



# **MEMORANDUM OF UNDERSTANDING**

**FOR THE**

**EUROPEAN UNION ISSUANCE SERVICE**

## **MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding (MoU) is made

**BETWEEN**

**the Nationale Bank van België / Banque Nationale de Belgique (hereinafter the 'NBB')**

**AND**

**the European Central Bank (hereinafter the 'ECB'), in the name and on behalf of the  
Eurosystem**

**AND**

**the European Commission**

(hereinafter jointly the 'Parties', and individually, the 'Party')

### **INTRODUCTION**

- A. Under the Statute of the European System of Central Banks and of the European Central Bank, the ECB and the Eurosystem central banks have an interest in promoting financial market integration, which can support the efficient implementation of the single monetary policy, in particular by ensuring the availability and wide accessibility of adequate collateral.
- B. The use of the Eurosystem's TARGET Services to facilitate safe and efficient settlement in central bank money is essential for stakeholders to access, on an equal footing, debt securities issued by the European Commission.
- C. The European Commission has an interest to ensure that the debt securities it issues are created, marketed and kept in custody in an efficient, safe and non-discriminatory way, and that they are easily and simultaneously accessible, under the same terms, to all investors, across the European Union (hereinafter the 'EU'). There should be level playing field access for all (I)CSDs offering custody services to their clients in relation to debt securities issued by the European Commission.
- D. The efficient implementation of the Eurosystem's monetary policy, and the ability of the European Commission to deliver on the objectives underlying the Next Generation EU (NGEU) programme, and other EU and Euratom programmes, as well as the broader economic policy objectives of the European Union and Euratom to create a Capital Markets Union, to contribute to the further integration of European financial markets and to deliver on its sustainable finance agenda, depend on the above conditions being fulfilled.
- E. The NBB should contribute to making EU debt securities easily and readily available to all investors across the EU, and to facilitating the use of central bank money settlement in the issuance and distribution of such securities, and in particular their use, by Eurosystem counterparties and directly in TARGET Services, as collateral for Eurosystem credit operations.
- F. Neutral access to debt securities issued by the European Commission based on a level playing field should be provided through a central securities depository (CSD) operated by a Eurosystem national central bank (NCB) and having access to the TARGET2-Securities Services (T2S Services),

**THE PARTIES HAVE REACHED THE FOLLOWING UNDERSTANDING:**

### *Paragraph 1*

#### **Purpose of the MoU**

This MoU sets a framework to determine the involvement of the ECB, on behalf of the Eurosystem, in the governance and monitoring of the service provided by the NBB for the issuance of debt securities issued by the European Commission (hereinafter the 'EU issuance service') on behalf of the EU and Euratom, with a view to ensuring that the said service is offered on a transparent and non-discriminatory basis, with a pan-European reach.

### *Paragraph 2*

#### **Description of the EU issuance service**

1. The EU issuance service will be provided in respect of the settlement of the primary market issuance and the initial distribution of debt securities by the European Commission (hereinafter the 'EU debt securities') as issuer on behalf of the European Union and Euratom, under the NGEU programme and other European Union and Euratom programmes. The EU issuance service will be provided by Banque Nationale de Belgique-Securities Settlement System (hereinafter 'NBB-SSS'), which is a central securities depository (CSD) operated by the NBB. NBB-SSS will have access to the TARGET2-Securities Services (T2S Services).
2. The EU issuance service will consist of the settlement of the issuance and initial distribution of EU debt securities as well as their asset servicing in the form of corporate actions. Pre-trading and trading activities, such as auction or syndication services, and secondary market trading activities are not included in the EU issuance service.
3. EU debt securities denominated in EUR will be governed by the law of a Member State of the European Union designated by the issuer.

### *Paragraph 3*

#### **General principles**

1. The EU issuance service will be subject to a service contract between the European Commission and the NBB. The NBB will ensure that the EU issuance service is separate from all other services that it provides to the participants of its securities settlement system(s).
2. The EU issuance service will make EU debt securities accessible to all investors across the EU (via the relevant (I)CSDs and intermediaries), based on the principle of equal access and with a view to achieving a level-playing field amongst European investors and all actors in the transaction chain independently of their location.
3. NBB-SSS will ensure that direct access to the EU issuance service is only open to CSDs authorised under Regulation (EU) No 909/2014 of the European Parliament and of the Council<sup>1</sup> ('Investor (I)CSDs'). The participation of (I)CSDs in the EU issuance service is voluntary and will be established through an agreement between the (I)CSD and NBB-SSS referred to in Paragraph 6.2. NBB-SSS will provide fair, open and non-discriminatory access

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<sup>1</sup> Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).

to the EU issuance service to all interested Investor (I)CSDs, in line with Regulation (EU) No 909/2014.

4. The EU issuance service will be used by Investor (I)CSDs in accordance with the principles of safety, efficiency and transparency, both in terms of its operational features and in terms of its key business characteristics.

5. The EU issuance service will rely on central bank money settlement in euro and, accordingly, on the use of Eurosystem's TARGET Services. This does not exclude the participation in the EU issuance service of Investor (I)CSDs that do not use T2S Services.

