

Press release

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ECB introduces changes to the dedicated credit facility for euro area CCPs

- Discretionary activation by the Governing Council no longer required
- Additional safeguards introduced in relation to financial soundness and sound liquidity risk management
- Changes will come into effect through the adoption of relevant legal acts in 2025, including the TARGET Guideline

The Governing Council of the European Central Bank (ECB) decided to implement changes to the dedicated Eurosystem overnight credit facility, which serves as a crisis-related liquidity backstop for eligible euro area central counterparties (CCPs) under the TARGET Guideline.¹ Currently, activation of the CCP credit facility requires a decision by the ECB Governing Council. This discretionary activation will be no longer required to ensure prompt operationalisation, meaning that the CCP credit facility will be immediately available to eligible euro area CCPs if needed.

CCPs are systemically important financial market infrastructures. Under normal operating conditions, their liquidity inflows and outflows are balanced by the end of the day, meaning that they do not generally encounter liquidity mismatches. In situations of severe financial stress, however, it may not be feasible for a CCP to manage its potentially sizeable liquidity needs through market-based solutions in a timely manner. In these circumstances, the CCP credit facility can provide a pre-arranged and effective liquidity backstop.

The revised CCP credit facility remains subject to the TARGET Guideline and is outside the monetary policy implementation framework.

Euro area CCPs need to meet the relevant requirements set out in the TARGET Guideline to access the CCP credit facility. As part of these requirements, new safeguards are being introduced to ensure

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that only euro area CCPs that are financially sound and have sound liquidity risk management may access the CCP credit facility. In case of non-compliance with these safeguards, the ECB Governing Council may decide on discretionary measures on the grounds of prudence. The interest rate applicable to borrowings under the CCP credit facility will be the ECB marginal lending facility rate. The maturity of the facility will be overnight, with the possibility of rolling over across business days. Collateralisation requirements will continue to apply in line with the current provisions of the TARGET Guideline.

The aforementioned decision of the Governing Council concludes a review of the CCP credit facility by the Eurosystem central banks that has been conducted over the past years. The changes to the CCP credit facility will come into effect through an amendment to the TARGET Guideline and the adoption of further legal acts dedicated to the aforementioned safeguards, the assessments underpinning those safeguards and related discretionary measures of the Eurosystem on the grounds of prudence. The application date of all related legal acts is foreseen for the fourth quarter of 2025. Once formally adopted, the relevant legal acts will be published.

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Notes

¹ [Guideline \(EU\) 2022/912 of the European Central Bank of 24 February 2022 on a new-generation Trans-European Automated Real-time Gross Settlement Express Transfer system \(TARGET\) and repealing Guideline ECB/2012/27 \(ECB/2022/8\).](#)