



EUROPEAN CENTRAL BANK

EUROSYSTEM

21 February 2020

Decisions taken by the Governing Council of the ECB (in addition to decisions setting interest rates)

February 2020

Market operations

Recasts of legal acts related to the expanded asset purchase programme

On 3 February 2020 the Governing Council adopted Decision ECB/2020/8 on the implementation of the third covered bond purchase programme (recasting Decision ECB/2014/40) and Decision ECB/2020/9 on a secondary markets public sector asset purchase programme (recasting Decision ECB/2015/10). Given that Decisions ECB/2014/40 and ECB/2015/10 had already been substantially amended several times and further amendments were to be made, they have been recast in the interests of legal clarity. The amendments implement decisions adopted by the Governing Council, e.g. the decision taken on 12 September 2019 to restart asset net purchases and continue the reinvestment phase. The amendments also implement decisions taken by the Governing Council that had not yet been reflected in the legal acts, to the extent that they had not been superseded in the interim, namely the Governing Council decisions taken on 13 December 2018 on the halt of net asset purchases and the reinvestment phase of the asset purchase programme. Decision ECB/2020/9 includes certain amendments relating to the public sector purchase programme (PSPP) that are considered necessary to complement the previously adopted decisions and ensure the efficient implementation of the PSPP, including, e.g. the addition of definitions of ‘net purchases’ and ‘cumulative net purchases’. Both Decisions are available on the ECB’s website.

Financial stability and supervision

ECB Financial Integration and Financial Structures Report

On 19 February 2020 the Governing Council considered a report on “Financial Integration and Structures in the Euro Area”, which, starting this year, combines the former ECB report on “Financial integration in Europe” and the former ECB “Report on financial structures” last published in May 2018 and October 2017, respectively. The report is designed to focus on key structural developments such as the process of financial integration, changes in financial structures and the process of financial development and modernisation. The report is intended to be published on 3 March 2020, together with the European

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Commission's "European Financial Stability and Integration Review" at the joint Conference on Financial Integration which will be hosted by the ECB in Frankfurt.

Market infrastructure and payments

Eligibility of a new link between securities settlement systems for use in Eurosystem credit operations

On 6 February 2020 the Governing Council approved the assessment of one new direct link, from the Spanish securities settlement system Iberclear ARCO to the Portuguese securities settlement system Interbolsa, as eligible for use in Eurosystem credit operations. The updated list of eligible links is available on the ECB's website.

Advice on legislation

ECB Opinion on the right of insolvency administrators and liquidators of credit institutions to hold funds in an account in Latvijas Banka

On 30 January 2020 the Governing Council adopted Opinion CON/2020/4 at the request of the Ministry of Finance of the Republic of Latvia.

ECB Opinion on the sanctioning powers of BNB within close cooperation and the official exchange rate of the Bulgarian lev

On 30 January 2020 the Governing Council adopted Opinion CON/2020/5 at the request of Българска народна банка (Bulgarian National Bank, BNB).

ECB Opinion on changes to the governance of De Nederlandsche Bank and the formal establishment of the Financial Stability Committee

On 31 January 2020 the Governing Council adopted Opinion CON/2020/6 at the request of the Minister for Finance of the Netherlands.

ECB Opinion on the Supervisory Board of Eesti Pank

On 5 February 2020 the Governing Council adopted Opinion CON/2020/7 at the request of the Finance Committee of the Estonian Parliament.

Corporate governance

Operational preparations in view of the Bank of England ceasing to be a member of the European System of Central Banks

On 22 January 2020, in anticipation of the withdrawal of the United Kingdom from the European Union with effect from 1 February 2020, the Governing Council approved an adjustment of the ECB capital key whereby the € 58 million paid-up capital will be repaid to the Bank of England whose share will be redistributed among the remaining national central bank members of the European System of Central Banks (ESCB). Various legal instruments were amended to make the necessary adjustments. The Governing Council adopted the following legal acts: (i) Decision ECB/2020/3 on the national central

