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Request for public access to ECB documents

Dear Mr Schreiber,

On 22 April 2020 the European Central Bank (ECB) received your application for access to *“documents which contain the separate bond value of [Corporate Sector Purchase Programme] CSPP and [Pandemic Emergency Purchase Programme] PEPP assets held by the ECB and the Eurosystem.”*

You further explained that, *“today, the ECB discloses the corporate bonds it holds under the CSPP and the PEPP and the total value of its purchase under these programs. However, the ECB doesn’t disclose the value of each separate bond held under the CSPP and PEPP. Despite the fact that the “greening” of the APP is one of the strategic orientations that have to be discussed during the strategic review, the non-disclosure of bond value makes it impossible to know what CSPP and PEPP finance and, therefore, to determine their environmental impacts. Amid the Covid crisis, the non-disclosure of bond value conceals the amount of financing that PEPP provides to critical sectors such as healthcare.”*

On 18 May 2020, in line with Article 7(3) of Decision ECB/2004/3¹ on public access to ECB documents and owing to the increased workload, the ECB extended the stipulated time limit for reply by 20 working days.

Background information

The corporate sector purchase programme (CSPP) was established by the ECB’s Governing Council on 10 March 2016 as part of the single monetary policy and in pursuit of its price stability objective. This decision was taken in order to *“further strengthen the pass-through of the Eurosystem’s asset purchases to the financing conditions of the real economy”* and to provide *“in conjunction with the other non-standard monetary*

¹ Decision ECB/2004/3 of 4 March 2004 on public access to European Central Bank documents (OJ L 80, 18.3.2004, p. 42)

*policy measures in place,... further monetary policy accommodation and contribute to a return of inflation rates to levels below, but close to, 2 % over the medium term*².

The new temporary pandemic emergency purchase programme (PEPP), which includes all the asset categories eligible under the asset purchase programmes (APP), was established on 18 March 2020. Purchases under the PEPP, which are separate from, and in addition to, purchases carried out under the APP, with an overall envelope of EUR 1,350 billion until the end of June 2021³, do not pursue an investment objective. Rather they pursue a public interest objective, namely to respond to the crisis related to the COVID-19 pandemic which the Governing Council assessed as *“a specific, extraordinary and acute economic crisis, which could jeopardise the objective of price stability and the proper functioning of the monetary policy transmission mechanism”*⁴.

Identification of the requested documents and assessment of disclosure

The ECB, after having carefully examined your request in line with Decision ECB/2004/3, has identified a confidential internal database containing the requested data, the separate bond value of CSPP and PEPP assets held by the ECB and the Eurosystem.

Following a thorough assessment in line with Decision ECB/2004/3 we regret to inform you that the specific data you are interested in cannot be provided since disclosure would undermine the interests protected under the second indent of Article 4(1)(a) (*“the protection of public interest as regards the financial, monetary or economic policy of the Union or a Member State”*) of that Decision.

The following explanations clarify the ECB's decision not to disclose the requested data.

Second indent of Article 4(1)(a) of Decision ECB/2004/3 – “the financial, monetary or economic policy of the Union or a Member State”

Pursuant to the second indent of Article 4(1)(a) of Decision ECB/2004/3, the ECB shall refuse access to documents where disclosure would undermine the protection of the public interest as regards the monetary or economic policy of the Union. As further detailed in the following paragraphs, the disclosure of the requested data may seriously distort price discovery and compromise the integrity of the market and undermine the monetary policy objective of the CSPP and PEPP, creating serious risks to the monetary policy transmission mechanism and the outlook for the euro area.

