the Council of the European Union on the external auditors of Lietuvos bankas. The Recommendation has been published in the Official Journal of the European Union and on the ECB's website.

## **Statistics**

*New ECB Guideline on the Register of Institutions and Affiliates Data and amended Guideline on monetary and financial statistics*

On 1 June 2018 the Governing Council adopted Guideline (EU) 2018/876 on the Register of Institutions and Affiliates Data (ECB/2018/16) or "RIAD", the shared dataset of reference data on legal and other statistical institutional units. On the same day, the Governing Council also adopted Guideline (EU) 2018/877 amending Guideline ECB/2014/15 on monetary and financial statistics (ECB/2018/17). The new ECB Guideline on RIAD provides details on the obligations of national central banks (NCBs) to report to the ECB reference data on entities, as well as on obligations related to the maintenance and quality management of such information. To ensure legal certainty and clarity, all rules and procedures specifying how NCBs report the required data to the ECB using RIAD have been deleted from the ECB Guideline amending Guideline ECB/2014/15. Both ECB Guidelines are available on the ECB's website.

*ESCB Statistics Committee's annual progress report on the collection of granular credit data*

On 23 May 2018 the Governing Council took note of the 2017 annual progress report on the preparatory measures for the long-term framework for the collection of granular credit data, prepared in accordance with Article 3(2) of Decision ECB/2014/6 on the organisation of preparatory measures for the collection of granular credit data by the European System of Central Banks (ESCB). The report concludes that progress is ongoing and according to plan, allowing a timely start to the AnaCredit data transmission scheduled for November 2018.

## **International and European cooperation**

*17th annual review of the international role of the euro*

On 25 May 2018 the Governing Council approved the 17th annual review of the international role of the euro and authorised its publication. In line with the biennial cycle for publication of this report series decided on in 2016, this year's release is an interim version without special features or analytical boxes. The review presents a concise overview of developments in the use of the euro by non-euro area residents and provides updated statistical information on the main indicators of the euro's international status considered to be of interest to the general public. The report is available on the ECB's website.

## Banking supervision

*Compliance with EBA Guidelines on internal governance and Joint ESMA and EBA Guidelines on the assessment of suitability of members of the management body and key function holders*

On 22 May 2018 the Governing Council did not object to two proposals by the Supervisory Board to notify that, for the significant institutions under its direct supervision, the ECB complies with the European Banking Authority (EBA) Guidelines on internal governance (EBA/GL/2017/11), as well as with the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2017/12). The notifications – addressed, respectively, to the EBA and to ESMA and the EBA jointly – clarify that the ECB's compliance is to be interpreted as operating within the limits of, and without prejudice to, national provisions implementing the CRD IV. To ensure full compliance with these Joint ESMA and EBA Guidelines, the ECB has implemented changes to its policies on fit and proper assessments and has updated its Guide to fit and proper assessments accordingly.

*Compliance with EBA Guidelines on probability-of-default (PD) estimation, loss-given-default (LGD) estimation and the treatment of defaulted exposures*

On 20 June 2018 the Governing Council did not object to a proposal by the Supervisory Board to notify the EBA that, for the significant institutions under its direct supervision, the ECB will comply with the EBA Guidelines on probability-of-default (PD) estimation, loss-given-default (LGD) estimation and the treatment of defaulted exposures (EBA/GL/2017/16) as from the date they become applicable, which is currently specified by the EBA to be 1 January 2021. The guidelines are one of the initiatives undertaken by the EBA to reduce unjustified variability of risk parameters and own funds requirements, and are part of a broader review of the internal ratings-based (IRB) approach being carried out by the EBA.

*Compliance with EBA Recommendations on outsourcing to cloud service providers*

On 20 June 2018 the Governing Council did not object to a proposal by the Supervisory Board to notify the EBA that, for the significant institutions under its direct supervision, the ECB intends to comply with the EBA Recommendations on outsourcing to cloud service providers (EBA/REC/2017/03) by the end of 2018. These recommendations, addressed to credit institutions and investment firms, as well as to competent authorities, aim to clarify how the principles of the Guidelines on outsourcing published by the Committee of European Banking Supervisors (CEBS) in 2006 should be interpreted when outsourcing to cloud service providers, and stipulate how certain of these principles should be observed.

*Publication of booklet on SREP methodology for less significant institutions*

On 25 June 2018 the Governing Council did not object to a proposal by the Supervisory Board to publish the booklet on SREP methodology for less significant institutions (LSIs). This booklet, which provides a high-level overview of the SREP methodology for LSIs, will be published in due course on the ECB's banking supervision website.