EUROPEAN CENTRAL BANK

EUROSYSTEM

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**GUIDELINE (EU) 2026/[XX] OF THE EUROPEAN CENTRAL BANK**

**of 22 January 2026**

**amending Guideline (EU) 2015/510 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60)**

**(ECB/2026/1)**

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 127(2), first indent, thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular Article 3.1, first indent, Articles 9.2, 12.1, 14.3 and 18.2, and Article 20, first paragraph, thereof,

Whereas:

(1) Achieving a single monetary policy entails defining the tools, instruments and procedures to be used by the Eurosystem, which consists of the European Central Bank (ECB) and the national central banks of those Member States whose currency is the euro (hereinafter the 'NCBs'), in order to implement such a policy in a uniform manner throughout the Member States whose currency is the euro.

(2) On 29 November 2024, the Governing Council decided on certain measures aimed at fostering greater harmonisation of the Eurosystem collateral framework. Firstly, certain asset types accepted under the temporary framework should be integrated into the general collateral framework, namely (a) marketable assets denominated in US dollars, pounds sterling and Japanese yen; and (b) asset-backed securities with a second-best rating of credit quality step 3 on the Eurosystem's harmonised rating scale and which fulfil the eligibility criteria stipulated in the temporary collateral framework. Secondly, NCBs' statistical in-house credit assessment systems (S-ICASs) should be accepted as a credit assessment source in addition to the NCBs' in-house credit assessment systems (ICASs) that are presently accepted, and consequently the latter should be known as 'full in-house credit assessment systems' (F-ICASs), to distinguish them from S-ICASs. Thirdly, in relation to the procedure for acceptance of S-ICASs as a counterparty's third credit assessment source, it is appropriate to waive the requirement for the submission of a reasoned statement supported by an adequate business case in order to facilitate the use of S-ICASs. Lastly, the Governing Council also

decided that the eligibility of retail mortgage-backed debt instruments (RMBDs) and non-marketable debt instruments backed by eligible credit claims (DECCs) as collateral for Eurosystem credit operations should be discontinued due to limited historical use and low demand, in order to simplify the Eurosystem collateral framework.

(3) Following the expiry of the transition period in relation to the use of the ECB loan-level data reporting templates and the phasing-out of the Eurosystem´s designation process for loan-level data repositories, as decided by the Governing Council on 22 March 2019, consequential amendments are required to the relevant provisions of the Eurosystem monetary policy framework.

(4) In relation to the eligibility criteria applied to asset-backed securities as eligible collateral for Eurosystem credit operations, further refinement is needed to explicitly exclude asset-backed securities where the issuer of those securities is subject to residual value risk.

(5) For the treatment of entities for which a resolution scheme based on an open bank resolution strategy has been adopted a clarification of the Eurosystem counterparty framework is necessary in order to reflect the applicable processes and deadlines when assessing financial soundness.

(6) Further clarification is provided regarding the assessment of a counterparty's financial soundness in the case of discretionary measures taken by the Eurosystem on the grounds of prudence.

(7) The eligibility criteria applied to floating coupons that are linked to an inflation index reference rate should be defined by means of specific provisions that set them apart from those applying to instruments with other floating coupons and provide more clarity.

(8) It should be clarified that the eligibility criteria regarding the issuance form of international debt instruments should only apply to international debt instruments that are issued through international central securities depositories (ICSDs) in global note form and represented by a physical (paper) certificate or by an electronic (digital) copy of a paper global note. However, for international debt instruments issued through the ICSDs in fully dematerialised form the Eurosystem should reserve the right to verify that such instruments (a) do not give rise to material risks that might affect the Eurosystem's rights as collateral holder and (b) are validly constituted under their governing law, irrespective of the technology that supports their issuance.

(9) The eligibility criteria applied to credit claims as eligible collateral for Eurosystem credit operations should be clarified by explicitly excluding non-performing credit claims, in order to ensure that the Eurosystem is protected from the risks they present and that only adequate collateral for Eurosystem credit operations is accepted.

(10) Given the wide variations in the number, value and types of assets, as well as the circumstances that may be involved in an occasion of non-compliance, adjustments should be made to permit more efficient and flexible application of financial and non-financial penalties imposed on counterparties which fail to comply with certain rules in relation to monetary policy operations.

(11) On 23 July 2025, the Governing Council decided to introduce a 'climate factor' in the Eurosystem's collateral framework. The Eurosystem conducts credit operations with eligible counterparties to

achieve its primary objective of price stability, which is defined by the Governing Council as a symmetric 2 % inflation target over the medium term. Pursuant to Article 18.1 of the Statute of the European System of Central Banks and of the European Central Bank, these operations are to be secured by adequate collateral. A key risk in these operations is the potential decline in collateral value in the event that a counterparty defaults and the Eurosystem becomes the legal owner of the collateral for an uncertain period of time.

(12) The Eurosystem employs several measures within its current collateral framework to mitigate financial risks associated with its lending operations, however the potential financial impact of climate transition-related uncertainties remains unaddressed. The associated financial risks for the Eurosystem arise from the potential for asset repricing due to unexpected climate transition shocks as the economy moves toward a low-carbon future, driven by changes in policy, technology, market dynamics, and consumer preferences. The Governing Council has therefore decided to introduce a 'climate factor', which is an additional risk control measure aimed at mitigating the potential financial impact of climate transition-related uncertainties by adjusting the value assigned to eligible marketable assets issued by certain non-financial corporations and their affiliates, and mobilised as collateral depending on the extent to which they can be impacted by forward-looking climate transition-related uncertainties.

(13) The adjustment of the value assigned to eligible assets mobilised as collateral should be based on a set of objective criteria with a view to ensuring that the measure is suitable for attaining its stated objective of financial risk mitigation and does not go beyond what is necessary to attain that objective. The climate factor should be derived from an uncertainty score composed of three elements: (a) a sector-specific stressor: a uniform 'market factor' derived from the expected shortfall in the adverse scenario of the Eurosystem climate stress test, which applies to all assets issued by firms within a specific sector; (b) an issuer-specific exposure: a measure of an issuer's exposure to transition-related uncertainties, based on the methodology developed for the tilting of the purchases under the Corporate Sector Purchase Programme (CSPP); and (c) an asset-specific vulnerability: an assessment of how sensitive an asset's market price is to unexpected future climate shocks, taking into account its residual maturity. Based on the uncertainty score, the Eurosystem should assign a climate factor to each eligible marketable asset within the scope of the risk management measure, which may further adjust its collateral value after the application of other risk control measures. Assets which become eligible between two annual update exercises in relation to the climate factor should initially be assigned a median climate factor of the asset type to which they belong, specifically, bond, medium term note or commercial paper. The application of a median climate factor based on the asset type reflects the inherent price sensitivity differences to similar shocks among asset types, and balances risk management with efficiency considerations until the next annual update exercise.

