

ICMA SLB Webinar

THE ELIGIBILITY OF SLBs FOR THE EUROSYSTEM ASSET PURCHASE AND COLLATERAL PROGRAMMES

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THE INCLUSION OF SLBs IN THE EUROSISTEM'S MONETARY POLICY FRAMEWORK

First public SLB
issuances

●
2019

22 September 2020

ECB's announcement to accept SLBs as collateral for Eurosystem credit operations by amending eligibility rules

Entry into force

●
1 January 2021

- Eligibility of SLBs as **collateral** and for **purchase programmes** within the Eurosystem's monetary policy operations
- Prior to this date, SLBs were not eligible because of their incompliant coupon structure
- The amended criteria allow now coupon step-up/step-down for SLB-structures, other step-up events remain ineligible

ACCEPTED SLB STRUCTURES (1/2)



*'In order to be eligible, debt instruments shall have one of the following coupon structures [...]
(c) multi-step or floating coupons with **steps linked to Sustainability performance targets**'*

Amended article 63, guideline ECB/2014/60

Coupon formula

Fixed or variable coupon, with a step-up or down depending on the fulfilment of SPT(s)

Temporality

Step-up can happen at any coupon payment, including at maturity in the form of an additional premium, provided that the principal is repaid at least at par

SPT

As defined by the Eurosystem

ACCEPTED SLBS STRUCTURES (2/2)



*'sustainability performance target' (SPT) means a **target set by the issuer** in a **publicly available issuance document**, measuring quantified improvements in the issuer's sustainability profile over a **predefined period of time** with reference to one or more (...) **environmental objectives** (...);*

New article 2(88a), guideline ECB/2014/60

Target set by the issuer

Quantifiable target relating to the issuer's sustainability profile

Predefined period of time

Reference period set at issuance

Verification by an independent third party

A third party monitors and acknowledges the issuer's performance vis a vis its target on the step-up date

Publicly available issuance document

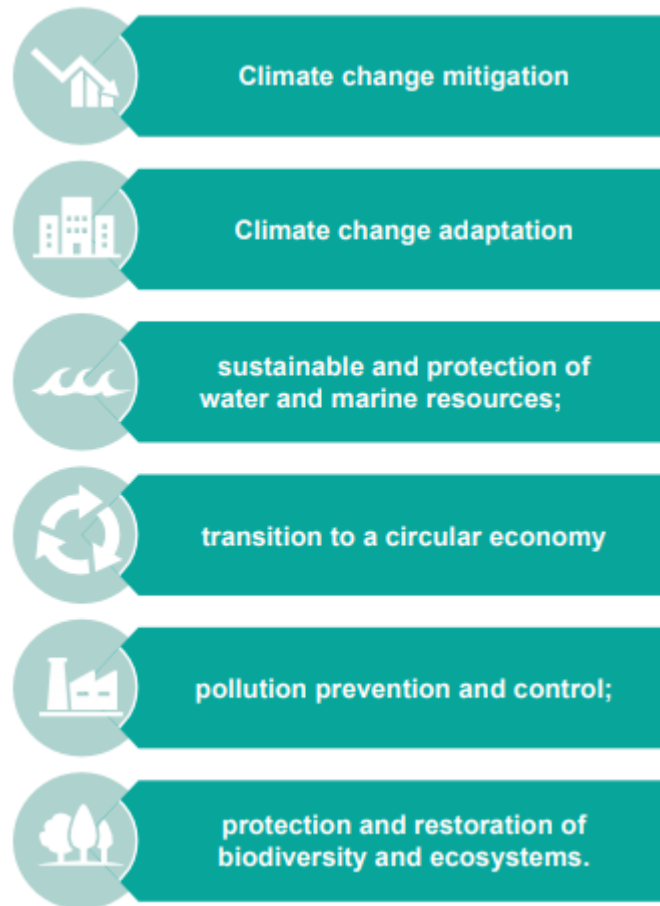
Target defined in prospectus, offering circulars, final terms

ELIGIBLE ENVIRONMENTAL OBJECTIVES

UN SUSTAINABLE DEVELOPMENT GOALS



EU TAXONOMY REGULATIONS



➔ Mapping performed by the issuer and available in issuance documents



REFERENCES

- Amended guideline ECB/2014/60 : article 2(88a), article 63
<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02014O0060-20210101&qid=1616178823058&from=FR>
- ECB's press release 22 September 2020
<https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200922~482e4a5a90.en.html>
- ECB's FAQ on Sustainability-Linked Bonds
<https://www.ecb.europa.eu/paym/coll/standards/marketable/html/ecb.slb-qa.en.html>