



EUROPEAN CENTRAL BANK

EUROSYSTEM

Christine LAGARDE

President

Mr Ernest Urtasun
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 23 April 2021

L/CL/21/89

Re: Your letter (QZ-012)

Honourable Member of the European Parliament, dear Mr Urtasun,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 5 March 2021.

Regarding your question on the possible disclosure by the ECB of participants in targeted longer-term refinancing operations (TLTROs), including amounts borrowed and interest rate terms, let me first reiterate that, in line with the approach for all open market operations, on the day of allotment the ECB communicates the aggregate TLTRO take-up at Eurosystem level and the number of bidders. It also publishes information on the outstanding amounts borrowed and the regular early repayments.¹

However, as a rule, the ECB does not communicate information on the individual allotment to specific counterparties in any of its monetary policy operations. The ECB has consistently applied this rule to all its open market and liquidity management operations to prevent a situation where disclosing counterparties' reliance on Eurosystem funding may act as a deterrent to participation or as a catalyst for aggravating a bank's liquidity position. This is because recourse to Eurosystem funding may be interpreted as conferring information about an individual bank's ability to access market-based funding and of its liquidity situation more generally. The ECB has also applied this rule to TLTROs, the objective of which is to maintain bank lending to the real economy at favourable conditions, including to small businesses which rely heavily on bank-based financing. This is crucial for the ECB to be able to deliver on its mandate. TLTROs ensure that

¹ For more information, see <https://www.ecb.europa.eu/mopo/implement/omo/tltro/html/index.en.html>.

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banks have ample funding at very attractive rates if they maintain their lending to the real economy. If disclosure of TLTRO take-up were to dissuade some banks from participating, this could impair the effectiveness of the operations, which partly depends on their broad and unfettered use.

With regard to your question on imposing mandatory disclosure on TLTRO participants, the ECB has taken note of the fact that many participants have found it useful to proactively communicate their borrowing under TLTROs to the market. The voluntary nature of these disclosures implies that these participants do not see them as detrimental or a deterrent to their participation. This, however, does not necessarily apply across the board and, for the reasons outlined above, mandatory disclosure could be at odds with the achievement of the monetary policy objective of the operations.

Similarly, it would be inappropriate to introduce different communication standards for different operations, either through the ECB's own communication channels or via a mandatory disclosure requirement. The result would be a situation where individual take-up is communicated for some operations but not for others. There is no objective justification for applying different standards to operations that ultimately all have the same objective, namely to maintain price stability in the euro area.

Yours sincerely,

[signed]

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