(14) The climate factor should be calibrated in such a way that the Eurosystem's ability to implement monetary policy through broad collateral availability will remain intact.

(15) The climate factor should reflect climate transition-related uncertainties to which marketable assets issued by certain non-financial corporations as well as their affiliated entities may be exposed. The focus on these marketable assets is driven by better data availability in this segment and the experience that the Eurosystem has gained with integrating climate transition risks in the CSPP. The climate factor, including its scope, methodology and calibration, should be reviewed regularly by the Governing Council and updated as necessary to (a) reflect the increasing availability of relevant data and models and (b) take stock of relevant regulatory developments and advances in risk assessment capabilities.

(16) Through the introduction of the climate factor as an additional risk control measure, the Eurosystem further ensures that it complies with Article 11 of the Treaty on the Functioning of the European Union, which requires that environmental protection requirements are integrated into the definition and implementation of the Union's policies and activities, which includes the Union's monetary policy. Similarly, the introduction of the measure ensures compliance with the obligations of the Eurosystem under Article 7 of the Treaty, which requires the Union to ensure consistency between its policies and activities.

(17) Given the technical implementation of the climate factor within the Eurosystem Collateral Management System (ECMS), it is necessary to align the application date of the climate factor with the release date of the ECMS that occurs in the second quarter of 2026, and therefore the climate factor should be applied from 15 June 2026.

(18) Therefore, Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60)[1] should be amended accordingly,

HAS ADOPTED THIS GUIDELINE:

*Article 1*

**Amendments**

Guideline (EU) 2015/510 (ECB/2014/60) is amended as follows:

1. Article 2 is amended as follows:

(a) the following point (7a) is inserted:

'(7a) "climate factor" means an adjustment that may be applied to the value assigned to marketable assets issued by certain non-financial corporations and their respective corporate issuer groups that are mobilised as collateral in Eurosystem credit operations in order to mitigate the potential financial impact of climate transition-related uncertainties;';

1 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) (OJ L 91, 2.4.2015, p. 3, ELI: http://data.europa.eu/eli/guideline/2015/510/oj).

(b) the following point (10a) is inserted:

‘(10a) “corporate issuer group” means, for the purpose of the climate factor, a group of undertakings that operate as a single economic entity and constitute a reporting entity for the purposes of presenting consolidated accounts, comprising the parent undertaking and all of its direct and indirect subsidiaries;’;

(c) in point (16), point (e) is deleted;

(d) in point (23), points (c) and (d) are deleted;

(e) point (26a) is deleted;

(f) point (26b) is deleted;

(g) point (31a) is deleted;

(h) point (49) is deleted;

(i) point (50a) is replaced by the following:

‘“(50a) ‘loan-level data repository” means a securitisation repository within the meaning of Article 2, point (23), of Regulation (EU) 2017/2402 of the European Parliament and of the Council (*), which is registered with the European Securities and Markets Authority (ESMA) pursuant to Article 10 of that Regulation;

(*) Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35, ELI: http://data.europa.eu/eli/reg/2017/2402/oj).’;

(j) point (70) is replaced by the following:

‘(70) “non-marketable asset” means any of the following assets: fixed-term deposits and credit claims;’;

(k) point (70a) is deleted;

(l) the following point (79a) is inserted:

‘(79a) “residual value risk” means the risk that arises in relation to a payment under a cash-flow generating asset in any of the following cases:

(a) the payment is structured so as to be systematically dependent on the sale or refinancing of the goods in question, without any further recourse to the obligor to cover any potential shortfall between the sale proceeds of the goods and the scheduled payments under the cash-flow generating asset, or any potential shortfall on those scheduled payments that arises from the failure to refinance the goods in full or in part;

(b) the obligor has the option, among others, to deliver the goods in full settlement of its payment obligations but has no obligation to cover any shortfall between the sale proceeds of the goods and the scheduled payments under the cash-flow generating asset, or any potential shortfall on those scheduled payments that arises from the failure to refinance the goods in full or in part;

(c) in the case of either (a) or (b), irrespective of the existence of any repurchase, guarantee or other obligation of a third party or transaction party to make either the scheduled payment or to cover any potential shortfall between the sale proceeds of the goods and the scheduled payments under the cash-flow generating asset, or any potential shortfall on those scheduled payments that arises from the failure to refinance the goods in full or in part;';

(m) the following point (79b) is inserted:

'(79b) "resolution authority" means a resolution authority as defined in Article 2(1), point (18), of Directive 2014/59/EU of the European Parliament and of the Council (*) or the Single Resolution Board established in accordance with Article 42 of Regulation (EU) No 806/2014 of the European Parliament and of the Council (**);

(*) Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190, ELI: http://data.europa.eu/eli/dir/2014/59/oj).

(**) Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (OJ L 225, 30.7.2014, p. 1 ELI: http://data.europa.eu/eli/reg/2014/806/oj).'.

(n) the following point (80a) is inserted:

'(80a) "risk mitigation measure" means any one of: (a) the imposition of a cap on the liquidity amount provided after the lifting of the limitation on access by the counterparty to Eurosystem monetary policy operations with a standard maturity of one week or shorter, including in cases where the indicative calendar for these operations provides for an exceptionally extended maturity; (b) the limitation on the mobilisation as collateral of retained mobilised ABS, and own-use covered bonds, as referred to in Article 3(5) and (2a) of Guideline (EU) 2016/65 of the European Central Bank (ECB/2015/35) (*), respectively, or other assets deemed to be illiquid by the Eurosystem; and (c) the requirement to comply with additional own funds requirements as determined by the competent authority in accordance with Article 104(1), point (a), of Directive 2013/36/EU, in addition to compliance with the own funds requirements under Article 92 of Regulation (EU) No 575/2013;

(*) Guideline (EU) 2016/65 of the European Central Bank of 18 November 2015 on the valuation haircuts applied in the implementation of the Eurosystem monetary policy framework (ECB/2015/35) (OJ L 14, 21.1.2016, p. 30, ELI: http://data.europa.eu/eli/guideline/2016/65/oj).';

2. in Article 10, paragraph 5 is replaced by the following:

'5. Liquidity-absorbing reverse transactions shall be based on assets provided by the Eurosystem. The eligibility criteria of those assets shall be identical to those applied for eligible assets used in liquidity-providing reverse transactions, pursuant to Part Four. No valuation haircuts or climate factors shall be applied in liquidity-absorbing reverse transactions.';

3. Article 62 is amended as follows:

(a) in paragraph 1, point (b) is replaced by:

‘(b) an unconditional principal amount that is linked, on a flat basis, to only one domestic inflation index reference rate for debt instruments denominated in euro, pounds sterling, yen or US dollars. Linkage on a flat basis shall be understood as the compensating on a one-to-one basis for the inflation recorded in the domestic inflation index reference rate (but allowing for positive floors and/or ceilings).’;

(b) paragraph 2 is replaced by:

‘2. Debt instruments that comply with paragraph 1, point (b), and whose coupon structure is as set out in Article 63(1), point (ba), shall have coupons indexed to the same domestic inflation index reference rate as the principal amount.’;

4. In Article 63, paragraph 1 is replaced by the following:

‘1. In order to be eligible, debt instruments shall have one of the following coupon structures until final redemption:

(a) fixed, zero or multi-step coupons with a pre-defined coupon schedule and pre-defined coupon values;

(b) floating coupons that are not linked to an inflation index reference rate and have the following structure: coupon rate = (reference rate * l) ± x, with f ≤ coupon rate ≤ c, where:

(i) in the case of euro-denominated debt instruments the reference rate is only one of the following at a single point in time:

— a euro money market rate the use of which is permitted in the Union in accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council(*), e.g. the euro short-term rate (€STR) (including compounded or averaged daily €STR), Euribor, or similar indices; for the first or/and the last coupon the reference rate can be a linear interpolation between two tenors of the same euro money market rate, e.g. a linear interpolation between two different tenors of Euribor;

— a constant maturity swap rate, e.g. CMS, EIISDA, EUSA;

— the yield of one or an index of several euro area government bonds that have a maturity of one year or less;

(ia) in the case of debt instruments denominated in pounds sterling, yen or US dollars the reference rate is only one of the following at a single point in time:

— a single money market rate, the use of which is permitted in the Union in accordance with Regulation (EU) 2016/1011 in their currency of denomination,

— any other acceptable benchmark foreign currency interest rate, as decided by the Governing Council.

(ii) f (floor), c (ceiling), l (leveraging/deleveraging factor) and x (margin) are, if present, numbers that are either pre-defined at issuance, or may change over

time only according to a path predefined at issuance, where l is greater than zero throughout the entire lifetime of the asset;

(ba) floating coupons that are linked to a domestic inflation index reference rate for the relevant currency of denomination, namely euro, pounds sterling, yen or US dollars, provided that:

(i) the non-inflation adjusted fixed component of the coupon and, if present, other margins that are applicable by means of addition or subtraction, are fixed, or may change over time only according to a path predefined at issuance;

(ii) inflation compensation is linked on a flat basis to a single domestic inflation index reference rate – with the possible exceptions of positive floors and ceilings, and cases where inflation compensation is computed with reference to a maximum price index level reached for recent coupon payment dates in the event of recorded episodes of deflation (such as in the case of *Buoni del Tesoro Poliennali (BTP) Italia* bonds);

(iii) floors and ceilings, if present, are numbers that are either pre-defined at issuance, or may change over time only according to a path predefined at issuance;

(iv) such floating coupons contain no other complex component;

(c) multi-step or floating coupons with steps linked to SPTs, provided that:

(i) the compliance with SPTs by the issuer, or any undertaking belonging to the same sustainability-linked bond issuer group, is subject to verification by an independent third party in accordance with the terms and conditions of the debt instrument; and

(ii) the step-up event and/or the associated step-up payment have not been cancelled or disapplied by the issuer or by other means.

(*) Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1, ELI: http://data.europa.eu/eli/reg/2016/1011/oj).';

5. Article 65 is replaced by the following:

'*Article 65*

**Currency of denomination of marketable assets**

In order to be eligible, debt instruments shall be denominated in one of the following currencies: euro, one of the former currencies of the Member States whose currency is the euro, pounds sterling, yen or US dollars.';

6. Article 66 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. In order to be eligible, debt instruments denominated in euro shall be issued in the EEA, and those denominated in pounds sterling, yen or US dollars shall be issued in the euro area,

in both cases with a CSD operating (i) an eligible SSS or (ii) an SSS with an eligible link to an eligible SSS.';

(b) paragraph 3 is deleted;

7. the following Article 66a is inserted:

*'Article 66a*

**Form of issuance of certain marketable assets**

1. The following eligibility criteria shall only apply to international debt instruments that are issued through the ICSDs in a global note form and represented by a physical (paper) certificate or by an electronic (digital) copy of a paper global note.

   (a) Where such instruments are issued in global bearer form, they shall be issued in the form of new global notes (NGNs) and shall be deposited with a common safekeeper which is an ICSD or a CSD that operates (i) an eligible SSS or (ii) an SSS with an eligible link to an eligible SSS. This requirement shall not apply to international debt instruments issued in global bearer form issued in the form of classical global notes prior to 1 January 2007 and fungible tap issuances of such notes issued under the same ISIN irrespective of the date of the tap issuance.

   (b) Where such instruments are issued in global registered form, they shall be issued under the new safekeeping structure for international debt instruments. By way of derogation, this shall not apply to international debt instruments issued in global registered form prior to 1 October 2010.

2. International debt instruments in individual note form which are represented by individual physical (paper) certificates shall not be eligible unless they were issued in individual note form prior to 1 October 2010.

3. For international debt instruments that are issued through the ICSDs in fully dematerialised form, the Eurosystem reserves the right to verify that such instruments do not give rise to material risks that might affect the Eurosystem's rights as collateral holder and are validly constituted under the law governing such instruments, irrespective of the technology that supports their issuance.';

8. Article 70 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. In order to be eligible, debt instruments shall be issued by an issuer established in the EEA or in a non-EEA G10 country, subject to the exceptions in paragraphs 3a to 7 of this Article and in Article 81a(4). For marketable assets with more than one issuer, this requirement shall apply to each issuer.';

(b) the following paragraph 7 is added:

'7. For debt instruments denominated in pounds sterling, yen or US dollars, the issuer shall be established in the EEA.';

9. Article 72 is replaced by the following:

'*Article 72*

**Eligibility criteria for asset-backed securities**

1. In order to be eligible for Eurosystem credit operations, ABSs with a credit assessment corresponding, as a minimum, to credit quality step 2 on the Eurosystem's harmonised rating scale shall comply with (a) the general eligibility criteria relating to all types of marketable assets laid down in Section 1, except for the requirements laid down in Article 62 relating to the principal amount, and (b) the specific eligibility criteria laid down in Articles 73 to 79a.