The disclosure of detailed, disaggregated data on the securities purchased and held under the CSPP and the PEPP (such as the separate bond value of CSPP and PEPP assets held by the Eurosystem) in a centralised and complete manner would lead market participants to draw inferences about the Eurosystem holdings and

² See https://www.ecb.europa.eu/press/pr/date/2016/html/pr160310_2.en.html

³ Monetary policy decision of the ECB Governing Council of 4 June 2020, for further information please refer to the press release: <https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.mp200604~a307d3429c.en.html>

⁴ See <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32020D0440&from=EN>

adjust their own behaviour according to assumptions established on the basis of the information made available. The CSPP and PEPP purchases are intended to have a positive effect on all targeted asset categories. Since market participants are not familiar with the individual assets considered by the ECB and the Eurosystem national central banks (NCBs), they will tend to invest broadly in the entire categories targeted. By contrast, granting market participants access to detailed, disaggregated information regarding the CSPP and PEPP portfolios, could introduce undue volatility and distort price discovery in the market while compromising the effectiveness of the intervention measures and, potentially, their monetary policy objective⁵. Disclosure of the requested data may lead to market fragmentation and undermine the level playing field on which issuers and originators operate, thereby jeopardising the ECB's intention to minimise the impact of the purchase programme implementation on price discovery and market functioning.

In sum, the disclosure of the requested data would harm the efficiency of these programmes and create serious risks to the monetary policy accommodation, which ultimately may negatively affect the sustained adjustment in the path of inflation rates to levels below, but close to, 2% in the medium term. The successful implementation of the PEPP is critical for an effective monetary policy transmission mechanism aimed at delivering the favourable financial conditions that are necessary to support the economy, in view of the severe risks to the outlook for the euro area posed by the COVID-19 pandemic. Moreover, the efficient implementation of the asset purchase programmes (APP), including the CSPP, is important to support a sustained adjustment in the path of inflation that is consistent with the ECB's primary objective of price stability.

Taking into account the points made above, the ECB has concluded that the requested data cannot be disclosed.

Other remarks

As you noted in your application, the ECB publishes under the asset purchase programmes section of its website the book value of securities held under the PEPP on a weekly basis⁶ (on an aggregate level, across all asset categories purchased under the PEPP) as well as a list of corporate bond securities held under the CSPP/PEPP, also on a weekly basis⁷. The list contains information on the Central Bank that holds the security, the ISIN, the issuer name, the maturity date and the coupon rate. In the following paragraphs we provide you with an overview of other PEPP and CSPP data published on the ECB website that might be of interest to you.

⁵ See *Versorgungswerk v ECB*, T-376/13, ECLI:EU:T:2015:361, paragraph 80.

⁶ The PEPP holdings at amortised costs on weekly basis: <https://www.ecb.europa.eu/mopo/implement/pepp/html/index.en.html>

⁷ See <https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html>

The PEPP cumulative net purchases are published on a monthly basis and the ECB also started publishing PEPP breakdowns by asset category, country, and market type on a bi-monthly basis. The first data was released on 2 June and covered March to May 2020⁸.

Information on CSPP-related corporate bond holdings is published on a weekly, monthly and semi-annual basis depending on the type of publication. Aggregate holdings and a breakdown of primary and secondary market purchases are published on a weekly and monthly basis, respectively, while a breakdown of holdings by rating, country and sector is published semi-annually. This information is made available in the context of the APP so that observers can gain an insight into the Eurosystem's overall purchases.

In the context of the Eurosystem's securities lending facilities under PEPP and the APP the ECB publishes aggregate monthly average on-loan balance of public sector securities for the Eurosystem and the daily on-loan balances, together with breakdowns by collateral type (securities or cash). The data is published every third Monday of the month for the previous month⁹. Finally, the ECB and the Eurosystem NCBs make available further details on their securities lending arrangements on their respective [websites](#).

The Eurosystem recognises the major challenge posed by climate change and the need for a timely mitigation of its impacts and stands ready to play its role in line with its competences and mandate. In relation to your remark that *"the 'greening' of the APP is one of the strategic orientations that have to be discussed during the strategic review, the non-disclosure of bond value makes it impossible to know what CSPP and PEPP finance and, therefore, to determine their environmental impacts. [Amid the Covid crisis, the non-disclosure of bond value conceals the amount of financing that PEPP provides to critical sectors such as healthcare]"*, we would like to clarify that the eligibility criteria for the APP and PEPP are deliberately broad in order to provide a large range of purchasable securities. This supports the effectiveness of the programmes and helps mitigate distortions of specific market segments. The implementation of the APP and PEPP are guided by the principle of market neutrality and does not positively or negatively discriminate on the basis of environmental or any other criteria. In the specific case of the CSPP and PEPP, the purchases of securities issued by non-bank corporations reflect proportionally the market value of all eligible bonds in terms of sectors of economic activity and rating groups. Under this premise, the ECB has also purchased green bonds¹⁰ under both programmes¹¹.

