



EUROPEAN CENTRAL BANK

EUROSYSTEM

Mario DRAGHI  
*President*

Mr Auke Zijlstra  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 5 September 2013

L/MD/13/549

**Re: Your letter**

Dear Mr Zijlstra,

Thank you for your letter, which was passed on to me by Ms Sharon Bowles, Chairwoman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 12 July 2013.

The objective of the Securities Markets Programme (SMP) was to restore an appropriate monetary policy transmission mechanism to support the effective conduct of monetary policy in order to achieve price stability in the medium term. It was decided upon and implemented in accordance with the provisions of the Treaty on the Functioning of the European Union and the Statute of the European System of Central Banks (ESCB) and of the European Central Bank (ECB). Article 18.1 of the Statute stipulates that the ESCB, in order to achieve its objectives and carry out its tasks, may operate in the secondary financial markets by buying marketable instruments.

Being fully aware of the risks associated with the purchases conducted under the SMP, the ECB applies state-of-the-art financial risk assessment techniques to monitor risks potentially associated with Eurosystem monetary policy operations, including non-standard operations such as the SMP. At the time when the SMP was implemented, the Governing Council of the ECB assessed the risk of a disruption of the monetary policy transmission mechanism (and thus of the ECB not being able to deliver price stability) by not conducting the

purchases under the SMP as greater than the financial risks for the Eurosystem associated with purchasing those assets (in view of the risk mitigation measures applied by the ECB).

As regards the assessment and decision required for a Member State's entry into the euro area to which you are referring, the ECB assesses the degree of convergence as well as compliance with the statutory requirements to be fulfilled by national central banks to become an integral part of the Eurosystem. This assessment is published in the ECB's Convergence Report. As regards Italy, the ECB assessment was published in the Convergence Report of March 1998.<sup>1</sup> As regards Greece, the ECB assessment was published in the Convergence Report of May 2000.<sup>2</sup> A very similar independent assessment is conducted and published by the European Commission. Both reports are submitted to the Council. Based on a proposal by the European Commission and after consultation of the European Parliament as well as a discussion by the European Council, the Council takes the final decision if a Member State can join the euro area or not.

Yours sincerely,

[...]

Mario Draghi

---

<sup>1</sup> <http://www.ecb.europa.eu/pub/pdf/conrep/cr1998en.pdf>

<sup>2</sup> <http://www.ecb.europa.eu/pub/pdf/conrep/cr2000en.pdf>