

# Decisions taken by the Governing Council of the ECB (in addition to decisions setting interest rates)



## **October 2019**

25 October 2019

### **Market operations**

*Extension of the bilateral currency swap arrangement between the ECB and the People's Bank of China*

On 18 September 2019 the Governing Council approved a further extension of the bilateral currency swap arrangement between the ECB and the People's Bank of China for three years, until 8 October 2022. This swap arrangement has a maximum size of 350 billion Chinese renminbi and €45 billion. A related press release was issued on the ECB's website following completion of the signature process.

*Remapping of Fitch's short-term ratings to the Eurosystem's harmonised rating scale*

On 4 October 2019 the Governing Council approved the remapping of Fitch's short-term ratings "F1" and "F3" to Credit Quality Step 3 on the Eurosystem's harmonised rating scale. This remapping results from the outcome of the regular review of the mapping of external credit assessment institutions' ratings to the Eurosystem's harmonised rating scale, which aims at ensuring that only assets of high credit quality are accepted as collateral. The remapping will enter into force on 1 November 2019.

## *ECB Decision on the remuneration of holdings of excess reserves and of certain deposits*

On 15 October 2019 the Governing Council adopted Decision ECB/2019/31 on the remuneration of holdings of excess reserves and of certain deposits (recast). The Decision legally implements the two-tier system for excess reserve remuneration approved by the Governing Council as part of the comprehensive package of non-standard monetary policy measures announced on 12 September 2019. The Decision, which will apply from the seventh reserve maintenance period of 2019 starting on 30 October 2019, is available on the ECB's website.

## *Technical parameters for the resumption of net asset purchases under the APP*

On 23 October 2019 the Governing Council confirmed that the main features of the asset purchase programme (APP) will remain mostly unchanged when net purchases are restarted.

In particular, the allocation across eligible jurisdictions of purchases under the public sector purchase programme (PSPP) will continue to be guided, on a stock basis, by the respective national central banks' subscription to the ECB's capital key, as amended over time. In addition, PSPP principal redemptions will normally be reinvested in the jurisdiction in which the repayments are made. As was done previously, PSPP reinvestments will be distributed over the year to allow for a regular and balanced market presence. The Governing Council also decided that purchases of marketable debt securities issued by international organisations and multilateral development banks will be conducted by fewer national central banks to simplify implementation and protect market functioning.

For the private sector purchase programmes, market capitalisation will continue to be the guiding principle for purchases and there are no changes to eligibility criteria.

## **Market infrastructure and payments**

### *Amending TARGET2 Guideline*

On 4 October 2019 the Governing Council adopted Guideline ECB/2019/30 amending Guideline ECB/2012/27 on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2). The amending Guideline covers requirements linked to the 2019 technical release which will be introduced in November 2019, in particular the enhancement of the contingency solution, as well as the introduction of a requirement for participants to provide proof of adherence to the TARGET2 endpoint security principles. The amending Guideline, which will apply from 17 November 2019, is available on the ECB's website.

## **Advice on legislation**

*ECB Opinion on additional macroprudential tools for residential mortgages in Luxembourg*

On 27 September 2019 the Governing Council adopted Opinion CON/2019/34 at the request of the Luxembourg Ministry of Finance.

## **Corporate governance**

### *Interim Chair of the Information Technology Committee*

On 7 October 2019 the Governing Council appointed Mr Magi Clavé, Deputy Director General of the ECB's Directorate General Information Systems, as Interim Chair of the Information Technology Committee, with effect from 1 October 2019 until the end of March 2020.

### *Amendments to the Conditions of Employment for Staff of the European Central Bank*

On 9 October 2019 the Governing Council adopted Decision ECB/2019/NP30 amending the Conditions of Employment for Staff of the European Central Bank as regards sub-divisions of salary bands and additional selection criteria and Decision ECB/2019/NP31 amending Annex IIa of the Conditions of Employment for Staff of the European Central Bank. The amending Decisions enhance the ECB's talent management framework and introduce, in particular, mobility as an additional selection criterion for promotion, sub-divisions within salary bands to allow for promotions within salary bands, and incentives to enhance the retention of Graduate Programme participants. The amending Decisions entered into force on 10 October 2019 and the Conditions of Employment are available on the ECB's website.

### *Opinion of the Governing Council of the European Central Bank on a Council recommendation on the appointment of a member of the Executive Board of the European Central Bank*

On 23 October 2019 the Governing Council adopted Opinion CON/2019/35 at the request of the President of the European Council. A related press release is available on the ECB's website.

