



EUROPEAN CENTRAL BANK

EUROSYSTEM

Mario DRAGHI

President

Mr Luke Ming Flanagan
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 10 June 2015

L/MD/15/369

Re: Your letter (QZ-81 and QZ-82)

Honourable Member of the European Parliament, dear Mr Flanagan,

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 5 May 2014.

As explained in the letter I sent to you on 20 April 2015¹, the key reason for the Central Bank of Ireland's commitment to sell the long-duration floating rate bonds, which replaced the promissory notes previously held by the Irish Bank Resolution Corporation (IBRC), is to ensure compliance with the prohibition on monetary financing of governments as laid down in Article 123 of the Treaty on the Functioning of the European Union. Your questions regarding other aspects of the transaction may be better directed to the Central Bank of Ireland or to the Irish government.

In response to your reference to the ECB's secondary market public sector asset purchase programme, I would point out that the objective of public sector purchase programme (PSPP), as set out in Decision (EU) 2015/774 of the European Central Bank of 4 March 2015 (ECB/2015/10)², is to enhance the transmission of monetary policy and, ultimately, contribute to a return of inflation rates to levels below, but close to, 2%.

Let me also elaborate on the key responsibilities of the ECB in the area of supervision that you refer to in your letter. According to Council Regulation (EU) No 1024/2013, the ECB has been assigned, as of 4 November 2014, the task of conducting the prudential supervision of credit institutions. The tasks conferred on the ECB

¹ The letter is available on the ECB's website at http://www.ecb.europa.eu/pub/pdf/other/150420letter_flanagan.en.pdf

² The official text of the Decision on a secondary markets public sector asset purchase programme is available on the ECB's website at https://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2015_121_r_0007_en_txt.pdf

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are those stated in Articles 4 to 6 of this Regulation. In carrying out its prudential tasks the ECB applies all relevant EU laws and, where applicable, the relevant national legislation transposing them into Member State law. However, as stated in recital 28 of the Regulation, consumer protection is not within the scope of the ECB's responsibilities and remains within the national authorities.

Yours sincerely,

[signed]

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