



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Mario DRAGHI

President

Mr Luke Ming Flanagan
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 16 November 2015

L/MD/15/628

Re: Your letter (QZ-136)

Honourable Member of the European Parliament, dear Mr Flanagan,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 21 September 2015.

The ECB has on several occasions clarified its views with regard to the advice it gave in the context of the EU/IMF programme for Ireland, including that the ECB does not have any authority to issue instructions to any euro area government or its ministers in the context of such programmes.

In particular, I clarified the ECB's position on the possibility to "burn" senior bank bondholders in Ireland in my letter to your Honourable colleague Mr Carthy, MEP, dated 17 February 2015.¹

Regarding your question on the promissory note bonds, I already had the possibility in earlier letters of reply to clarify why the liquidation of Irish Bank Resolution Corporation (IBRC) Ltd. raises serious monetary financing concerns.² Monetary financing by the Eurosystem is, as you know, prohibited by Article 123 of the Treaty on the Functioning of the European Union.

The ECB already stated in its Annual Report 2013 that the Central Bank of Ireland's disposal strategy could go some way towards mitigating these concerns.³ The disposal of IBRC-related assets by the Central Bank

¹ The letter is available on the ECB's website at https://www.ecb.europa.eu/pub/pdf/other/150218letter_carthy.en.pdf.

² The two letters are accessible on the ECB's website at https://www.ecb.europa.eu/pub/pdf/other/150303letter_flanagan.en.pdf and https://www.ecb.europa.eu/pub/pdf/other/150420letter_flanagan.en.pdf

³ The ECB's Annual Report 2013 is available on the ECB's website at <https://www.ecb.europa.eu/pub/pdf/annrep/ar2013en.pdf> .

Address

European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal Address

European Central Bank
60640 Frankfurt am Main
Germany

Tel. +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu

of Ireland in the course of 2014, which is making additional progress this year, is indeed a step in the direction of the necessary full disposal of these assets. Moreover, as noted in the ECB's Annual Report 2014, a more ambitious sales schedule for the long-duration floating-rate notes would further mitigate the persisting monetary financing concerns.⁴ Only by fully and expeditiously disposing of these assets can the monetary financing concerns be fully dispelled.

Yours sincerely,

[signed]

Mario Draghi

⁴ The ECB's Annual Report 2014 is available on the ECB's website at <https://www.ecb.europa.eu/pub/pdf/annrep/ar2014en.pdf> .

Address

European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Postal Address

European Central Bank
60640 Frankfurt am Main
Germany

Tel. +49-69-1344-0
Fax: +49-69-1344-7305
Website: www.ecb.europa.eu