

The ECB's Pandemic Emergency Purchase Programme (PEPP) - FAQs

How long will PEPP operate for?

The European Central Bank (ECB) have said it will conduct purchases under the PEPP until the end of 2020. Net asset purchases will be terminated under the PEPP once the Governing Council of the ECB judge that the COVID-19 crisis phase is over, but in any case this will not be before the end of the year 2020.

Are there any geographic or sectoral parameters around the allocation of these funds by the ECB?

There are such parameters for public sector issuers. For private sector issuers however, the ECB has said that they will be flexible and that there will be fluctuations in the distributions of purchase flows over time, across asset classes and among jurisdictions.

Can the issuer issue the debt instruments directly to the ECB?

No, they will need to be purchased by a financial counterparty who can then place the paper through the Eurosystem

Is the credit rating required to be attached to the issuer or the debt instrument?

Either the issuer or the issuance can have the requisite rating. However, if the issue is rated, that is the rating that will be taken onto account in order to assess eligibility for the PEPP

What discretion does the corporate have as to whether its debt (assuming it meets the eligibility criteria) is purchased under the PEPP?

None. The ECB will make purchases from individual Issuers in line with its monetary policy objectives.

Are there any disadvantages to the PEPP for a corporate?

The PEPP is only stated as being in operation until the end of 2020. There is a requirement to have an investment grade rating.

Does this apply to existing corporate debt or new issuances only?

It applies to existing debt and new issuances. Due to its short term nature, it is likely to only apply to new issuances.

Is there any necessity for the debt issuance to be linked specifically or implicitly to the fallout from COVID-19?

No.

Does the ECB publish information about the use of the PEPP?

Yes, go to the FAQ section of the [ECB website](#) for more information.

For more information on these issues, please contact our partners [Ciarán Rogers](#), [Peter Walker](#), [Gearoid Stanley](#), [Adrian Burke](#), [Paul White](#) or [Eugénée Mulhern](#), Senior Advisor, or any member of A&L Goodbody's [Finance team](#).



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