

Information on participation in Targeted Longer-Term Refinancing Operations (TLTROs)

Introduction

On 5 June 2014, the Governing Council of the ECB decided to launch a series of *Targeted Longer Term Refinancing Operations* (TLTROs) with the aim of supporting lending to the non-financial private sector (excluding loans to households for house purchase).¹ Further details of these operations were published on 3 July 2014.² The legal instrument underlying the TLTRO programme was published by the ECB on 29 July 2014.³ In this document you may find further information on how financial institutions in the Netherlands may participate in these TLTROs through DNB.

Legal basis

The legal instrument underlying the TLTRO programme has taken the form of an ECB Decision having direct effect, i.e. it does not need to be translated into national documentation as is the case with a Directive. The ECB Decision will apply 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 Manual (MPTM).

Eligible counterparties

The TLTROs 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 Chapter 2 of the MPTM. In order to be able to participate in the TLTROs, an institution must be able to subscribe to tenders by means of eTender software, have an account in TARGET2-NL payment system of DNB, have signed the relevant legal documentation, and must hold a collateral deposit at DNB⁴.

¹ See press release: http://www.ecb.europa.eu/press/pr/date/2014/html/pr140605_2.en.html

² See press release http://www.ecb.europa.eu/press/pr/date/2014/html/pr140703_2.en.html.

³ See press release <http://www.ecb.europa.eu/press/pr/date/2014/html/pr140729.en.html>

⁴ 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.

Participating as a TLTRO group

Eligible counterparties may participate in TLTROs individually. Institutions meeting specific requirements may also form a TLTRO group, and participate in the TLTROs through one of the group members, 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 TLTRO group that may participate in the TLTRO 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 TLTRO group, the group must meet specific conditions. These conditions are set out in the ECB Decision.

In order to be recognised as a TLTRO group, the lead institution must submit an application for recognition as TLTRO group with its own national central bank by 8 August 15.30 CET at the latest. If the lead institution has its registered office in the Netherlands, the application may be submitted by sending an email to: fm.dealingroom@dnb.nl

The application must include the following information:

- i. the name of the institution that will act as lead institution;
- ii. the names and MFI codes of all banks to be included in the TLTRO group;
- iii. an explanation of the basis for a group application, including a list of the close links and/or indirect reserve holding relationships between the members of the group. If the basis for a group application lies in the existence of close links, we would ask you to provide the information on capital structure that DNB asked counterparties to provide by email of 7 July 2014.⁵ When submitting the application for recognition as a TLTRO group, you can add that the relevant questionnaire has already been submitted.
- iv. if indirect holding of minimum reserves forms the basis for a group application, (scanned) written confirmation that every member of the group has formally decided to be a member of the TLTRO group in question and not to participate in TLTROs as

⁵ The Structural Information project team sent this email on 'Reporting requirements with respect to capital structure information of counterparties' to the usual contact persons for monetary reporting. The deadline for submitting the first report is 15 September 2014, but if you want to submit an application for TLTRO group participation, we would ask you to provide us with this information by 8 August 2014 at the latest. If you have any questions about these reports, please email us at: structuurinformatie@dnb.nl

individual counterparties or as members of other TLTRO groups, together with appropriate evidence that the relevant written confirmation has been executed by duly authorised signatories. The existence of valid agreements, such as those for the indirect holding of minimum reserves pursuant to Article 10(2) of Regulation ECB/2003/9, shall allow a lead institution to make the necessary certification in respect of its TLTRO group members when those agreements explicitly state that the relevant group members participate exclusively in Eurosystem open market operations through the lead institution. See also article 3 (d) (iv) of the ECB Decision.

- v. if the basis for a group application lies in the existence of close links, a (scanned) written confirmation from every member of its formal decision to be a member of the TLTRO group in question and not to participate in TLTROs as individual counterparties or as members of other TLTRO groups together with appropriate evidence, confirmed by the NCB of the relevant group member, that the formal decision has been made at the highest decision-making level of the institution (Board of Directors or equivalent decision making body).

Credit institutions subject to consolidated supervision, including branches of the same credit institution, may also be regarded as suitable applicants for TLTRO group recognition and shall be required to meet the restrictions and conditions as mentioned above. This provision facilitates the formation of TLTRO groups among such institutions, where these institutions are part of the same legal entity. For the purpose of providing a confirmation in respect of the formation of a TLTRO group of this nature, the provisions under (iv) shall apply.

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

If you have any specific questions regarding TLTRO 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

Reporting requirements

Counterparties interested in participating in the TLTROs must submit a fully completed reporting template with DNB some four weeks prior to the settlement date of each TLTRO. The reporting template asking for information on outstanding amounts of eligible loans and adjustments to the

outstanding amounts with respect to lending to non-financial corporations and households (excluding loans to households for the purpose of house purchases) including the related guidelines can be found on the ECB website.⁶ The template is in Excel format and must be submitted via e-Line DNB. As regards reporting requirements, the template follows the methodology of the ECB Balance Sheet Items Statistics (monetary statistics). The reporting departments of all Dutch banks are familiar with the reporting requirements of monetary statistics and reporting through e-Line DNB. We would therefore recommend closely involving these departments when completing and submitting the template.

Once a counterparty has participated in a TLTRO, it must submit reporting templates on a quarterly basis until the programme ends in September 2018. Counterparties participating in a TLTRO are required to have an annual examination of data accuracy conducted by an audit firm, or on the basis of an equivalent arrangement.

If a group of counterparties is recognised as a TLTRO 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. Upon recognition of the TLTRO group, DNB will provide the members with further information on how the required data must be submitted (aggregated or individually).

The first TLTRO requires submittance of reports on the period from May 2013 through April 2014. These reports must be submitted to DNB via e-Line DNB by 28 August, 15.30 CET at the latest. For more information on the timelines for the TLTROs, we refer you to the ECB website.⁷

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

Call for interest

We would appreciate it if institutions that are interested in participating in the TLTRO programme make their interest known to us as soon as possible (preferably before 8 August), even if they have not yet made the definitive decision to actually participate in a TLTRO.

⁶ See: http://www.ecb.europa.eu/press/pr/date/2014/html/pr140703_2.en.html

⁷ See http://www.ecb.europa.eu/press/pr/date/2014/html/pr140703_2.en.html