

Press release

29 November 2024

ECB announces changes to the Eurosystem collateral framework to foster greater harmonisation

- Changes aim to preserve broad collateral framework and enhance its singleness
- Preparatory work launched on integration of pools of certain credit claims into general collateral framework
- Further step in gradually phasing out temporary collateral easing measures

The Governing Council of the European Central Bank (ECB) today decided on measures that aim to enhance the harmonisation, flexibility and risk efficiency of the collateral framework. Since the global financial crisis, the Eurosystem has operated two collateral frameworks: the general framework, which is permanent, and a temporary one, which comprised crisis-related collateral easing measures. Today's adjustments contribute to returning to a harmonised single list of collateral available to all counterparties, irrespective of their location in the euro area.

More specifically, and also in line with the Governing Council's objective to maintain a broad collateral framework as communicated on [13 March 2024](#) in the context of the review of its operational framework, the Governing Council decided to integrate some temporary measures into the general framework. Moreover, the Governing Council agreed to continue phasing out temporary crisis-related collateral easing measures, building on its previous decisions of [24 March 2022](#) and [30 November 2023](#). In view of the maturity of the final targeted longer-term refinancing operations and the resulting decline in aggregate collateral needs, the Governing Council decided to discontinue the temporary collateral measures that are no longer needed. As such, the temporary collateral framework will continue to be gradually phased out.

These changes, together with the broad collateral framework for refinancing operations conducted through fixed rate tender procedures with full allotment, will help ensure the ECB's policy implementation remains effective, robust, flexible and efficient in the future in line with [the revised operational framework for implementing monetary policy](#).

Incorporation of certain temporary asset types into the general collateral framework

The Governing Council decided to accept the following asset types as eligible collateral under the general collateral framework:

- asset-backed securities with a second-best rating of credit quality step 3 on the Eurosystem's harmonised rating scale and which fulfil the eligibility criteria stipulated in the temporary collateral framework (ECB/2014/31);
- marketable assets denominated in US dollars, pounds sterling and Japanese yen.

Besides this, national central banks' statistical in-house credit assessment systems will be accepted as an additional credit assessment source, subject to the development of a harmonised framework.

The Governing Council mandated the relevant Eurosystem committees to carry out preparatory work on the future integration of pools of non-financial corporate credit claims into the general framework. Further details will be communicated once this work – including an adequate risk control framework and all necessary technical requirements – is completed.

Discontinuation of certain temporary asset types for use as collateral

The Governing Council approved the discontinuation of the following asset types, which have been eligible under the Guideline on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2014/31):

- private individuals and pools of credit claims backed by real estate assets as eligible debtor and asset types for additional credit claims;
- individual credit claims with a credit quality below credit quality step 3;
- foreign currency-denominated loans in US dollars, pounds sterling and Japanese yen.

Furthermore, the ECB will phase out the temporary easing of certain technical requirements for the eligibility of additional credit claims, such as for those benefiting from a COVID-19-related partial public sector guarantees.

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Discontinuation of certain asset types for use as collateral

The Governing Council also agreed to discontinue the following asset types, which have been eligible under the Guideline on the implementation of the Eurosystem monetary policy framework (ECB/2014/60):

- retail mortgage-backed debt instruments;
- non-marketable debt instruments backed by eligible credit claims.

Implementation timeline

Pools of non-financial corporate credit claims will continue to be accepted as eligible collateral under the temporary framework until at least end-2026, pending the conclusion of the abovementioned preparatory work. The same applies for credit claims benefiting from a COVID-19-related public sector guarantee, which will eventually be phased out. Notwithstanding this, national central banks may decide to terminate (parts of) their additional credit claim (ACC) framework early.

The other changes will enter into force with the next regular update of the applicable legal framework, but no earlier than the fourth quarter of 2025.

The Governing Council will maintain a broad collateral framework to facilitate the use of the Eurosystem credit operations by counterparties – an integral part of smooth monetary policy implementation.

The relevant national central banks will communicate the details to the affected counterparties.

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