



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Mario DRAGHI

President

Mr Ernest Urtasun

Member of the European Parliament

European Parliament

60, rue Wiertz

B-1047 Brussels

Frankfurt, 16 November 2016

L/MD/16/484

Re: Your letter (QZ-090)

Honourable Member of the European Parliament, dear Mr Urtasun,

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 18 October 2016.

The methodology of the overall corporate sector purchase programme (CSPP) and the eligibility criteria according to which the Eurosystem can participate in corporate bond purchases are published on the ECB website. They are listed in the CSPP Decision¹ and further clarified in a dedicated Q&A section². The CSPP eligibility criteria have intentionally been defined to be inclusive, with a view to maintaining a level playing field. For example, there is no minimum size for an issuance and bonds with maturities as short as six months are eligible for purchases.

As regards the CSPP purchases through private placements, let me reiterate what I said in my response to your colleague, Ms López Bermejo³. Private placements are standard market practice and allow the corporate sector to refinance itself by issuing securities. In line with the eligibility criteria for different programmes under the ECB's asset purchase programme (APP), bonds issued by means of private placements are eligible for some programmes, namely the CSPP and the third covered bond purchase programme (CBPP3). The criteria and conditions for participating in primary market issuance of private debt

¹ Available at: https://www.ecb.europa.eu/ecb/legal/pdf/celex_32016d0016_en_txt.pdf

² Available at: <https://www.ecb.europa.eu/mopo/implement/omt/html/cspp-qa.en.html>

³ Available at: https://www.ecb.europa.eu/pub/pdf/other/20161018_bermejo.en.pdf?9f8a368c88a49aa28f79a15537ca6b58

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apply to all forms of primary market issuance, including private placements. In this regard, it should be noted that the 70% issue share limit also applies to private placements. Therefore, the Eurosystem can never own more than 70% of any eligible bond issue.

The ECB does not hold prior meetings with corporations in the context of private placements under the CSPP. The Eurosystem is not involved in any ex ante discussions about the characteristics of bonds it may be offered under the CSPP in the primary and secondary markets. Rather, all CSPP eligibility criteria are published on the ECB website to allow all potential issuers to take them into account.

Yours sincerely,

[signed]

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