

## Information regarding participation in the new Targeted Longer-Term Refinancing Operations (TLTROs-II)

Financial markets  
Monetary operations

### Introduction

On 10 March 2016, the Governing Council of the ECB decided to launch a new series of Targeted Longer Term Refinancing Operations ("TLTROs-II") with the aim of supporting lending to the non-financial private sector.<sup>1</sup> The underlying instrument of the TLTRO programme has been published by the ECB on 3 May 2016.<sup>2</sup> We are writing today to inform financial institutions in the Netherlands in advance on how they may participate in these TLTROs-II through DNB.

### Legal basis

The legal instrument underlying the TLTROs-II programme has the form of an ECB Decision. An ECB Decision has direct effect, and therefore does not need to be implemented into national documentation (as is the case with a Guideline). The ECB Decision applies directly to the relationship between DNB and its counterparties and serves as a supplement to, and where necessary prevails over, the rules laid down in the Monetary Policy Transactions Conditions (MPTC).<sup>3</sup>

### Date

04 May 2016

### Reference

2016/317694

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### Eligible counterparties

The TLTROs-II are open to eligible counterparties only. In order to be eligible as a monetary policy counterparty, an institution must meet the terms and conditions stated in part 3 of the MPTC. In order to be able to participate in the TLTROs-II, an institution must be able to subscribe to tenders by means of eTender software, hold a TARGET-2 account with DNB, have signed the relevant legal documentation, and must hold a collateral deposit at DNB.<sup>4</sup>

### Participating as a new TLTROs-II group

Eligible counterparties may participate in TLTROs-II individually or as a group. Institutions meeting specific requirements may form a TLTROs-II group, and participate in the TLTROs-II through the group member appointed as the lead institution. If institutions opt for participation on a group basis, the institution appointed as lead institution shall be the only member of the TLTROs-II group that may participate in the TLTROs-II procedures. This lead institution must be recognised as an eligible counterparty of the national central bank in the country where it has its registered office. The other group members must also meet the terms and conditions set for monetary policy counterparties, with the exception of the operational criteria.

In order to be recognised as a TLTROs-II group, the group must meet specific conditions. These conditions are detailed in article 3 of the ECB Decision. In order to be recognised as a TLTROs-II group, the lead institution must submit an application for recognition as TLTROs-II group with its own national central bank by 19 May 15.30 CET at the latest. The information that must be contained in the application can be found in article 3(3)(d) of the Decision. If the lead institution has its

<sup>1</sup> Press release: [http://www.ecb.europa.eu/press/pr/date/2016/html/pr160310\\_1.en.html](http://www.ecb.europa.eu/press/pr/date/2016/html/pr160310_1.en.html)

<sup>2</sup> Decision: [https://www.ecb.europa.eu/ecb/legal/pdf/en\\_2016\\_10\\_f\\_sign.pdf](https://www.ecb.europa.eu/ecb/legal/pdf/en_2016_10_f_sign.pdf)

<sup>3</sup> MPTC:

[http://www.dnb.nl/en/binaries/Monetary%20Policy%20Transactions%20Conditions\\_Edition%20January%202016\\_tcm47-336022.pdf?2016050410](http://www.dnb.nl/en/binaries/Monetary%20Policy%20Transactions%20Conditions_Edition%20January%202016_tcm47-336022.pdf?2016050410)

<sup>4</sup> If your institution does not yet meet all of the above conditions, but wants to be eligible as counterparty, you should contact DNB in time. Please note that a request to open a transaction account in the TARGET2-NL payment system may take several weeks to process, due to obligatory testing requirements.

registered office in the Netherlands, the application may be submitted by sending an email to: [fm.dealingroom@dnb.nl](mailto:fm.dealingroom@dnb.nl).

DNB may request the lead institution to provide any additional information relevant for its assessment of the potential TLTRO group.

### **Participation as a previously formed TLTRO group**

A TLTRO group that was recognized as such for the purpose of the first TLTRO programme, may participate as a TLTROs-II group subject to certain procedures concerning notification and recognition (article 3(3)(e) of the Decision).