2. In order to be eligible for Eurosystem credit operations, ABSs with a credit assessment corresponding to credit quality step 3 on the Eurosystem's harmonised rating scale shall comply with the requirements set out in paragraph 1 and with the additional specific eligibility criteria laid down in Article 79b.';

10. Article 73 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. In order for ABSs to be eligible, all cash-flow generating assets backing the ABSs shall be homogenous, i.e. it shall be possible to report them according to one of the types of loan-level templates specified in the implementing technical standards adopted by the Commission as referred to in Article 7(4) of Regulation (EU) 2017/2402, which shall relate to one of the following:

(a) residential mortgages;

(b) loans to small and medium-sized enterprises (SMEs);

(c) auto loans;

(d) consumer finance loans;

(e) leasing receivables;

(f) credit card receivables.';

(b) the following paragraph 7 is added:

'7. The issuer of an ABS must not be subject to residual value risk.';

11. Article 78 is replaced with the following:

'*Article 78*

**Availability of loan-level data for asset-backed securities**

1. In order for ABSs to become or remain eligible, comprehensive and standardised loan-level data on the pool of cash-flow generating assets backing the ABSs shall be made available by the relevant parties to a securitisation repository in accordance with this Article.

1a. Loan-level data shall be submitted for each individual transaction using the relevant templates specified in the implementing technical standards adopted by the Commission as referred to in Article 7(4) of Regulation (EU) 2017/2402. The relevant template to be submitted depends on the type of asset that backs the ABS, as specified in Article 73(1), points (a) to (f).

1b. Loan-level data shall be reported at least on a quarterly basis, but no later than one month following a due date for the payment of interest on the relevant ABSs. For the purpose of the

templates referred to in paragraph 1a, the “pool cut-off date” shall be the date on which a snapshot of the performance of the underlying assets was captured for the respective report that is required to be submitted and the respective “date of submission of report”shall be no more than two months after such pool cut-off date.

1c. To ensure compliance with the requirements in paragraphs 1, 1a and 1b, automated consistency and accuracy checks on reports shall be conducted on all new and updated loan-level data for each transaction by the loan-level data repository .’;

12. The following Article 79b is inserted:

‘*Article 79b*

**Additional eligibility criteria for asset-backed securities with a credit assessment equal to credit quality step 3**

1. In order to be eligible, ABSs with a credit assessment equal to credit quality step 3 on the Eurosystem’s harmonised rating scale shall comply with the following additional specific eligibility criteria:

   (a) the pool of cash-flow generating assets backing the ABS shall not contain, at the time of issuance of the ABS or when added to the pool subsequently – for example by means of a substitution or replacement of the cash-flow generating assets – loans in respect of which payment of interest or principal is more than 90 days past due and the obligor is in default as defined in Article 178 of Regulation (EU) No 575/2013, or when there are good reasons to doubt that payment of such interest or principal will be made in full;

   (b) the pool of cash-flow generating assets shall not contain loans that are, or have at any point in time been, structured loans, syndicated loans or leveraged loans;

   (c) the ABS transaction documentation shall contain servicing continuity provisions.

2. A counterparty may not submit as collateral an ABS that complies with the additional specific eligibility criteria set out in paragraph 1 if the counterparty, or any third party with which it has close links, acts as an interest rate hedge provider in relation to the ABS.

3. For the purposes of this Article the following definitions shall apply:

   (a) “structured loan” means a loan whose structure includes subordinated credit claims;

   (b) “syndicated loan” means a loan provided by a group of lenders in a lending syndicate;

   (c) “leveraged loan” means a loan provided to a company that already has a considerable degree of indebtedness, such as buy-out or take-over-financing, where the loan is used for the purpose of acquiring the equity of a company which is also the obligor of the loan;

   (d) “servicing continuity provisions” means provisions in the legal documentation of an ABS that contain back-up servicer provisions or, if there is no back-up servicer, back-up servicer facilitator provisions;

   (e) “back-up servicer facilitator provisions” means provisions that: (i) require the nomination and mandating of a back-up servicer facilitator to find a suitable back-up servicer within 60 days of the occurrence of a trigger event in order to ensure timely payment and servicing of the ABS;

and (ii) provide that there shall be no close links between each of the servicer, the back-up servicer facilitator and the issuer account bank at the same time.

(f) “back-up servicer provisions” means provisions that: (i) provide for triggers for the replacement of the servicer that are linked to changes in the rating of the servicer, non-performance of obligations by the servicer, and/or any other industry-standard triggers for servicer replacement; and (ii) provide that there shall be no close links between the back-up servicer and the servicer.’;

13. in Article 82(1), point (b) is replaced by the following:

‘(b) ABSs shall have credit assessments that are provided by at least two different accepted ECAI systems, expressed in the form of two public credit ratings, one provided by each of these ECAI systems, in compliance with, as a minimum, credit quality step 3 in the Eurosystem's harmonised rating scale.’;

14. In Article 87, the following table is added:

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| *Table 9* | | |
|---|---|---|
| **Implicit credit quality assessments for issuers or guarantors without an ECAI credit quality assessment** | | |
| | Allocation of issuers or guarantors under Regulation (EU) No 575/2013 | ECAF derivation of the implicit credit quality assessment of the issuer or guarantor belonging to the corresponding class |
| Class 1 | Regional governments, local authorities and CRR public sector entities that are treated by the competent authorities in the same manner as the central government for capital requirements purposes pursuant to Articles 115(2) and 116(4) of Regulation (EU) No 575/2013 | Allocated the ECAI credit quality assessment of the central government in whose jurisdiction the entity is established |
| Class 2 | Other regional governments, local authorities and CRR public sector entities | Allocated a credit quality assessment one credit quality step(*1) below the ECAI credit quality assessment of the central government in whose jurisdiction the entity is established |
| Class 3 | Public sector entities as defined in point (75) of Article 2 that are not CRR public sector entities | Treated like private sector issuers or debtors, i.e. their marketable assets are not eligible |
| (*1) Information on the credit quality steps is published on the ECB's website. | | |

’;

15. in Article 89, the following paragraph 6 is added:

‘6. Credit claims classified as non-performing exposures in Article 47a(3) of Regulation (EU) No 575/2013 shall not be eligible types of credit claims even if they are covered by a guarantee that is acceptable under Title IV.’;

16. in Part Four, Title III, Chapter 1, Section 3 ‘Eligibility criteria for RMBDs’, containing Article 107, is deleted;

17. in Part Four, Title III, Chapter 1, Section 4 ‘Eligibility criteria for DECCs’, containing Articles 107a to 107f, is deleted;

18. in Article 108, point (b), is deleted;

19. in Article 109, paragraph 2 is replaced by the following:

‘2. Without prejudice to Article 89(6) and Article 92, counterparties shall within the course of the next business day inform the relevant NCB of any credit event, including a delay in payments by the debtors of the credit claims mobilised as collateral, that is known to the counterparty and, if requested by the relevant NCB, withdraw or replace the assets.’;

