

ECB announces €750 billion Pandemic Emergency Purchase Programme (PEPP)

18 March 2020

The Governing Council decided the following:

(1) To launch a new temporary asset purchase programme of private and public sector securities to counter the serious risks to the monetary policy transmission mechanism and the outlook for the euro area posed by the outbreak and escalating diffusion of the coronavirus, COVID-19.

This new Pandemic Emergency Purchase Programme (PEPP) will have an overall envelope of €750 billion. Purchases will be conducted until the end of 2020 and will include all the asset categories eligible under the existing asset purchase programme (APP).

For the purchases of public sector securities, the benchmark allocation across jurisdictions will continue to be the capital key of the national central banks. At the same time, purchases under the new PEPP will be conducted in a flexible manner. This allows for fluctuations in the distribution of purchase flows over time, across asset classes and among jurisdictions.

A waiver of the eligibility requirements for securities issued by the Greek government will be granted for purchases under PEPP.

The Governing Council will terminate net asset purchases under PEPP once it judges that the coronavirus Covid-19 crisis phase is over, but in any case not before the end of the year.

(2) To expand the range of eligible assets under the corporate sector purchase programme (CSPP) to non-financial commercial paper, making all commercial papers of sufficient credit quality eligible for purchase under CSPP.

(3) To ease the collateral standards by adjusting the main risk parameters of the collateral framework. In particular, we will expand the scope of Additional Credit Claims (ACC) to include claims related to the financing of the corporate sector. This will ensure that counterparties can continue to make full use of the Eurosystem's refinancing operations.

The Governing Council of the ECB is committed to playing its role in supporting all citizens of the euro area through this extremely challenging time. To that end, the ECB will ensure that all sectors of the economy can benefit from

supportive financing conditions that enable them to absorb this shock. This applies equally to families, firms, banks and governments.

The Governing Council will do everything necessary within its mandate. The Governing Council is fully prepared to increase the size of its asset purchase programmes and adjust their composition, by as much as necessary and for as long as needed. It will explore all options and all contingencies to support the economy through this shock.

To the extent that some self-imposed limits might hamper action that the ECB is required to take in order to fulfil its mandate, the Governing Council will consider revising them to the extent necessary to make its action proportionate to the risks that we face. The ECB will not tolerate any risks to the smooth transmission of its monetary policy in all jurisdictions of the euro area.