If you have any specific questions regarding TLTROs-II group applications, please contact the dealing room of our Financial markets division at (+31) 20 520 5000 or by email at [fm.dealingroom@dnb.nl](mailto:fm.dealingroom@dnb.nl).

### **Additional repayment opportunity outstanding TLTROs**

The amended article 6 of the Decision regarding the first TLTRO programme (ECB/2014/34), published on the ECB website on 3 May 2016, introduces an additional early repayment for **all** operations outstanding under the TLTRO programme<sup>5</sup>. This provides the opportunity to de facto switch from the first TLTRO programme into the TLTROs-II programme, provided sufficient allocated borrowing allowance under the TLTROs-II. Outstanding positions under the first two operations of the first TLTRO programme executed in 2014 are deducted from the TLTROs-II borrowing allowance. In the event that your institution intends to repay an outstanding amount under the first TLTRO programme, DNB requires a notification via email at the latest 8 June 2016 17:00 CET. This email must specify which amounts are being repaid under which TLTRO operation.

Please be aware that in the event outstanding amounts under the first two TLTRO operations are repaid in full, the reporting requirements (including the audit report over the 2015 TLTRO data) are withdrawn (amended article 8 of the Decision regarding the first TLTRO programme).

### **Reporting requirements**

Counterparties interested in participating in the TLTROs-II must submit two fully completed reporting templates with DNB (article 7 of the Decision). The first reporting template must be submitted prior to the TLTROs-II and serves to calculate the benchmark (reference period 1 February 2015 through 31 January 2016).<sup>6</sup> A similar second reporting template must be submitted in order to determine lending performance (reference period 1 February 2016 through 31 January 2018) which serves to calculate the eventual interest rate applying to the borrowed amounts under the TLTROs-II programme.

The reporting template is identical to the template used for the first TLTRO programme, both in format and content. The reporting template asks for information on stocks and flows regarding credit extended to non-financial corporates and households (excluding mortgages to households). The corresponding guidelines can be found in Annex II of the ECB Decision. The reporting template has the format of an Excel template and must be submitted via e-Line DNB. In the course of May a reporting obligation will become available in e-Line DNB. Regarding the reporting requirements, the template matches the methodology of the ECB Balance Sheet Items Statistics (monetary statistics). The reporting departments of all Dutch banks are experienced in reporting requirements of monetary statistics

<sup>5</sup> Amended Decision: [https://www.ecb.europa.eu/ecb/legal/pdf/en\\_2016\\_11\\_f\\_sign.pdf](https://www.ecb.europa.eu/ecb/legal/pdf/en_2016_11_f_sign.pdf)

<sup>6</sup> Calendar: <https://www.ecb.europa.eu/mopo/implement/omo/pdf/TLTRO2-calendar-2016.en.pdf>

and with reporting via e-Line DNB. There is therefore a high preference that these departments are closely involved in the completion of the reporting template.

In the event that a group of counterparties is recognised as a TLTROs-II group, the lead institution will be required to submit a report on behalf of the group in principle including the aggregated data of all group members. However, the ECB has offered national central banks the option to collect information from all group members individually (solo). Upon recognition of the TLTROs-II group, DNB will provide the members with further information on how the required data must be submitted (aggregated with or without solo reports).

For the first operation under TLTROs-II, reporting is required for the reference period 1 February 2015 through to 31 January 2016. This report must be submitted on 2 June 2016, at the latest, via e-Line DNB. For more information regarding the timelines of the TLTROs-II programme, please refer to the ECB website.

If you have any specific questions regarding reporting requirements, please contact our Monetary and Banking Statistics department at (+31) 20 524 3693 or by email at [monrap@dnb.nl](mailto:monrap@dnb.nl).

#### **Audit**

Counterparties and groups are required to have both submitted reporting templates evaluated by an external auditor. Article 7(5) of the Decision provides further information regarding audit requirements and deadlines. Please be aware that based on the indicative calendar, the external audit report regarding both templates is 15 May 2018. This deadline corresponds to the deadline of submitting the second reporting template via e-Line DNB.