



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

Mario DRAGHI

President

Ms Sylvie Goulard

Member of the European Parliament

European Parliament

60, rue Wiertz

B-1047 Brussels

Frankfurt, 23 May 2017

L/MD/17/206

**Re: Your letter (QZ-035)**

Honourable Member of the European Parliament, dear Ms Sylvie Goulard,

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 25 April 2017.

The ECB does not foresee any major shortcomings in its tools for implementing monetary policy either during or after the process for the withdrawal of the United Kingdom from the European Union, given the Eurosystem's large set of counterparties and broad collateral frameworks.

Nonetheless, the Eurosystem continues to closely monitor any market development that may have an impact on the effectiveness of its monetary policy implementation. Such monitoring also includes, for example, developments related to the UK withdrawal ("Brexit") process and its potential impact on the Eurosystem's counterparty or collateral frameworks. This monitoring and analysis will allow the Eurosystem to react swiftly should it be considered that the effectiveness of the Eurosystem's monetary policy implementation is in danger of being impaired.

In a broader sense, the implementation of monetary policy relies on the availability of reliable and effective financial market infrastructures (FMIs). Safe and efficient FMIs are essential for a stable and well-functioning financial system: if an FMI fails to perform as expected, it may potentially create or transmit widespread

**Address**

European Central Bank  
Sonnemannstrasse 20  
60314 Frankfurt am Main  
Germany

**Postal Address**

European Central Bank  
60640 Frankfurt am Main  
Germany

Tel. +49-69-1344-0  
Fax: +49-69-1344-7305  
Website: [www.ecb.europa.eu](http://www.ecb.europa.eu)

financial disruptions, adversely affecting the transmission channel for monetary policy and triggering risks to financial stability. Central banks are therefore closely involved in ensuring the prudent design of FMIs and their risk management. For this reason, the Eurosystem oversees payment systems and has responsibilities, in its role as central bank of issue of the euro, for FMIs such as central counterparties (CCPs) – e.g. participating in the EU CCP supervisory colleges – under the European Market Infrastructure Regulation and for central securities depositories under the Central Securities Deposit Regulation.

As regards CCPs and Brexit, let me reiterate that at present the current regulatory framework under EMIR offers the ECB broadly appropriate guarantees for the oversight of EU CCPs. In a post-Brexit environment, UK FMIs would be considered as third-country FMIs rather than EU entities. This could lead to a reduction in the level of supervision and oversight of UK CCPs by the EU authorities, including the ECB as central bank of issue of the euro. The ECB welcomes the fact that the European Commission will soon present legislative proposals to ensure the safety and soundness of CCPs that are of systemic relevance for financial markets across the European Union.

Yours sincerely,  
[signed]

Mario Draghi

**Address**

European Central Bank  
Sonnemannstrasse 20  
60314 Frankfurt am Main  
Germany

**Postal Address**

European Central Bank  
60640 Frankfurt am Main  
Germany

Tel. +49-69-1344-0  
Fax: +49-69-1344-7305  
Website: [www.ecb.europa.eu](http://www.ecb.europa.eu)