



EUROPEAN CENTRAL BANK

EUROSYSTEM

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ECB-PUBLIC

DECISION (EU) 2016/XX* OF THE EUROPEAN CENTRAL BANK
of 28 April 2016
amending Decision ECB/2014/34 on measures relating to
targeted longer-term refinancing operations
(ECB/2016/11)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union, and in particular the first indent of Article 127(2) thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular the first indent of Article 3.1, Article 12.1, the second indent of Article 18.1 and the second indent of Article 34.1 thereof,

Having regard to Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60)¹,

Whereas:

- (1) Pursuant to Article 1(4) of Guideline (EU) 2015/510 (ECB/2014/60), the Governing Council may, at any time, change the tools, instruments, requirements, criteria and procedures for the implementation of Eurosystem monetary policy operations.
- (2) On 29 July 2014, in pursuing its price stability mandate and in the context of measures aimed at enhancing the functioning of the monetary policy transmission mechanism by supporting lending to the real economy, the Governing Council adopted Decision ECB/2014/34 of the European Central Bank². This Decision provided for a series of targeted longer-term refinancing operations (TLTROs) to be conducted over a period of two years.
- (3) On 10 March 2016, in order to reinforce the ECB's accommodative monetary policy stance and to strengthen the transmission of monetary policy by further incentivising bank lending to the real

* This number will be allocated by the Publications Office of the European Union when the Decision is published in the Official Journal.

¹ Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (OJ L 91, 2.4.2015, p. 3).

² Decision ECB/2014/34 of the European Central Bank of 29 July 2014 on measures relating to targeted longer-term refinancing operations (OJ L 258, 29.8.2014, p. 11).

economy, the Governing Council decided to conduct a new series of four targeted longer-term refinancing operations (TLTROs-II). The terms for these TLTROs-II are to be set out in a separate decision. In order to allow institutions to repay the amounts borrowed under TLTROs and borrow under the TLTROs-II, the Governing Council decided to introduce in June 2016 an additional voluntary repayment possibility for all outstanding TLTROs.

- (4) The Governing Council also decided that no further reporting obligations would apply to participants that submitted the data required for calculating mandatory early repayment in September 2016.
- (5) In order to allow credit institutions sufficient time to make operational preparations for the first TLTRO-II, this Decision should enter into force without undue delay.
- (6) Therefore, Decision ECB/2014/34 should be amended accordingly,

HAS ADOPTED THIS DECISION:

Article 1

Amendments

Decision ECB/2014/34 is amended as follows:

1. Article 6 is replaced by the following:

'Article 6

Early repayment

1. Without prejudice to paragraph 2, starting 24 months after each TLTRO, participants shall have, on a semi-annual basis, the option of terminating or reducing the amount of TLTROs before maturity. Early repayment dates shall coincide with the settlement day of a Eurosystem main refinancing operation, as specified by the Eurosystem.
2. Participants shall also have the option of terminating or reducing the amount of TLTROs before maturity on a date that coincides with the settlement day of the first TLTRO conducted pursuant to Decision ECB/2016/10. In order to benefit from the early repayment procedure on this first early repayment date, a participant shall notify the relevant NCB that it intends to repay under the early repayment procedure on the early repayment date, at least three weeks in advance of that early repayment date. Such a notification shall become binding on the participant three weeks before the early repayment date to which it refers. For the avoidance of doubt, the additional borrowing allowance available for the TLTRO to be conducted in June 2016 and to be calculated in accordance with Article 4(3) shall be determined based on the amounts borrowed during the TLTROs conducted from March 2015, without deducting any amount repaid on the first early repayment date.

3. In respect of all other repayment dates, in order to benefit from the early repayment procedure, a participant shall notify the relevant NCB that it intends to repay under the early repayment procedure on the early repayment date, at least two weeks in advance of that early repayment date. Such a notification shall become binding on the participant two weeks before the early repayment date to which it refers.
 4. If the participant fails to settle by the repayment date, in full or in part, the amount due under the early repayment procedure, a financial penalty may be imposed. The applicable financial penalty shall be calculated in accordance with Annex VII to Guideline (EU) 2015/510 (ECB/2014/60) and shall correspond to the financial penalty applied for failures to comply with the obligations to adequately collateralise and settle the amount the counterparty has been allotted as regards reverse transactions for monetary policy purposes. The imposition of a financial penalty shall be without prejudice to the NCB's right to exercise the remedies provided for on the occurrence of an event of default as set out in Article 166 of Guideline (EU) 2015/510 (ECB/2014/60).';
2. in Article 7, paragraphs 1 and 2 are replaced by the following:
- '1. Participants in the TLTROs whose cumulative eligible net lending in the period from 1 May 2014 to 30 April 2016 is below their applicable benchmark as at 30 April 2016 shall be required to repay their initial and additional TLTRO borrowings in full on 28 September 2016, unless an alternative date is otherwise specified by the Eurosystem. Annex I outlines the technical calculations.
 2. If a participant's total borrowings in respect of its additional allowance in the TLTROs conducted from March 2015 to June 2016 exceed the additional allowance calculated as of the allotment reference month of April 2016, then the amount of this excess additional borrowing shall be payable on 28 September 2016, unless an alternative date is otherwise specified by the Eurosystem. Annex I outlines the technical calculations.';
3. In Article 7, paragraph 5 is replaced by the following:
- '5. If the participant fails to settle by the repayment date, in full or in part, the amount due under the mandatory early repayment procedure, a financial penalty may be imposed. The applicable financial penalty shall be calculated in accordance with Annex VII to Guideline (EU) 2015/10 (ECB/2014/60) and shall correspond to the financial penalty applied for failures to comply with the obligations to adequately collateralise and settle the amount the counterparty has been allotted as regards reverse transactions for monetary policy purposes. The imposition of a financial penalty shall be without prejudice to the NCB's right to exercise the remedies provided for on the occurrence of an event of default as set out in Article 166 of Guideline (EU) 2015/510 (ECB/2014/60).';
4. in Article 8, paragraph 4 is replaced by the following:
- '4. If an institution participates in a TLTRO and as long as it has credit outstanding under a TLTRO, it shall be required to submit completed data reporting templates quarterly in

accordance with paragraph 1 until all data required to determine the mandatory repayment obligation pursuant to Article 7 has been submitted.';

5. in Article 8, paragraph 8 is replaced by the following:

'8. Unless it has repaid all amounts outstanding under its TLTROs in accordance with Article 6(2), each participant in TLTROs shall be required to have an annual examination of accuracy in respect of data reported in accordance with paragraph 1. This exercise, which could take place in the context of an annual audit, may be carried out by an external auditor. Instead of using an external auditor, participants may make plans for equivalent arrangements, as approved by the Eurosystem. The participant's NCB shall be informed of the result of this examination. In the case of a TLTRO group participation, the results shall be shared with the NCBs of the TLTRO group members. At the request of the participant's NCB, detailed results of the examinations carried out under this paragraph shall be provided to that NCB and, in the case of group participation, subsequently be shared with the NCBs of the TLTRO group members.'

Article 2

Entry into force

This Decision shall enter into force on 3 May 2016.

Done at Frankfurt am Main, 28 April 2016.

[signed]

The President of the ECB

Mario DRAGHI