THE ELIGIBILITY OF SLBs FOR THE EUROSYSTEM ASSET PURCHASE AND COLLATERAL PROGRAMMES
## THE INCLUSION OF SLBs IN THE EUROSYSTEM’S MONETARY POLICY FRAMEWORK

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>First public SLB issuances</td>
<td>2019</td>
</tr>
<tr>
<td>ECB’s announcement to accept SLBs as collateral for Eurosystem credit operations by amending eligibility rules</td>
<td>22 September 2020</td>
</tr>
<tr>
<td>Entry into force</td>
<td>1 January 2021</td>
</tr>
</tbody>
</table>

- 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
‘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
‘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

<table>
<thead>
<tr>
<th>Target set by the issuer</th>
<th>Quantifiable target relating to the issuer’s sustainability profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predefined period of time</td>
<td>Reference period set at issuance</td>
</tr>
<tr>
<td>Verification by an independent third party</td>
<td>A third party monitors and acknowledges the issuer’s performance vis a vis its target on the step-up date</td>
</tr>
<tr>
<td>Publicly available issuance document</td>
<td>Target defined in prospectus, offering circulars, final terms</td>
</tr>
</tbody>
</table>
ELIGIBLE ENVIRONMENTAL OBJECTIVES

UN SUSTAINABLE DEVELOPMENT GOALS

1. Clean water and sanitation
2. Affordable and clean energy
3. Responsible consumption and production
4. Climate action
5. Life below water
6. Life on land
7. Sustainable cities and communities
8. Peace and justice
9. Partnerships for the goals

EU TAXONOMY REGULATORY

- Climate change mitigation
- Climate change adaptation
- Sustainable and protection of water and marine resources;
- Transition to a circular economy
- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems.

Mapping performed by the issuer and available in issuance documents
REFERENCES

- Amended guideline ECB/2014/60 : article 2(88a), article 63

- ECB’s press release 22 September 2020

- ECB’s FAQ on Sustainability-Linked Bonds