

## 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

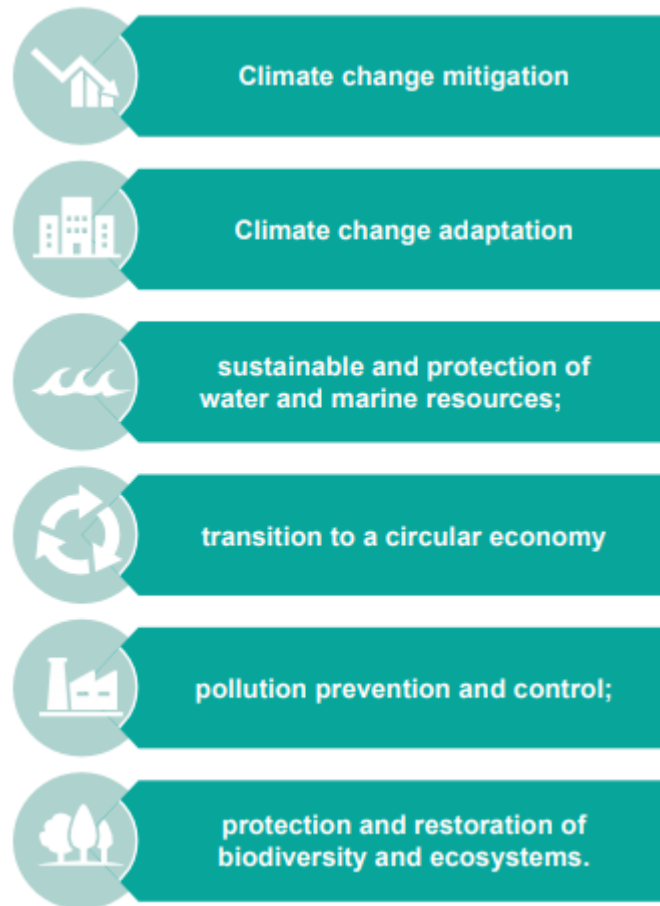
Target defined in prospectus, offering circulars, final terms

# 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-ga.en.html>