

## **Lending of holdings purchased under the public sector purchase programme (PSPP) and pandemic emergency purchase programme (PEPP)**

As announced during the Governing Council meeting on March 5<sup>th</sup> 2015 and on December 8<sup>th</sup> 2016, the holdings purchased under the public sector purchase programme (PSPP) will be made available for securities lending in a decentralised manner in order to support bond and repo market liquidity. The Governing Council decided on March 18<sup>th</sup> 2020 to launch a pandemic emergency purchase programme (PEPP) which is also made available for securities lending. For more information regarding the general Eurosystem lending framework, please go to: <http://www.ecb.europa.eu/mopo/implementation/omo/pspp/html/pspp-lending.en.html>.

### **1. LENDING OF HOLDINGS PURCHASED UNDER PSPP/PEPP – FRAMEWORK WITHIN NATIONAL BANK OF BELGIUM**

The National Bank of Belgium will lend the securities purchased under PSPP/PEPP (see list of ISINs on webpage) via bilateral repos (cash collateral) or bilateral repos combined with bilateral reverse repos (securities collateral) with counterparties that have a contract with NBB for repos in euro.

#### **PRICING**

For securities lending against securities, 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 basis points, which is an orientation and remains flexible, particularly in light of the specific ISIN-by-ISIN market pricing of specials. For securities lending against cash, the rate will be the lower of the deposit facility rate minus 20 basis points and the prevailing market repo rate.

#### **COUNTERPARTY ELIGIBILITY**

Counterparties who are eligible for regular repo business in euro (and therefore with whom NBB has an existing contract) are eligible for bilateral lending under PSPP/PEPP.

#### **COLLATERAL**

The collateral eligible for bilateral securities lending against securities collateral under PSPP/PEPP will be the collateral which is eligible according to existing contracts.

#### **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 PSPP/PEPP 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](mailto:forex@nbb.be) or by phone on +32 2 221 49 71.

### **2. REPO FACILITY PROVIDED BY THE BELGIAN FEDERAL DEBT AGENCY**

Next to NBB's bilateral lending channel, the Belgian Federal Debt Agency will continue to provide a repo facility for its primary and recognised dealers. Further information on this repo facility can be found on [http://www.debtagency.be/en\\_products\\_repo.htm](http://www.debtagency.be/en_products_repo.htm)