

# Press release

21 February 2025

## ECB announces changes to use of external ratings for private sector assets in Eurosystem collateral framework

- Second-best rating will apply for private sector assets
- Changes will enter into force no earlier than 18 months from today to allow technical implementation
- For euro area public sector assets, first-best rating will continue to apply

On 19 February 2025 the Governing Council of the European Central Bank (ECB) decided to change the rules on the use of credit ratings issued by external credit assessment institutions (ECAIs) to assess the eligibility of private sector assets for use as collateral under the Eurosystem collateral framework and to determine the haircuts to be applied to those assets. Accordingly, the second-best rating will apply for private sector assets such as unsecured bank bonds, covered bank bonds and assets issued by non-financial corporations. This decision also applies to the accepted non-euro area public sector and follows a thorough review of the rating aggregation rules aimed at making better use of all available credit rating information in the Eurosystem Credit Assessment Framework (ECAF). The review took account of the increased number of ECAIs accepted in the ECAF and the fact that the Eurosystem is open to accepting additional rating agencies once they comply with the ECAF acceptance criteria.

Under the current rules, where multiple ECAI ratings exist, the Eurosystem selects the first-best rating for the purpose of assessing collateral credit quality (when it determines the eligibility of private and public sector assets for use as collateral and assigns the haircuts to be applied). This approach applies to all assets other than asset-backed securities, for which a second-best rating rule is already followed.

Under the new rules, private sector assets will be assessed on the basis of the second-best rating among the ratings from accepted ECAIs. For assets with only one rating from an accepted ECAI,

where the second-best rule therefore cannot be applied, a one-notch downgrade will be applied to the available rating to determine the rating relevant for collateral purposes.

The Governing Council also decided that the rules will remain unchanged for assets issued or guaranteed by the euro area public sector (e.g. euro area central, regional and local governments; international and supranational issuers located in the euro area whose shareholders are located in the EU; and agencies recognised by the ECB). These assets, for which the Eurosystem makes regular use of all available credit quality information and applies enhanced due diligence procedures, will therefore continue to be assessed on the basis of their first-best rating.

The Governing Council reserves the right to deviate from credit rating agencies' ratings if warranted, in line with its discretion under the monetary policy framework, thereby avoiding mechanistic reliance on these ratings.

The change to the rules on the use of external ratings for private sector assets will enter into force no earlier than 18 months from today to allow for an implementation in the Eurosystem IT infrastructure. The date will be announced well in advance, together with the technical details, on the ECB's website.

**For media queries, please contact [Carlijn Straathof](#), tel.: +49 69 1344 23419.**

## Notes

- A list of agencies recognised by the ECB is available on the [marketable assets web page](#).

## European Central Bank

Directorate General Communications

Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany

Tel.: +49 69 1344 7455, email: [media@ecb.europa.eu](mailto:media@ecb.europa.eu), website: [www.bankingsupervision.europa.eu](http://www.bankingsupervision.europa.eu)

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