

**22 May 2020**

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

May 2020

### **External communication**

*Communication in relation to the German Federal Constitutional Court ruling of 5 May 2020*

On 5 May 2020 the ECB issued a press release indicating that the Governing Council had taken note of the judgement issued by the German Federal Constitutional Court earlier that day regarding the public sector purchase programme (PSPP), on which it had received a preliminary briefing by the President of the Deutsche Bundesbank and by the legal department of the ECB, and remained fully committed to doing everything necessary within its mandate to meet the ECB's statutory objective of maintaining price stability.

### **Market operations**

*Guideline amending Guideline ECB/2014/31 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral*

On 7 May 2020 the Governing Council adopted Guideline ECB/2020/29 amending Guideline ECB/2014/31 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral. This amending guideline implements the collateral easing measures decided by the Governing Council on 22 April 2020 in response to the coronavirus (COVID-19) pandemic. The guideline is available on the ECB's website.

*Ad hoc assessment of two new non-regulated markets*

On 14 May 2020 the Governing Council decided to add the non-regulated Alternative Fixed-Income Market in Spain and the First North Market in Lithuania to the list of accepted non-regulated markets for assets eligible as collateral for Eurosystem monetary policy operations, following a positive assessment of their compliance with the criteria defined in the General Documentation. The complete list of accepted non-regulated markets is available on the ECB's website.

*Expansion of additional credit claim frameworks in response to the COVID-19 pandemic*

On 15 May 2020 the Governing Council approved changes to the temporary additional credit claim (ACC) frameworks of six national central banks (NCBs), upon request of the respective NCBs. The proposed

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extensions primarily cover the acceptance of one new ACC framework and ACCs benefiting from the new guarantee schemes adopted in a number of jurisdictions in response to the COVID-19 pandemic, together with specific risk control frameworks to address deviations from the requirements applicable to guarantees under the General Documentation, as well as further changes that widen the scope of accepted assets and in-house credit assessment systems for some of the six NCBs. The ACC frameworks were introduced in 2011 to allow Eurosystem NCBs to temporarily accept as collateral certain credit claims that are not compliant with the eligibility rules and/or credit quality standards established in the General Documentation. The collateral easing package adopted by the Governing Council on 7 April 2020 introduced the possibility of expanding these frameworks further. The acceptance of these ACC frameworks is subject to prior approval by the Governing Council. More detailed information on the ACC frameworks is available on the ECB's website.

## **Financial stability and supervision**

### *Financial Stability Review May 2020*

On 20 May 2020 the Governing Council authorised the publication of the “Financial Stability Review – May 2020”. This issue assesses how the financial system has functioned so far during the COVID-19 pandemic and considers the financial stability implications of its potential economic after-effects, taking into account the financial vulnerabilities identified before the pandemic, including those related to the functioning of financial markets, debt sustainability, bank profitability and the non-bank financial sector. The Review also sets out policy considerations for both the near term and the medium term with a view to promoting awareness of systemic risks among policymakers, the financial industry and the public at large. This issue also contains two special feature articles. The first is dedicated to trends in residential real estate lending standards and their implications for financial stability, and the second examines derivatives-related liquidity risk facing investment funds. The Review will be published on the ECB's website on 26 May 2020.

## **Market infrastructure and payments**

### *Identification of a new systemically important payment system*

On 4 May 2020 the Governing Council adopted Decision ECB/2020/26 on the identification of MASTERCARD CLEARING MANAGEMENT SYSTEM as a systemically important payment system pursuant to Regulation (EU) No 795/2014 on oversight requirements for systemically important payment systems. This identification is the outcome of an exercise to verify that the operator fulfils a number of objective criteria that are set out in the Decision, which is available on the ECB's website.

### *TARGET Annual Report 2019*

On 14 May 2020 the Governing Council took note of the TARGET Annual Report 2019, which was subsequently published on the ECB's website. The report provides information on TARGET2 traffic, its performance and the main developments in 2019. It also includes seven boxes which provide detailed information on topics of particular relevance in 2019, namely the evolution of traffic in TARGET2, a survey on TARGET2 activity, liquidity distribution in TARGET2, the treatment of a participant in resolution, end

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point security, detection of fraudulent payments and a status update on the TARGET2/T2S consolidation project and future real-time gross settlement services.