## **Statistics**

### *Amending ECB Regulation concerning statistics on the money markets*

On 27 September 2019 the Governing Council adopted Regulation ECB/2019/29 amending Regulation (EU) No 1333/2014 concerning statistics on the money markets. The amending Regulation, which enhances Annex IV on the minimum standards to be applied by the actual reporting population, is available on the ECB's website.

## **Banking supervision**

### *SSM supervisory priorities and SSM risk assessment for 2020*

On 30 September 2019 the Governing Council did not object to a proposal by the Supervisory Board to publish a summary of the SSM supervisory priorities

and a summary of the SSM risk assessment for 2020. The summaries are available on the ECB's banking supervision website.

#### *Results of the 2019 supervisory stress test*

On 2 October 2019 the Governing Council did not object to the report prepared by the Supervisory Board on the aggregate results of the 2019 liquidity stress test. The report concludes that the vast majority of banks directly supervised by the ECB have overall comfortable liquidity positions despite some vulnerabilities that require further attention. A related press release, together with the results, was subsequently published on the ECB's banking supervision website.

#### *New process for the recognition of contractual netting agreements under Articles 295 to 298 of the CRR*

On 2 October 2019 the Governing Council did not object to a proposal by the Supervisory Board establishing a new process to be applied by the ECB for the recognition of contractual netting agreements under Articles 295 to 298 of the Capital Requirements Regulation (CRR). The new process, which was communicated to all significant institutions and is explained in a letter published in the "letters to banks" section of the ECB's banking supervision website, will apply from 10 November 2019.

#### *ECB decisions on the significance of supervised credit institutions*

On 7, 10 and 24 October 2019 the Governing Council did not object to proposals by the Supervisory Board to change the significance status of certain supervised credit institutions. The list of supervised entities is updated regularly and published on the ECB's banking supervision website.

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## Improved public services key to better quality of life in Europe



Levels of trust and social cohesion have recovered overall in the EU since the financial crisis, perceived social exclusion has declined and there has been an increase in active citizenship and civic engagement. At the same time, however, nearly half of all Member States reported lower levels of average trust in national institutions in 2016 than previously and perceptions of tensions – between ethnic or racial groups, and between religious groups – were also more common than before the crisis, resulting in a significantly negative impact on trust in institutions. People with lower levels of perceived security in terms of housing, employment or old-age income have considerably lower trust in institutions than those with higher levels of certainty. These findings, based mainly on research carried out

since 2016, are the result of a comprehensive review of the state of play regarding access to and quality of key services – health, long-term care, childcare and education presented in Eurofound's flagship report 'Challenges and prospects in the EU: Quality of life and public services'.

While the results present an uneven picture regarding service quality, they also give indications of how to offer more satisfactory support. Public services are recognised as a cornerstone of the European Pillar of Social Rights, with a particular focus on promoting access to quality services for all. Assessments of the quality of public services (particularly health care and childcare) have improved, particularly in countries where quality ratings were previously low. High levels of active citizenship and civic engagement reflect positive benefits, with great potential for further investment in this area to boost trust and cohesion.

Rates of loneliness, poor mental health and social exclusion are particularly high for older people in central and eastern Europe – in part due to poorly developed care services. There are also strong indications of increased risk of mental health problems among those aged 12–24 years, with many hard groups to reach, such as persons with chronic health problems, living in rural areas and not in education or employment. And while satisfaction with different aspects of health care has improved, many people were dissatisfied with being informed and consulted about their care – and this proportion was higher among people with low income.

This flagship report brings together in-depth contributions in the area of quality of society and public services, based mainly on research carried out since 2016. Recognising the fact that the quality of people's lives is profoundly influenced by their access to quality provision in areas such as education, health, housing and social services, the report pays particular attention to regional and social inequalities and, where possible, changes over time.

Eurofound's approach to quality of life in Europe is grounded in a concept linked to Eurofound's mission and therefore relevance to the needs of policymakers among public authorities and social partners. It recognised that people's everyday lives are played out in the context of living in a community and a society, framed by particular institutions and policies. Eurofound's work consistently seeks to document and analyse the past with a view to helping to better shape and improve the future. Drawing on its wide-ranging analysis of quality of life and society in the European Union over many years, Eurofound aims to use this information, data and analysis to assist policymakers in understanding the progress made, defining the challenges which have emerged and outlining the steps that could be taken to improve the lives of all people living in the EU.

