

The background of the slide is an abstract composition. The top half features a blurred, ethereal image of what appears to be a person's face or a similar organic form in shades of blue and gold. A horizontal band of fine, shimmering gold particles is positioned across the middle. The bottom half is a solid, deep blue color.

**C L I F F O R D
C H A N C E**

ECB ELIGIBILITY CRITERIA

LIQUIDITY FOR CORPORATE BONDS AND CP DURING THE CORONAVIRUS PANDEMIC

12 MAY 2020

ECB ELIGIBILITY CRITERIA

LIQUIDITY FOR CORPORATE BONDS AND CP DURING THE CORONAVIRUS PANDEMIC

Expansion of the ECB's Corporate Sector Purchase Programme (CSPP) to include non-financial commercial paper and the launch of the Pandemic Emergency Purchase Programme (PEPP) has focused attention on the ECB's criteria for eligible collateral.

That is because the ECB's "General Framework" criteria (as amended by "Temporary Framework" measures) are relevant for various purposes and the criteria also apply to CSPP and PEPP eligibility, with minor variations.

Our table illustrates key criteria to consider when assessing potential eligibility of corporate bonds and commercial paper as ECB collateral or under the CSPP or PEPP.

This paper focuses on corporate issuers, corporate bonds and commercial paper. Other criteria will be relevant when assessing collateral eligibility for other issuers and other products. Similarly, the CSPP is just one of the ECB's Asset Purchase Programmes (APP), all of which are eligible for the PEPP.

This document is prepared as of 12 May 2020. It is not intended to be comprehensive or to provide legal advice (and does not address all ECB eligibility criteria). For more information, please speak to your usual Clifford Chance contact or one of the lawyers named below.

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	General Framework	Temporary Framework	CSPP	PEPP
Type of asset	Corporate bonds		Expanded in March 2020 to include commercial paper issued by non-financial corporates	Same as CSPP
Currency	Euro	Varied - USD, Japanese Yen, Pounds Sterling (EEA issuers only)	Euro	Same as CSPP
Place of establishment	Issuer: EEA or non-EEA G10 Guarantor: EEA (unless not needed to establish credit quality requirements*)	Varied – see Currency, above	Issuer must be Eurozone	Same as CSPP
Credit standards	Investment grade (P-2, A-2, etc. (short-term) or Baa3, BBB-, etc. (long-term))	Varied by Guideline (EU) 2020/634 of 7 May 2020: grandfathering until September 2021 for marketable assets which met rating criteria on 7 April 2020 but downgraded to an equivalent of BB, provided other criteria are met. Future issuance permissible.	Investment grade (P-2, A-2, etc. (short-term) or Baa3, BBB-, etc. (long-term))	Same as CSPP
Acceptable markets	EEA regulated markets Non-regulated markets accepted by the ECB ¹	As for General Framework	As for General Framework	As for General Framework
Governing law of guarantee	EU (if required to establish credit quality requirements**)	As for General Framework	As for General Framework	As for General Framework

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USEFUL LINKS

GENERAL FRAMEWORK

- [Unofficial consolidated text](#) as at 8 April 2020 (published on ECB website on 4 May 2020) of Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (General Documentation Guideline) (ECB/2014/60) (recast)

TEMPORARY FRAMEWORK

- [22 April 2020](#) Press Release
- [7 April 2020](#) Press Release
- Consolidated version of [Temporary Framework Guideline ECB/2014/31](#) (recast) - includes [Guideline \(EU\) 2020/515](#) (reflecting changes announced in the 7 April 2020 Press Release), but not [Guideline \(EU\) 2020/634](#) of 7 May 2020 (reflecting the changes announced in the 22 April 2020 Press Release).

ASSET PURCHASE PROGRAMMES including CSPP

- CSPP [21 April 2016](#) Press Release; CSPP [Decisions](#)
- CSPP [Q&A](#) (Last updated: 8 April 2020)
- [FAQ](#) on CSPP and non-financial commercial paper (Last updated: 6 May 2020).

PEPP

- [18 March 2020](#) Press Release.
- PEPP [Q&A](#) (Last updated: 2 April 2020)
- 24 March 2020 [Decision](#) (ECB/2020/17).

SOURCE CROSS-REFERENCES

- * [Articles 70\(2\), 117 and 118](#). See also [Article 70\(3\)](#).
- ** [Article 113\(2\), Article 114\(4\)](#).

Endnote 1 - **Non-regulated markets accepted by the ECB** (see [webpage](#))

EU	STEP market	Italy	EuroTLX
Belgium	OTC markets for Belgian Treasury Bills (BTB), The OTC market for Belgian commercial papers The OTC market for Belgian Strips Euronext Growth Brussels		SSSO Bondvision ExtraMOT Hi-MTF
Germany	The unofficial market ("Freiverkehr") of a German exchange	Luxembourg	Euro MTF
Estonia	The OTC market for Estonian Treasury Bills (ESTB)	Netherlands	MTS Netherlands
France	Government securities markets Negotiable European Commercial Paper NEU CP market Negotiable European Medium-Term Notes market Euronext Growth Paris	Austria	Vienna MTF
		Portugal	Euronext Growth Lisbon
		Slovenia	MTS Slovenia
		Finland	Money market for treasury bills MTS Finland
Ireland	Global Exchange Market (GEM)		First North Bond Market Finland

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