



EUROPEAN CENTRAL BANK

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Mario DRAGHI
President

Mr Notis Marias
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt , 8 September 2015

L/MD/15/518

Re: Your letter (QZ-114)

Honourable Member of the European Parliament, dear Mr Marias,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 14 July 2015.

In my reply of 30 June 2015¹ to your previous question, I explained that obligations vis-à-vis the International Monetary Fund (IMF) resulting in foreign claims which have all the characteristics of reserve assets are not considered to infringe the monetary financing prohibition. While the payment of an IMF quota subscription by a national central bank (NCB) results in the creation of foreign claims which have all the characteristics of reserve assets, the use of these for the repayment of an IMF loan does not. Such an operation would result in the creation of a claim of the NCB on the government.

The monetary financing prohibition enshrined in Article 123 of the Treaty on the Functioning of the European Union prohibits, in particular, overdraft facilities or any other type of credit facility with the ECB or with the NCB of an EU Member State in favour of Union institutions, bodies, offices or agencies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States. Council Regulation (EC) No 3603/93 clarifies the meaning of the term “other type of credit facility” as covering any claim against the public sector, any financing of the public sector’s obligations vis-à-

¹ The letter is available on the ECB’s website at http://www.ecb.europa.eu/pub/pdf/other/150701letter_marias_1.en.pdf

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vis third parties, or any transaction with the public sector resulting (or likely to result) in a claim against the public sector.

Thus, any arrangement by which the ECB or the Bank of Greece would ultimately finance the Hellenic Republic's obligation in connection with a loan granted by the IMF, thereby creating a claim on the Greek government, would not be compatible with the monetary financing prohibition.

Yours sincerely,

[signed]

Mario Draghi

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