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banks' percentage shares in the key for subscription to the ECB's capital and repealing Decision (EU)2019/43; (ii) Decision ECB/2020/4 on the paying-up of the ECB's capital by the national central banks of Member States whose currency is the euro and repealing Decision (EU) 2019/44; (iii) Decision ECB/2020/5 laying down the terms and conditions for transfers of the ECB's capital shares between the national central banks and for the adjustment of the paid-up capital and repealing Decision (EU) 2019/45; (iv) Decision ECB/2020/6 laying down the measures necessary for the contribution to the ECB's accumulated equity value and for adjusting the national central banks' claims equivalent to the transferred foreign reserve assets and repealing Decision (EU) 2019/46; and (v) Decision ECB/2020/7 amending Decision ECB/2010/29 of the ECB of 13 December 2010 on the issue of euro banknotes. These legal acts provide for the adjustment of the key for subscription to the ECB's capital, triggered by the Bank of England ceasing to be a member of the ESCB. The Governing Council also endorsed an amended Agreement on the Exchange Rate Mechanism (ERM II) between the ECB and the national central banks of the Member States outside the euro area to remove the United Kingdom from the Agreement. Finally, the Governing Council approved operational arrangements with regard to the Bank of England ceasing to participate as a member in the work of the ESCB. A press release on the adjustments to the ECB capital key, all legal acts and the revised ERM II Agreement are available on the ECB's website.

ECB Annual Accounts for 2019

On 19 February 2020 the Governing Council approved the audited financial statements of the ECB for the financial year 2019. The Annual Accounts, together with a related press release, were published on the ECB's website on 20 February 2020. The management report for the year 2019 was published as part of the ECB's Annual Accounts.

Chairperson of the Audit Committee of the ECB

Mr Yannis Stournaras, Governor of the Bank of Greece and member of the Audit Committee of the ECB since 2018, assumed the function of Chair of the Audit Committee as of February 2020. In this role, Mr Stournaras succeeds Mr Ewald Nowotny, former Governor of the Oesterreichische Nationalbank, whose term of office expired last year.

Statistics

Public consultation on amendments to the Regulation on monetary financial institutions balance sheet items statistics

On 5 February 2020 the Governing Council approved the launch of a public consultation on a draft amending Regulation amending Regulation ECB/2013/33 concerning the balance sheet of the monetary financial institutions sector. Following a periodical review, usually performed over a five-year cycle to ensure that monetary financial institutions balance sheets statistics meet user needs and are fit for their purpose – and to that end address a number of high priority requirements for additional data for analysing monetary and credit developments – revisions have been proposed and subjected to a merits and costs procedure undertaken by the Eurosystem/ESCB Statistics Committee in close cooperation with users. The material related to this public consultation which runs until mid-March 2020 is available on the ECB's website.

Banking supervision

ECB decision on the significance of supervised credit institutions

On 29 January 2020 the Governing Council did not object to a proposal by the Supervisory Board to change the significance status of one supervised credit institution. The list of supervised entities is updated regularly and is available on the ECB's banking supervision website. Following its annual review of the significance of credit institutions, the ECB announced that it would directly supervise 117 banks in 2020 (see the related press release published on the ECB's banking supervision website on 4 December 2019).

Launch of a public consultation on an ECB Guide on how to assess counterparty credit risk

On 24 January 2020 the Governing Council did not object to a proposal by the Supervisory Board to launch a public consultation on the draft ECB Guide that outlines the methodology the ECB uses to assess the internal models banks apply to calculate their exposure to counterparty credit risk. The public consultation was launched on 5 February 2020 and runs until 18 March 2020. A related press release, together with the underlying documentation, is available on the ECB's banking supervision website.

Publication of the risk report on less significant institutions

On 27 January 2020 the Governing Council did not object to a proposal by the Supervisory Board to publish the risk report on less significant institutions (LSIs). This report presents an annual assessment of the conditions in the LSI sector, conducted collaboratively by the ECB and the national competent authorities (NCAs). The report combines a comprehensive quantitative analysis of the current LSI risk profile with forward-looking considerations of the main risks and vulnerabilities. It is available on the ECB's banking supervision website.

Amendments to the ECB public guidance related to own funds

On 3 February 2020 the Governing Council did not object to a proposal by the Supervisory Board to approve updated templates of the public guidance on the review of the qualification of capital instruments as Additional Tier 1 and Tier 2 instruments. This review was needed in view of new eligibility conditions triggered by the entry into force of Regulation (EU) 2019/876 that have amended several provisions that capital instruments have to comply with to be classified as Additional Tier 1 or Tier 2 instruments pursuant to Article 52 and 63 of Regulation (EU) 575/2013. The amended ECB public guidance will be made available on the ECB's banking supervision website.