20. Article 110 is amended as follows:

(a) paragraph -1 is replaced by the following:

‘-1. NCBs’ full in-house credit assessment systems (F-ICASs) accepted by the Eurosystem in accordance with the general acceptance criteria in Title V of Part Four shall be used as the primary credit assessment source for the assessment of the credit quality of debtors and guarantors of credit claims mobilised as collateral where a credit assessment by an accepted F-ICAS is available, from the home NCB or from any other NCB.’;

(b) paragraph 1 is replaced by the following:

‘1. Counterparties mobilising credit claims as collateral may select one additional credit assessment system or source from one of the other credit assessment sources accepted by the Eurosystem in accordance with the general acceptance criteria in Title V of Part Four. The credit assessment system or source selected under this paragraph shall be referred to as the counterparty’s secondary credit assessment system or source. The secondary credit assessment system or source may be used only where no credit assessment for the relevant debtor or guarantor, respectively, by an accepted NCB F-ICAS is available.’;

(c) paragraph 2 is replaced by the following:

‘2. The home NCB may allow its counterparties to use more than two credit assessment systems or sources upon submission of a reasoned request to the home NCB supported by an adequate business case based on the lack of sufficient coverage of the primary and the secondary credit assessment sources or systems. The home NCB may allow the use of statistical in-house credit assessment systems (S-ICASs) as a third credit assessment system or source upon the request of a counterparty, without requiring that counterparty to submit a reasoned statement supported by an adequate business case.’

21. Section 2 ‘Eurosystem’s credit quality requirements for RMBDs’ of Part Four, Title III, Chapter 2, containing Article 112, is deleted;

22. Section 3 ‘The Eurosystem’s credit quality requirements for DECCs’ of Part Four, Title III, Chapter 2, containing Article 112a, is deleted;

23. Article 119 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. The credit assessment information on which the Eurosystem bases the eligibility assessment of assets eligible as collateral for Eurosystem credit operations shall be provided by credit assessment systems belonging to one of the four following sources:

(a) ECAIs;

(b) NCBs’ F-ICASs;

(c) NCBs’ S-ICASs;

(d) counterparties’ IRB systems.’;

(b) paragraph 2 is replaced by the following:

‘2. Under each credit assessment source listed in paragraph 1 there may be a set of credit assessment systems. Credit assessment systems shall comply with the acceptance criteria laid down in this Title. A list of the accepted credit assessment systems, i.e. the list of accepted ECAIs, F-ICASs and S-ICASs, is published on the ECB's website.’;

24. Article 121 is amended as follows:

(a) The title is replaced by the following:

‘General acceptance criteria and operational procedures for the NCBs' full in-house credit assessment systems and statistical in-house credit assessment systems’;

(b) paragraphs 1 is replaced by the following:

‘1. NCBs may decide to use their own F-ICASs or S-ICASs for the purpose of credit assessment. The decision of an NCB to use its own F-ICAS or S-ICAS shall be subject to an acceptance procedure by the Eurosystem.’;

(c) paragraph 2 is replaced by the following:

‘2. A credit assessment by means of F-ICAS or S-ICAS may be performed in advance, or on a counterparty’s specific request upon submission of an asset to the NCB using an F-ICAS or S-ICAS (the “F-ICAS or S-ICAS NCB”).’;

(d) paragraph 3 is replaced by the following:

‘3. With regard to paragraph 2, upon submission of an asset to the F-ICAS or S-ICAS NCB in respect of which the eligibility of a debtor or guarantor shall be assessed, the F-ICAS or S-ICAS NCB informs the counterparty either of its eligibility status or of the lead time necessary to establish a credit assessment. If an F-ICAS or S-ICAS is limited in scope and only assesses specific types of debtors or guarantors, or if the F-ICAS or S-ICAS NCB is unable to receive the information and data necessary for its credit assessment, the F-ICAS or S-ICAS NCB will inform the counterparty thereof without delay. In both cases, the relevant debtor or guarantor

is considered ineligible, unless the assets are compliant with credit quality requirements in accordance with an alternative credit assessment source or credit assessment system which the counterparty is allowed to use according to Article 110. In the event that mobilised assets become ineligible due to the deterioration of the creditworthiness of the debtor or the guarantor, the asset shall be removed at the earliest possible date. Since there is neither a contractual relationship between the non-financial corporations and the F-ICAS or S-ICAS NCB, nor any legal obligation for these corporations to provide non-public information to the F-ICAS or S-ICAS NCB, the information is provided on a voluntary basis.';

(e) paragraph 4 is deleted;

25. Article 128(1) is amended as follows:

(a) point (a) is replaced by the following:

'(a) valuation haircuts as laid down in Guideline (EU) 2016/65 (ECB/2015/35);';

(b) point (b) is replaced by the following:

'(b) variation margins (marking-to-market):

the Eurosystem requires the market value of the eligible assets used in its liquidity-providing reverse transactions, adjusted by haircuts and, as applicable, climate factors, to be maintained over time. If the value of the eligible assets, which are measured on a daily basis, falls below a certain level (under-collateralisation), the home NCB shall require the counterparty to supply additional assets or cash by way of a margin call in accordance with Article 136. Similarly, if the value of the eligible assets exceeds a certain level following their revaluation, the NCB shall return the excess cash.';

(c) the following point (e) is added:

'(e) from 15 June 2026, a climate factor as laid down in Annex XIIb;

26. in Article 136, paragraph 2 is replaced by the following:

'2. If, after valuation, haircuts and, as applicable, climate factors, the mobilised assets do not match the requirements as calculated on that day, margin calls shall be performed in accordance with the procedures laid down in Article 11 of Guideline (EU) 2024/3129 (ECB/2024/22). If the value of the eligible assets mobilised as collateral by a counterparty, following their revaluation, exceeds the amount owed by the counterparty plus, where relevant, the variation margin, the NCB shall return any excess cash that the counterparty has provided for a margin call.';

27. in Article 138(3), point (c) is deleted;

28. in Article 141, paragraph 1 is replaced by the following:

'1. A counterparty shall not submit or use as collateral unsecured debt instruments issued by a credit institution or by any other entity with which that credit institution has close links, to the extent that the value of such collateral issued by that credit institution or other entity with which it has close links taken together exceeds 2,5 % of the total value of the assets used as

collateral by that counterparty after the applicable haircut and, as applicable, climate factor. This threshold shall not apply in the following cases:

(a) if the value of such assets does not exceed EUR 50 million after any applicable haircut and, as applicable, climate factor;

(b) if such assets are guaranteed by a public sector entity which has the right to levy taxes by way of a guarantee that complies with the features laid down in Article 114; or

(c) if such assets are issued by an agency, a multilateral development bank or an international organisation.';

29. the heading of Part Five is replaced by the following:

'SANCTIONS FOR NON-COMPLIANCE WITH COUNTERPARTY OBLIGATIONS';

30. Article 155 is replaced by the following:

'Article 155

**Financial penalties for non-compliance with certain operational rules**

1. If a counterparty fails to comply with an obligation referred to in Article 154(1), the Eurosystem shall impose a financial penalty for each occasion of non-compliance. For the purposes of Part Five, each individual asset mobilised as collateral that is affected by an occasion of non-compliance shall constitute a case of non-compliance. The applicable financial penalty shall comprise the following:

   (a) a fixed amount of EUR 500 in respect of each occasion of non-compliance notified by the NCB to the counterparty, irrespective of the number of assets mobilised as collateral that are affected by the occasion of non-compliance;

   (b) a variable amount in respect of each asset mobilised as collateral that is affected by the occasion of non-compliance, calculated in accordance with Annex VII, Section I.