Determining the environmental impact of the CSPP and PEPP based on backward-looking sectoral or firm-level data can be misleading¹². As explained by the ECB President on 8 June 2020 at her regular hearing

⁸ See <https://www.ecb.europa.eu/mopo/implement/pepp/html/index.en.html>

⁹ See <https://www.ecb.europa.eu/mopo/implement/omt/lending/html/index.en.html>

¹⁰ Bonds whose proceeds are used to finance projects with an environmental benefit.

¹¹ The purchases of green bonds under the Eurosystem's APP have been illustrated in more detail in a box in the Economic Bulletin in 2018. The analysis showed that under the CSPP the Eurosystem held close to 20% of the CSPP-eligible green corporate bond universe and that Eurosystem purchases have reduced yields of green bonds while supporting their issuance by non-financial corporations. See the box entitled "Purchases of green bonds under the Eurosystem's asset purchase programme", Economic Bulletin, Issue 7, ECB, 2018, pp. 21-26, available at https://www.ecb.europa.eu/pub/economic-bulletin/focus/2018/html/ecb.ebbox201807_01.en.html

¹² See for instance the ECB reply to letter QZ-052/2019, available at https://www.ecb.europa.eu/pub/pdf/other/ecb.mepletter191220_Tang_and_Gill-84f611ceb8.en.pdf

before the ECON Committee of the European Parliament, a meaningful assessment of the environmental impacts of the ECB asset purchases requires granular and forward-looking analyses of the carbon intensity of the investments financed by the bond issuances that benefitted from our asset purchases. This is currently not possible given the existing data gaps. In this context, it is worth recalling that the ECB has recently highlighted the current shortcomings of corporate disclosure of environmental and climate-related information in the EU and emphasized the urgency to address the above-mentioned data gaps in its reply to the European Commission's public consultations on sustainable finance¹³. As further explained in the special feature of the ECB's Financial Stability Review of May 2019¹⁴, sectoral data do not capture large differences within sectors and, most importantly, ignore any dynamics within firms over time. An example of such shortcomings is that issuance of green bonds is typically concentrated in sectors such as utilities, infrastructure, transportation and construction, which based on backward looking sectoral data, would be considered carbon intensive, despite them financing sustainable projects. Similarly, companies active in sectors that, based on aggregate information, are assessed as highly polluting – can use the proceeds of a bond issuance eligible for ECB asset purchases to finance the adoption of more energy-efficient technologies, reduce carbon emissions and reorient business models towards sustainable economic activities. This highlights the importance of distinguishing between the debt instruments that benefit from ECB asset purchases and the investments financed by the proceeds from issuing such debt instruments.

We would like to thank you for your input on this topic and recall, as you also observe, that the ECB's ongoing strategy review will provide an opportunity to further examine how considerations related to environmental sustainability could be better reflected in the monetary policy framework.

Final remarks

For the sake of good order, we would like to inform you that, as regards the identified document Article 7(2) of Decision ECB/2004/3 provides that *"in the event of total or partial refusal, the applicant may, within 20 working days of receiving the ECB's reply, make a confirmatory application asking the ECB's Executive Board to reconsider its position"*.

Yours sincerely,

[signed]

Petra Senkovic
Director General Secretariat

[signed]

Margarita Louiza Karydi
Head of the Compliance and Governance Division

¹³ See Eurosystem reply to the European Commission's public consultations on sustainable finance and the revision of the non-financial reporting directive, available at https://www.ecb.europa.eu/pub/pdf/other/ecb.eurosystemreplyeuropeancommissionpublicconsultations_20200608~cf01a984aa.en.pdf

¹⁴ See Giuzio, M., Krušec, D., Levels, A., Melo, A. S., Mikkonen, K. and Radulova, P., "Climate change and financial stability", Financial Stability Review, ECB, May 2019.