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## Poland: Juncker Plan – EIB loan for Mabion highlights support for young biotech sector

- EUR 30m loan will be used for research and manufacturing of innovative drugs for treating cancer and autoimmune diseases
- First beneficiary under European Growth Finance Facility in Poland, backed by the Juncker Plan
- 96 jobs to be created

The European Investment Bank (EIB) has agreed to lend EUR 30 million to Mabion, a Polish biotech company, to finance its growth plans. Mabion will use the financing for a wide-ranging research and development programme, conducting clinical trials, as well as expanding its manufacturing capacities with state-of-the-art equipment. The company expects to employ 96 additional staff as a result of this financial injection.

The EIB loan is backed by the European Fund for Strategic Investments (EFSI), the financial pillar of the Investment Plan for Europe, the Juncker Plan. The project is the first in Poland to benefit from the EFSI-backed European Growth Finance Facility, which specialises in venture debt.

Mabion is a Polish pre-commercial-stage biotech company focused on the development and manufacturing of medicine to treat certain types of blood cancer, such as lymphoma, and rheumatoid arthritis.

**Jean-Christophe Laloux**, EIB Director General, Head of Lending Operations, said: *"This loan represents a milestone in the EIB support for Poland: it makes innovative financing available for an innovative company that invests heavily in R&D and develops much needed treatment for oncologic diseases. By joining forces with the European Commission, the EU bank can support the long-term plans of Mabion and thus contribute to the growth of the biotech sector in Poland".*

**Vytenis Andriukaitis**, European Commissioner for Health and Food Safety, said: *"I am delighted that yet again the EU is investing in a project dedicated to healthcare. It is particularly encouraging to see that those who suffer from cancer and autoimmune diseases will greatly benefit from this investment. It is also another sign that this sector is creating jobs and providing incomes to families. It is a clear demonstration that the EU is a strong supporter of innovative, grass-roots companies in Poland and throughout Europe."*

**Grzegorz Grabowicz**, Member of the Board and financial director at Mabion, concluded: *"Mabion is very proud that such an entity as the European Investment Bank responded to our invitation to cooperation and decided to join us in our ambitious project. After obtaining the consent of EMA to introduce our medicine for sale in the European Union, we will need funds for infrastructure development and to cover the costs of further research. EIB*

*loan addresses a large proportion of our investment and development needs”.*

#### **More information about the transaction:**

- The loan amount of EUR 30 million will cover **around 30%** of the estimated costs (EUR 97 million) of the company’s growth plans. It will cover R&D costs related to both early and late-stage development programmes including “biosimilars” and innovative drugs, as well as capital expenditures for the scale-up of manufacturing. This includes furnishing existing premises with manufacturing equipment and furnishing an extension of the plant with manufacturing equipment, R&D and quality control laboratories. The transaction will be divided into three milestone-based disbursement tranches.
- Thanks to EFSI support, the EIB can take more risk and provide **stable long-term financing** with a flexible repayment and interest structure, which limits cash outflow from Mabion in the short to medium term and thereby enables the company to focus on investing in innovation and growth.
- After completion of clinical trials for its most advanced programme – a biosimilar of rituximab for the treatment of certain types of blood cancer – Mabion is expecting to obtain an opinion of the **Committee for Medicinal Products for Human Use (CHMP)** by the end of 2019. A positive opinion of the CHMP, a body of the European Medicines Agency (EMA), is the basis for the European Commission to grant marketing authorisation for a medicine. **Mabion could become the first EU-based company to introduce a biosimilar of rituximab into the EU market.**
- The project has a potential positive impact on employment: it is estimated that it would generate around **96 additional new permanent positions**, including for highly skilled people focused on R&D.

[Mabion SA](#) is a leading biotechnology company in Poland, created for the purpose of marketing cutting-edge biotechnological drugs based on humanised monoclonal antibodies. This technology, developed independently in Mabion, meets highest international standards. The process of humanising monoclonal antibodies, which is the pinnacle of modern biotechnology, allows for creation of targeted drugs, which act selectively on tumour cells, thus ensuring greater effectiveness and lower toxicity of the therapy. Mabion is one of the few biopharmaceutical companies with the capacity for comprehensive development and implementation of all kinds of biotechnology drugs – starting with the design stage, through the selection of the platform and manufacturing technology, and ending with the manufacture and obtaining marketing authorisation of the finished drug. Currently, the company conducts research and development works on several biotech drugs used in the treatment of cancers and inflammatory diseases.