2. The total applicable financial penalty calculated in accordance with paragraph 1 and Annex VII shall be reduced by 50 % in any of the following cases of self-reported non-compliance:

   (a) where a counterparty rectifies a failure to comply with an obligation referred to in Article 154(1), point (c), and notifies the NCB of such rectification before the counterparty has been notified of the non-compliance by the NCB, ECB or an external auditor;

   (b) where a counterparty notifies the NCB of an occasion of non-compliance that (i) was not discovered by the NCB or ECB, and (ii) occurred in respect of assets that have been demobilised. The reduction of the financial penalty shall not be applicable to assets that fall under the scope of an ongoing verification procedure of which the counterparty is aware due to a notification by the NCB, ECB or an external auditor.

31. Article 156 is replaced by the following:

'*Article 156*

**Non-financial penalties for non-compliance with certain operational rules**

1. In the case of non-compliance by a counterparty with an obligation of the same type as referred to in Article 154(1), point (a) or point (b), the following shall apply:

(a) the Eurosystem may suspend the counterparty on the third and any subsequent occasion of such non-compliance within a 12-month period, if in relation to each such occasion of non-compliance both conditions (i) and (ii) are fulfilled:

(i) a financial penalty was imposed;

(ii) each decision to impose a financial penalty was notified to the counterparty;

(b) the 12-month period referred to in point (a) shall be calculated from the date of notification of the first occasion of non-compliance with an obligation of the same type as referred to in Article 154(1), point (a) or point (b), as applicable. A first self-reported occasion of non-compliance as described in Article 155(2) that occurs within the relevant 12-month period shall not be counted as an occasion of non-compliance.

2. Any suspension imposed by the Eurosystem under paragraph 1 shall apply in respect of any subsequent open market operation which is of the same type as the open market operation which resulted in the imposition of a financial penalty as referred to in paragraph 1.

3. The period of suspension imposed in accordance with paragraph 1 shall be determined in accordance with Annex VII.

4. In the case of non-compliance by a counterparty with an obligation of the same type as referred to in Article 154(1), point (c), the following shall apply:

(a) the Eurosystem may suspend the counterparty on the third and any subsequent occasion of non-compliance within a 12-month period if in relation to each such occasion of non-compliance both conditions (i) and (ii) are fulfilled:

(i) a financial penalty was imposed;

(ii) each decision to impose a financial penalty was notified to the counterparty;

(b) the 12-month period referred to in point (a) shall be calculated from the date of notification of the first occasion of non-compliance with an obligation of the same type as referred to in Article 154(1), point (c). A first self-reported occasion of non-compliance as described in Article 155(2) that occurs within the relevant 12-month period shall not be counted as an occasion of non-compliance.

(c) any suspension imposed pursuant to point (a) shall apply for the first liquidity-providing open market operation within the reserve maintenance period following the notification of the suspension.

5. In exceptional cases, the Eurosystem may suspend a counterparty for a period of three months in respect of all future Eurosystem monetary policy operations in the case of any occasion of non-compliance with Article 154(1). In such a case, the Eurosystem shall have regard to the seriousness of the case and, in particular, to the amounts involved and to the frequency and duration of non-compliance.';

32. Article 157 is replaced by the following:

'*Article 157*

**Application of non-financial penalties to branches for non-compliance with certain operational rules**

Where the Eurosystem suspends a counterparty in accordance with Article 156(5), that suspension may also be applied to branches of that counterparty established in other Member States whose currency is the euro.';

33. Article 158 is amended as follows:

(a) in paragraph 2, fourth sentence, 'either' is replaced by 'any'

(b) in paragraph 2, the following point (-a) is inserted:

'(-a) there is no prospect of a timely restoration of compliance by the counterparty with the relevant own funds requirements;';

(c) in paragraph 3, the following subparagraph is added:

'In the case of a delay in providing the relevant information for a specific reference period arising from events outside of the control of the counterparty, the relevant reporting quarter-end deadlines in relation to the specific quarter shall be extended as follows:

(a) by eight weeks for counterparties fulfilling eligibility criteria under Article 55, point (b)(i) or (ii); or

(b) by two weeks for counterparties referred to in Article 55, point (b)(iii).';

(d) the following paragraphs 4a and 4b are inserted:

'4a. For counterparties referred to in paragraph 4, the Eurosystem shall lift the limitation on access to Eurosystem monetary policy operations with a standard maturity of one week or shorter, including in cases where the indicative calendar for these operations provides for an exceptionally extended maturity. The lifting of the limitation shall take effect on the business day following the adoption of a resolution scheme or a resolution action, provided that all of the following conditions are met:

(a) the resolution authority has informed the Eurosystem about the upcoming resolution no later than 48 hours before the business day on which the limitation to access is expected to be lifted;

(b) the resolution authority has confirmed in writing:

(i) the adoption of the resolution scheme pursuant to Article 18(1) of Regulation (EU) No 806/2014 or the resolution action pursuant to national legislation implementing Article 32 of Directive 2014/59/EU;

(ii) that the resolution scheme or resolution action has entered into force, where applicable pursuant to Article 18(7) of Regulation (EU) No 806/2014;

(c) the resolution scheme or the resolution action does not provide for the implementation of the bridge institution tool pursuant to Article 25 of Regulation (EU) No 806/2014 or national legislation implementing Article 40 of Directive 2014/59/EU as regards the limited counterparty;

(d) the competent authority has confirmed in writing that, following the adoption of the resolution scheme or the resolution action, the counterparty referred to in paragraph 4 complies with the own funds requirements laid down in Regulation (EU) No 575/2013 on an individual and/or consolidated basis, taking into consideration adoption and entry into force of the resolution scheme or the resolution action.