6. The EU issuance service will be provided in compliance with Eurosystem and other relevant market standards, i.e. the T2S harmonisation standards, the Corporate Actions Joint Working Group (CAJWG) market standards for corporate actions as well as the Single Collateral Rulebook for Europe (SCoRE) standards. Compliance with the relevant standards by Investor (I)CSDs will be expected for their participation in the EU issuance service.

7. The EU issuance service will be subject to the general pricing policy of NBB-SSS. The pricing policy of NBB-SSS will be guided by the principles of full cost recovery, equal treatment and not-for-profit operation. NBB-SSS will review its pricing policy every three years.

#### *Paragraph 4*

#### **Involvement of the Eurosystem in the governance and monitoring of the provision of the EU issuance service**

1. The Governing Council of the ECB will monitor, on an on-going basis, through the ESCB Market Infrastructure and Payments Committee (MIPC), the provision of the EU issuance service by NBB-SSS, with a view to ensuring that it is offered on a transparent and non-discriminatory basis, and with a pan-European reach.

2. The monitoring will focus on the extent to which the EU issuance service offered by NBB-SSS is in accordance with Paragraph 3.

3. Upon request by the Governing Council of the ECB, through the MIPC, NBB-SSS will deliver information necessary for effective monitoring, which includes, but is not limited to, the breakdown of the EU debt securities allocated to Investor (I)CSDs in the different Member States of the European Union, updates on any material changes to the service contract on the basis of which the EU issuance service is provided, and updates on the terms and conditions subject to which Investor (I)CSDs may access the EU issuance service.

4. The Governing Council of the ECB may provide policy recommendations to NBB-SSS, specifically in connection with the latter's provision of the EU issuance service, to ensure that its operation is consistent with the Eurosystem policy objectives and with Paragraph 3.

5. The NBB will consult the Governing Council of the ECB, through the MIPC, and the European Commission on any major changes to the key business characteristics of the EU issuance service it may plan to implement.

6. The European Commission may bring to the attention of the Governing Council of the ECB, through the MIPC, any issue of concern which relates to the provision of the EU issuance service by NBB-SSS.

7. The European Commission may attend the meetings of the MIPC as an observer for agenda items which relate to the EU issuance service.

*Paragraph 5*

**Communication and information exchange  
between the European Commission, the ECB and NBB-SSS**

1. NBB-SSS will establish a dedicated Coordination Group, composed of representatives of the European Commission, the ECB and NBB-SSS for the purpose of exchanging information and communication on the EU issuance service.

2. The purpose and role of the Coordination Group will be to facilitate an efficient flow of information between the Parties, in particular with regard to the preparation of the monitoring and consultations described in Paragraph 4. The Coordination Group's decisions will not be binding on the Parties.

3. In addition to the information made publicly available on the EU issuance service by NBB-SSS in the framework of its general reporting on its services and operations, NBB-SSS will submit to the Coordination Group, *ex-post*, an annual report on the EU issuance service. This report will cover statistics, the operational functioning and the related business developments of, and any other topics relevant to, the EU issuance service. NBB-SSS will not be required to disclose any confidential information on its general business and operations. The Coordination Group may share the annual report or parts of it with the MIPC.

4. In addition, as member of the User Committee of NBB-SSS, the European Commission will have access to all regular information on statistics, operations, change management, non-binding fee structure consultations and all other topics of information and discussion in that User Committee.

*Paragraph 6*

**Contractual arrangements between the NBB  
and the European Commission and between the NBB  
and the Investor (I)CSD**

1. The service contract between the European Commission and the NBB will adhere, to the satisfaction of the MIPC, to all relevant, existing and future, Eurosystem policies, EU legal requirements and market harmonisation objectives.

2. NBB-SSS will ensure equal treatment of Investor (I)CSDs when providing access to the EU issuance service. In particular, the service contracts between the NBB and the Investor (I)CSD will ensure that the same level of service is provided to all Investor (I)CSD with regard to the same range of assets issued through the EU issuance service.

*Paragraph 7*

**Review of, and modification to, this MoU**

1. The Parties will review the functioning and effectiveness of this MoU every five years or earlier if deemed necessary by all Parties.
2. Any modification to this MoU requires the mutual consent of all Parties and will be done in writing.

*Paragraph 8*

**Publication of this MoU**

This MoU will be made publicly available by the Parties in accordance with their respective disclosure policies.

*Paragraph 9*

**Entry into effect and termination of this MoU**

1. This MoU will come into effect on the date it has been signed by all Parties.
2. This MoU will automatically terminate in the event of termination of the service contract concluded between the European Commission and the NBB.
3. Each Party may terminate this MoU at any time by giving twelve months' written notice to the other Parties. The MoU will cease to apply as of the first working day of the thirteenth month following the month in which notice is given.
4. The termination of the MoU by any of the Parties will not affect the rights and obligations under the service contract concluded between the European Commission and the NBB.

Done in two original copies for each Party and signed by the Parties' duly authorised representatives.

Signed for and on behalf of:

**For the Nationale Bank van België / Banque Nationale de Belgique**

**For the European Central Bank, in the name and on behalf of the Eurosystem**

**For the European Commission**