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# Ireland: EUR 40m EIB backing for An Post Transformation

**Finance will drive An Post's Digital, Retail and Green transformation**

- **First ever EIB financing for An Post investment will “greatly benefit the Irish economy”**
- **Digitalisation will improve access to financial services, upgrade retail technology and modernise the national parcels infrastructure**
- **Sustainable investment will cut carbon emissions and fund innovation**

A new EUR 40 million, 10-year European Investment Bank (EIB) loan to An Post was formally announced in Dublin earlier today by Richard Bruton T.D., Minister for Communications, Climate Action and the Environment; Andrew McDowell, European Investment Bank Vice President, and David McRedmond, CEO, An Post. More than EUR 82 million of new investment by An Post over the next three years, is backed by this first ever long-term EIB loan to Ireland's national mails & parcels and retail post office operator.

**Minister for Communications, Climate Action and the Environment, Richard Bruton T.D.** said: “One of the challenges of climate action is the need to mobilize capital for new, sustainable technologies. Today's announcement allows an Post to be a leader in putting sustainability at the core of their business.”

**Andrew McDowell, European Investment Bank Vice President responsible for Ireland** said: “As a leading European postal services provider, An Post is demonstrating how support for local communities and climate action can be at the core of a sustainable business. For that reason, I am very pleased to confirm a new EUR 40 million loan from the European Investment Bank – the EU Bank – to finance its greener delivery fleet and to accelerate use of innovation and digitalisation to enhance access to financial services and improve mails, parcels and e-commerce services for customers”.

**David McRedmond, An Post CEO** said: “This ground-breaking contract demonstrates confidence in An Post's transformation and digital strategy for the Irish economy, business of all sizes and local communities. It enables us move faster and be smarter in changing from the old world of letters and cash to the new digital world of e-Commerce and financial services.

The Strategy being implemented at An Post has brought a turnaround from losses of €12.4m in 2016 to profit of €41.2m in 2018. The transformation is continuing. We will achieve a similar or better performance in 2019, exceeding our targets for the year and delivering continued growth in e-Commerce fulfilment and financial services. Sustainable plans are in place for 2020.

Attracting the support of the EIB enables further investment and ensures that we stay ahead of the massive societal and commercial changes across the



globe. We've taken big steps already to modernise and digitalise our Retail and Mails and Parcels business. We're committed to our Sustainable Development Goals and working for the common good".

### **Improving green deliveries and An Post financial services across Ireland**

The new EIB backed investment will enable more than 750 fully electric vehicles to be used for local deliveries across the country and digital customer services to be upgraded across the retail network, including 950 modernised post offices.

### **Investing in state of the art digital technology**

An Post customers will also benefit from high-performance automated parcel sorting and replacement of paper forms with app-based technology as part of broader digitalisation and innovation investment to cater for the growing eCommerce parcel business.

In recent years the EIB has supported new innovation investment by postal companies in France, Germany, Italy and Sweden.

An Post took the opportunity to showcase some of the new electric vehicles responsible for making their "Emission Free deliveries Between the Canals" plan a reality for the 60,000 addresses between Dublin's canals in time for Christmas. Zero Emission Electric Vehicles will be introduced to Cork, Galway, Kilkenny, Limerick, Waterford and other towns within 12 months.

An Post is one of Ireland's inaugural Sustainable Development Goal Champions. In addition to Climate Action and supporting sustainable cities & communities, the Company has also committed to Decent Work – including gender equality, staff diversity & inclusion, and investment in native forestry, solar power generation, and innovation through partnerships and responsible procurement.

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**[Press release – Failure to open accession talks with Albania and North Macedonia is a mistake](#)**



Parliament expresses deep disappointment over the failure to agree on opening EU accession talks with Albania and North Macedonia at the EU summit on 17-18 October.

MEPs regret the move by France, Denmark and the Netherlands to block the decision and say that Albania and North Macedonia have made considerable efforts over the last few years and meet the EU's criteria to start membership talks.

Praising North Macedonia's efforts to settle difficult bilateral issues with its neighbouring countries, MEPs also welcome recent judiciary reforms in Albania.

### **A strategic mistake**

Parliament stresses that the "non-decision" by EU leaders is a strategic mistake, which damages the EU's credibility and sends a negative message to other possible candidate countries. It could also allow other foreign actors – whose activity might not be in line with EU values and interests – to engage more closely with both Albania and North Macedonia, MEPs add.

A reform of the enlargement process, advocated by some countries, should not hinder Albania and North Macedonia, which already meet the requirements to be assessed on their own merits and objective criteria, and not judged by domestic political agendas in other countries, says the text.

### **Time to open negotiations is now**

MEPs urge EU countries to act responsibly towards Albania and North Macedonia and to take a unanimous positive decision at the next meeting. Parliament should step up its democracy support activities to ensure that the national parliaments in the Western Balkans play their role as engines for democratic reform, they add.

The text was adopted by 412 votes in favour, 136 against and 30 abstentions.