In the case of a delay by the competent or resolution authority in fulfilling the conditions referred to in points (a) to (d), the lifting of the limitation may take effect with a corresponding delay.

The Eurosystem may lift the limitation in full where the competent authority provides the information referred to in Article 55a(1) and provided that the counterparty is financially sound pursuant to Article 55, point (c).

Where the information referred to in Article 55a(1) is not provided by the competent authority within 12 weeks after the adoption of the resolution scheme or resolution action, the Eurosystem shall limit the counterparty's access to Eurosystem monetary policy operations on the grounds of prudence.

4b. Without prejudice to the application of risk control measures pursuant to Article 128(2), the Eurosystem may apply any of the risk mitigation measures set out in Article 2, point (80a), with respect to a counterparty referred to in paragraph 4 following the lifting of the limitation referred to in paragraph 4a.';

(e) the following paragraph 7a is added:

'7a. Discretionary measures that the Eurosystem may take on the grounds of prudence referred to in paragraph 1 may be based on any information that raises substantial concerns about the counterparty's financial soundness.';

34. Annexes II, VII and VIII are amended in accordance with Annex I to this Guideline;

35. the text set out in Annex II to this Guideline is inserted as a new Annex XIIb.

*Article 2*

**Taking effect and implementation**

1. This Guideline shall take effect on the day of its notification to the NCBs.

2. The NCBs shall take the necessary measures to comply with this Guideline and apply them from 30 March 2026. They shall notify the ECB of the texts and means relating to those measures by 4 March 2026 at the latest.

*Article 3*

**Addressees**

This Guideline is addressed to all Eurosystem central banks.

Done at Frankfurt am Main, 22 January 2026.

*For the Governing Council of the ECB*

[signed]

*The President of the ECB*

Christine LAGARDE

ANNEX I

Annexes II, VII and VIII to Guideline (EU) 2015/510 (ECB/2014/60) are amended as follows:

1. in Annex II, the following point (v) is added:

   '(v) whether the tender is conducted with full allotment, if applicable'.;

2. Annex VII is replaced by the following:

**'ANNEX VII**

**CALCULATION OF SANCTIONS TO BE IMPOSED IN ACCORDANCE WITH PART FIVE AND FINANCIAL PENALTIES TO BE IMPOSED IN ACCORDANCE WITH PART SEVEN**

**I. CALCULATION OF FINANCIAL PENALTIES TO BE IMPOSED IN ACCORDANCE WITH PART FIVE**

1. Where a financial penalty is to be imposed by a national central bank (NCB) on any of its counterparties in accordance with Part Five, the NCB calculates the variable amount of the penalty in accordance with a pre-specified penalty rate, as follows.

   (a) For failure to comply with an obligation referred to in Article 154(1), point (a), point (b), or point (c), the variable amount of a financial penalty is calculated using the marginal lending facility rate that applied on the day when the non-compliance began plus 2,5 percentage points.

   (b) For failure to comply with an obligation referred to in Article 154(1), point (d), or point (e), the variable amount of a financial penalty is calculated using the marginal lending facility rate that applied on the day when the non-compliance began plus 5 percentage points. For repeated failures to comply with the obligation referred to in Article 154(1), point (d), or of the obligation referred to in Article 154(1), point (e), within a 12-month period, starting from the day of the first failure to comply, the penalty rate increases by a further 2,5 percentage points for each occasion of non-compliance.

2. For failure to comply with an obligation referred to in Article 154(1), point (a), or point (b), the variable amount of a financial penalty is calculated by applying the penalty rate, determined in accordance with paragraph 1, point (a), to the amount of collateral or cash that the counterparty could not deliver or settle, multiplied by the coefficient X/360, where X is the number of calendar days, with a maximum of seven, during which the counterparty was unable to collateralise or settle: (a) the allotted amount as specified in the certification of individual tender allotment results during the maturity of an operation; or (b) the remaining amount of a particular operation if there are early terminations executed by the NCB over the remainder of the term of the operation.

3. For failure to comply with an obligation referred to in Article 154(1), point (c), the variable amount of a financial penalty is calculated in respect of each asset affected by applying the penalty rate,

determined in accordance with paragraph 1, point (a), to the value after haircuts and, as applicable, the climate factor of the ineligible asset or the asset that may not be mobilised or used by the counterparty, as follows:

(a) in the case of an ineligible asset which is provided by the counterparty to an NCB, the value of the ineligible asset after haircuts and, as applicable, the climate factor is taken into account; or

(b) in the case of a marketable asset which was originally eligible but became ineligible or may no longer be mobilised or used by the counterparty, the value after haircuts and, as applicable, the climate factor are taken into account of the asset that has not been removed by the start of the eighth calendar day, following an event after which the eligible assets became ineligible or may no longer be mobilised or used by the counterparty.

4. The amounts referred to in paragraph 3, point (a), and point (b), are multiplied by the coefficient X/360, where X is the number of calendar days, with a maximum of seven, during which the counterparty failed to comply with its obligations in respect of the use of assets submitted as collateral for Eurosystem credit operations. In the case of paragraph 3, point (b), the calculation of X begins after the expiry of the grace period of seven calendar days.

*[EUR [value of ineligible assets after haircuts (and, as applicable, the climate factor) on the first day of the non-compliance] * (the applicable marginal lending facility rate on the day when the non-compliance began + 2,5 %) * [X]/360 = EUR […]]*

5. For a failure to comply with Article 154(1), point (c), which results from exceeding the threshold for the submission or use of unsecured debt instruments issued by a credit institution or its closely linked entities as laid down in Article 141 (hereinafter, 'limit breach'), the application of a grace period is determined as follows:

(a) A grace period of seven calendar days applies if the limit breach resulted from a change in the valuation after haircuts and, as applicable, the climate factor, without a submission of additional such unsecured debt instruments and without removal of assets (including matured assets) from the total collateral pool, on the basis of the following:

(i) the value of those already submitted unsecured debt instruments has increased; or

(ii) the total value of the collateral pool has decreased.

In such cases the counterparty is required to adjust the value of its total collateral pool and/or the value of such unsecured debt instruments within the grace period, to ensure compliance with the applicable limit.

(b) The submission of additional unsecured debt instruments issued by a credit institution or its closely linked entities breaching the applicable limit does not entitle the counterparty to a grace period.

6. If the counterparty has provided information that affects the value of its collateral negatively from the Eurosystem's perspective with respect to Article 145(4), e.g. incorrect information on the outstanding

amount of a used credit claim that is or has been false or out of date, or if the counterparty fails to provide on a timely basis information as required under Article 101, point (a)(iv), the amount (value) of the collateral that has been negatively affected is taken into account for the calculation of the financial penalty under paragraph 3 and no grace period shall be applicable. If the incorrect information is corrected within the applicable notification period, e.g. for credit claims within the course of the next business day pursuant to Article 109(2), no penalty is to be imposed.

