

Decision (EU) 2020/407 of the European Central Bank of 16 March 2020 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2020/13)

DECISION (EU) 2020/407 OF THE EUROPEAN CENTRAL BANK  
of 16 March 2020

amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2020/13)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

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

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular the first indent of Article 3.1, Article 12.1, the second indent of Article 18.1 and the second indent of Article 34.1 thereof,

Having regard to 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)<sup>(1)</sup>,

Whereas:

- (1) Pursuant to Article 1(4) of Guideline (EU) 2015/510 (ECB/2014/60), the Governing Council may, at any time, change the tools, instruments, requirements, criteria and procedures for the implementation of Eurosystem monetary policy operations.
- (2) On 22 July 2019, in pursuing its price stability mandate and to preserve favourable bank lending conditions and support the accommodative stance of monetary policy in Member States whose currency is the euro, the Governing Council adopted Decision (EU) 2019/1311 of the European Central Bank (ECB/2019/21)<sup>(2)</sup>. This Decision provided for a third series of targeted longer-term refinancing operations (TLTROs-III) to be conducted over the period from September 2019 to March 2021.
- (3) On 12 March 2020, in order to support bank lending to those most affected by the spread of the coronavirus disease (COVID-19), in particular small and medium-sized enterprises, the Governing Council decided to change three parameters of TLTRO-III, namely to increase the borrowing allowance from 30 % to 50 %, modify the maximum bid limit for individual TLTROs-III and, starting from September 2021, offer an early repayment option for amounts borrowed under TLTROs-III 12 months after the settlement of each operation, instead of 24 months.
- (4) In order to apply these adjusted parameters with immediate effect, this Decision should enter into force without delay.
- (5) Therefore, Decision (EU) 2019/1311 (ECB/2019/21) should be amended accordingly,

---

*Changes to legislation:* There are currently no known outstanding effects for the Decision (EU) 2020/407 of the European Central Bank. (See end of Document for details)

---

HAS ADOPTED THIS DECISION:

*Article 1*

**Amendments**

Decision (EU) 2019/1311 (ECB/2019/21) is amended as follows:

(1) Article 4 is amended as follows:

(a) paragraph 2 is replaced by the following:

2. Each participant's borrowing allowance shall equal 50 % of its total reference outstanding amount, less any amount previously borrowed by that TLTRO-III participant under TLTROs#II pursuant to Decision (EU) 2016/810 (ECB/2016/10) and still outstanding on the settlement date of a TLTRO-III having regard to any legally binding notification for early repayment submitted by the participant in accordance with Article 6 of Decision (EU) 2016/810 (ECB/2016/10). The relevant technical calculations are outlined in Annex I.;

(b) paragraph 4 is replaced by the following:

4. Each participant's bid limit for each TLTRO-III shall be equal to its borrowing allowance reduced by the amounts borrowed under previous TLTROs-III. This amount shall be considered to represent a maximum bid limit for each participant and the rules applicable to bids exceeding the maximum bid limit, as laid down in Article 36 of Guideline (EU) 2015/510 (ECB/2014/60), shall apply. The relevant technical calculations are outlined in Annex I.;

(2) in Article 5a, paragraph 1 is replaced by the following:

1. From September 2021, starting 12 months after the settlement of each TLTRO-III, participants shall, on a quarterly basis, have the option of terminating or reducing the amount of TLTRO-III concerned before maturity.;

(3) in Annex I, Section 1, the third paragraph is replaced by the following:

The borrowing allowance equals 50 % of the reference outstanding amount relating to the participant<sup>(3)</sup> minus the amounts borrowed by the participant in the targeted longer-term refinancing operations pursuant to Decision (EU) 2016/810 (ECB/2016/10) (TLTROs-II) and still outstanding at the settlement date of the respective TLTRO-III, or zero if such amount is negative, i.e.:

$$BA_k = \max(0,5 \times OR_{Feb2019} - OB_k, 0) \text{ for } k = 1, \dots, 7.;$$

(4) in Annex I, Section 1, the fifth paragraph is replaced by the following:

The bid limit applicable to each participant in each TLTRO-III is its borrowing allowance  $BA_k$  less the amounts borrowed under previous TLTROs-III. Let  $C_k \geq 0$  be the borrowing of a participant in TLTRO-III  $k$ , then  $C_k \leq BL_k$  where  $BL_k$  is the bid limit for this participant in operation  $k$  that is defined as follows: