



Eligible Assets and Haircuts (REF)

Classification of Eligible Assets

- **Assessment of the solidity/security of investments**
- **Coverage of relevant markets**

All credit operations of the European System of Central Banks need to be secured with adequate collaterals (Article 18.1 of the Statute of the European System of Central Banks (ESCB)). The collaterals must fulfil certain eligibility criteria that are defined by the ECB.

The criteria are, e.g., the issuer's domicile, type of security, currency, credit-worthiness of the issuer etc.

If all eligibility criteria are fulfilled, the instrument will be classified as eligible asset and can be used as collateral within the scope of open market operations of the ESCB.

Hence, the classification of instruments as eligible and non-eligible assets is of great importance for financial institutions. Owing to the strict ECB criteria, these securities virtually document the creditworthiness of an issuer and the security of an investment.

Eligible assets are also available in countries outside of the European Monetary Union. They are then subject to the national provisions of the country in question.

WM Datenservice provides the identifier which indicates whether an instrument qualifies as an eligible asset. This information is complemented with details on repo operation-related haircuts.

At present, we provide this information for the following countries:

- ECB: European Central Bank (this classification is already included in our GAT product)
- HKMA: Hong Kong Monetary Authority
- BoE: Bank of England
- SNB: Swiss Central Bank (without haircuts)

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ECB: yes, category 1, haircut 1.50%

HKMA: not

SNB: yes, category 1,

BoE: yes, haircut 7.50%

All this information is included in our special product Eligible Assets and Haircuts (REF). Upon request, we will gladly supply you with test data.