7. For failure to comply with the obligations referred to in Article 154(1), point (d), or point (e), the variable amount of a financial penalty is calculated by applying the penalty rate, determined in accordance with paragraph 1, point (b), to the amount of the counterparty's unauthorised access to the marginal lending facility or unpaid credit from the Eurosystem.

**II. CALCULATION OF NON-FINANCIAL PENALTIES TO BE IMPOSED IN ACCORDANCE WITH PART FIVE**

*Suspension for non-compliance with obligations referred to in Article 154(1), point (a), or point (b)*

9. Where a suspension period applies in accordance with Article 156(1), an NCB will impose the suspension in accordance with the following rules:

   (a) if the amount of non-delivered collateral or cash is up to 40 % of the total collateral or cash to be delivered, a suspension of one month applies;

   b) if the amount of non-delivered collateral or cash is between 40 % and 80 % of the total collateral or cash to be delivered, a suspension of two months applies;

   (c) if the amount of non-delivered collateral or cash is between 80 % and 100 % of the total collateral or cash to be delivered, a suspension of three months applies.

**III. CALCULATION OF FINANCIAL PENALTIES TO BE IMPOSED IN ACCORDANCE WITH PART SEVEN**

1. NCBs calculate the financial penalty to be imposed pursuant to Article 166(4a) in accordance with the following rules:

   (a) For failure to comply with an obligation referred to in Article 166(4a), the financial penalty is calculated using the marginal lending facility rate that applied on the day when the non-compliance began plus 2,5 percentage points.

   (b) The financial penalty is calculated by applying the penalty rate, determined in accordance with paragraph (a), to the amount of cash that the counterparty could not reimburse or pay, or to the value of the assets which were not delivered, multiplied by the coefficient X/360, where X is the number of calendar days, with a maximum of seven, during which the counterparty was unable to: (i) reimburse any amount of the credit, pay the repurchase price or the cash otherwise due; or (ii) deliver the assets at maturity or when otherwise due according to the contractual or regulatory arrangements.

2. The following formula is used for the calculation of the financial penalty in accordance with paragraph 1, point (a), and point (b):

*[EUR [amount of cash that the counterparty could not reimburse or pay, or value of assets that the counterparty could not deliver] * (the applicable marginal lending facility rate on the day when the non-compliance began plus 2,5 percentage points) * [X]/360 (where X is the number of calendar days during which the counterparty did not pay, reimburse or deliver) = EUR […]].'*

3. Annex VIII is deleted.

ANNEX II

The following new Annex XIIb is inserted:

‘**ANNEX XIIb**

**DETERMINATION OF CLIMATE FACTORS APPLICABLE TO MARKETABLE ASSETS TO MITIGATE CLIMATE TRANSITION-RELATED UNCERTAINTIES**

1. The climate factor referred to in Article 128(1), point (e), of this Guideline applies to marketable debt instruments issued by non-financial corporations and their respective corporate issuer groups, with the exception of:
   (a) debt instruments issued by agencies as defined in Article 2, point (2);
   (b) debt instruments issued by wind-down entities as defined in Article 2, point (99a);
   (c) debt instruments for which the credit quality assessment is based on Article 87(2), points (a) and (b); and
   (d) debt instruments issued by credit institutions within the corporate issuer group.
2. For each asset $i$, of corporation $j$ in sector $s$, a score assessing its sensitivity to climate transition-related uncertainties (the “uncertainty score”) is calculated using the following formula:

$$u_{i,j,s} = V_i \times E_j \times S_s$$

   with the following variables:
   (a) a sector-specific stressor $S_s$ derived from the aggregated sector-level increase in expected shortfall in an adverse transition scenario relative to a baseline scenario of the last available Eurosystem climate stress test. This metric is the same for all assets issued by entities within a specific sector;
   (b) an issuer-specific exposure $E_j$ based on the inverse of the “climate score” under the Corporate Sector Purchase Programme as laid down in the Annex to Decision (EU) 2016/948 of the European Central Bank (ECB/2016/16) (*). This metric is the same for all assets issued by the same entity;
   (c) an asset-specific vulnerability $V_i$ equal to the square root of the asset’s residual maturity. This metric is specific to each asset.
3. The uncertainty score per asset is converted into a “climate factor” (CF) per asset, using the following formula:

$$CF\left(u_{i,j,s}\right) = a + (1-a)\frac{1}{e^{u_{i,j,s} \times b}}$$

   with the following two parameters:

(a) parameter ***a*** is set by the Governing Council and informed in particular by the expected shortfall aggregated across all sectors in an adverse transition scenario relative to a baseline scenario of the last available Eurosystem climate stress test;

(b) parameter ***b*** is set by the Governing Council and informed in particular by the median uncertainty score $\bar{u}$ across the assets that are subject to the climate factor using this natural logarithmic formula:

$$b = \ln\left(1 + \frac{1}{\bar{u}}\right).$$

(c) Parameters *a* and *b* are equal for all assets subject to climate factors. The highest possible climate factor is one for assets with the lowest uncertainty score, while the lowest possible climate factor is equal to *a* for assets with the highest uncertainty score.

4. The collateral value of each asset, or the amount of credit which may be granted against the asset provided by a counterparty, is calculated by multiplying its value, adjusted for haircuts, and as applicable, by the corresponding climate factor.

5. The uncertainty score and climate factor applicable to each asset will be updated annually. Assets which become eligible between two annual updates will be initially assigned a median climate factor calculated using the following formula:

$$CF\left(u_{i,j,s}\right) = \begin{cases} \overline{CF}_b, if\ the\ asset\ is\ a\ bond \\ \overline{CF}_{mtn}, if\ the\ asset\ is\ a\ medium\ term\ note, \\ \overline{CF}_{cp}, if\ the\ asset\ is\ a\ commercial\ paper \end{cases}$$

where $\overline{CF}_b$ is the latest median climate factor across all bonds for which a climate factor has been calculated at the last annual update, $\bar{u}_{mtn}$ is the latest median climate factor across all medium-term notes for which a climate factor has been calculated at the last annual update, and $\bar{u}_{cp}$ is the latest median climate factor across all commercial paper for which a climate factor has been calculated at the last annual update. This climate factor is applicable until the subsequent annual update of the uncertainty scores and climate factor.

(*) Decision (EU) 2016/948 of the European Central Bank of 1 June 2016 on the implementation of the corporate sector purchase programme (ECB/2016/16) (OJ L 157, 15.6.2016, p. 28, ELI: http://data.europa.eu/eli/dec/2016/948/oj).'.