## Advice on legislation

*ECB Opinion on a proposal for a regulation on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak*

On 8 May 2020 the Governing Council adopted Opinion CON/2020/14 on its own initiative.

*ECB Opinion on amendments to Latvian national security, emergency situation and mobilisation laws*

On 11 May 2020 the Governing Council adopted Opinion CON/2020/15 at the request of the Ministry of Finance of the Republic of Latvia.

*ECB Opinion on amendments to the Union prudential framework in response to the COVID-19 pandemic*

On 20 May 2020 the Governing Council adopted Opinion CON/2020/16 at the request of the Council of the European Union.

## Corporate governance

*Schedules for the meetings of the Governing Council and the General Council of the ECB in 2021*

On 29 April 2020 the Governing Council approved its meeting schedule for 2021. The General Council also approved its meeting schedule for that year. The schedules are available on the ECB's website.

*Appointment of two members of the Market Infrastructure Board*

On 4 May 2020 the Governing Council appointed Mr Giandomenico Scarpelli, Head of the Payment Systems Directorate at the Banca d'Italia, as a Eurosystem national central bank (NCB) member of the Market Infrastructure Board and Ms Christina Wejshammar, Head of the Payments Department at Sveriges Riksbank, as a non-Eurosystem NCB member of the Board. These appointments were made with immediate effect until 31 May 2022 so as to coincide with the mandates of the other Board members who had been appointed or reappointed for 36 months from 1 June 2019.

*Joint Eurosystem procurement legal framework*

On 4 May 2020 the Governing Council took note of the 2019 annual report of the Eurosystem Procurement Coordination Office (EPCO) and approved the 2020 update of the EPCO procurement plan. On the same day, the Governing Council also adopted Decision ECB/2020/27 amending Decision ECB/2008/17 laying down the framework for joint Eurosystem procurement. The amending legal act, which takes stock of the positive experience with joint procurement of goods and services and the permanent nature of EPCO as decided by the Governing Council on 26 April 2019, caters for enlarged participation possibilities and more operational flexibility in the daily operations. The decision is available on the ECB's website.

## International and European cooperation

*19th annual review of the international role of the euro*

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On 14 May 2020 the Governing Council approved the 19th annual review of the international role of the euro and authorised its publication. In line with the biennial cycle for publication of this report series decided on in 2016, this year's release is an interim version without special features. It does, however, contain one analytical box on the role of the euro in global green bond markets. The report presents a concise overview of developments in the use of the euro by non-euro area residents and provides updated statistical information on the main indicators of the euro's international status considered to be of interest to the general public. The report is scheduled to be published on the ECB's website on 15 June 2020.

## Banking supervision

*Compliance with EBA Guidelines on harmonised definitions and templates for funding plans*

On 30 April 2020 the Governing Council did not object to a proposal by the Supervisory Board to notify the European Banking Authority (EBA) that, for the significant institutions under its direct supervision, the ECB will comply with the EBA Guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2 (EBA/GL/2019/05) from 31 December 2020, the date on which they become applicable. The Guidelines enhance the granularity of the reported data points and thereby increase comparability, allowing for a more thorough assessment of banks' funding plans.

*Revised Supervisory Review and Evaluation Process in 2020*

On 12 May 2020 the Governing Council did not object to a proposal by the Supervisory Board to approve a revised Supervisory Review and Evaluation Process (SREP) timeline and approach in 2020, taking into account the impact of the COVID-19 pandemic on both human resources and other general resources. Accordingly, there will be a pragmatic approach to the SREP for the 2020 cycle, focusing on banks' ability to handle the challenges of the COVID-19 crisis. The significant institutions under the ECB's direct supervision were subsequently informed.

*Compliance with EBA Guidelines on ICT and security risk management*

On 13 May 2020 the Governing Council did not object to a proposal by the Supervisory Board to notify the EBA that, for the significant institutions under its direct supervision, the ECB will comply with the EBA Guidelines on ICT and security risk management (EBA/GL/2019/04) from 30 June 2020. The Guidelines contribute to a level playing field for all financial institutions and respond to the European Commission's request to develop guidelines on ICT risk management and mitigation requirements in the EU financial sector.