

Lending of holdings purchased under the corporate sector purchase programme (CSPP)

The Governing Council decision of 1 June 2016 (ECB/2016/16) as preannounced in the press release of 21 April 2016 on the implementation of the corporate sector purchase programme (CSPP) announced that holdings purchased under the CSPP will be made available for securities lending in order to support bond and repo market liquidity. As from July 18th 2016, bonds will be made available for lending via both bilateral lending and fails mitigation lending in a decentralised manner. For more information regarding the general asset purchase programmes and the Eurosystem lending framework, please go to: <https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html>.

1. Bilateral lending of holdings purchased under CSPP – framework within National Bank of Belgium

The National Bank of Belgium will lend the securities purchased under CSPP (see list of ISINs on webpage) via bilateral repos combined with bilateral reverse repos with counterparties that have a contract with NBB for repos.

Pricing

The NBB's bilateral lending arrangement will allow eligible counterparties to borrow securities at a spread against general collateral within an order of magnitude of 10-30 basis points, which is an orientation and remains flexible, particularly in light of the specific ISIN-by-ISIN market pricing of specials.

Counterparty eligibility

Counterparties who are eligible for regular repo business (and therefore with whom NBB has an existing contract) are eligible for bilateral lending under CSPP.

Collateral

The collateral eligible for bilateral lending under CSPP will be the collateral that is eligible according to existing contracts.

Minimum trade size and available lending period

The minimum trade size will be 100.000 euro with a standard tenor of 1 week with possibility to roll over, but retaining flexibility to also be able to do shorter (e.g. on an open basis) or longer tenors if deemed appropriate/necessary.

Haircut

The haircuts in place will be the same as those for regular repo business according to existing contracts.

Borrowing limits

The limits which will be applied when lending CSPP holdings will be in line with our current credit limit framework, with imputation on counterparty credit lines.

Point of contact

Market participants can contact NBB's Front Office desk via e-mail at forex@nbb.be or by phone on +32 2 221 4971.

2. Fails mitigation lending - Automatic securities lending programme with Euroclear Bank

Next to bilateral lending, the NBB also participates in Euroclear Bank SA/NV's Automatic securities Lending and Borrowing Programme for the purpose of mitigating fails. The terms and conditions of this programme are the standard conditions defined by Euroclear.