EUROPEAN CENTRAL BANK

EUROSYSTEM

OPINION OF THE EUROPEAN CENTRAL BANK

of 21 July 2014

on the Central Credit Register

(CON/2014/57)

Introduction and legal basis

On 30 May 2014 the European Central Bank (ECB) received a request from the Portuguese Minister of State and for Finance for an opinion on a draft decree-law amending Decree-Law No 204/2008 of 14 October 2008 establishing the legal framework for the Central Credit Register (hereinafter the 'draft decree-law').

The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union and on the third and sixth indents of Article 2(1) of Council Decision 98/415/EC[1], as the draft decree-law relates to the Banco de Portugal (BdP) and to rules applicable to financial institutions insofar as they materially influence the stability of financial institutions and markets. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1. Purpose of the draft decree-law

1.1 The draft decree-law introduces changes to the legal framework aimed at increasing the information available to assess the risk involved in credit operations and in the acceptance of credit claims as a guarantee in liquidity-providing operations of the BdP and the Eurosystem. It also allows participating entities[2] to access the company and sector tables in the Central Balance Sheet Database and establishes that the BdP may provide participating entities with historical information to enable borrowers without a record of default in the Central Credit Register (*Central de Responsabilidades de Crédito* - CRC) to negotiate improved credit conditions.

1.2 Additionally, the draft decree-law authorises the BdP, under conditions to be defined by the BdP, to grant access to information on legal persons to credit rating agencies solely for the purpose of

1 Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions (OJ L 189, 3.7.1998, p. 42).

2 According to Article 2(1), participating entities are: (a) institutions authorised to grant credit which have their head office in Portugal; (b) branches of institutions which have their head office abroad and which are authorised to grant credit in Portugal; (c) other entities with a permanent establishment in Portugal, designated by the BdP, which grant credit under special regimes or which acquire credit originally granted by the financial sector.

preparing ratings[3], and clarifies that the information contained in the CRC may be used by both the BdP and the ECB to perform their respective tasks[4].

2. Specific observations

2.1 The ECB generally welcomes initiatives that enable credit risk assessment systems to improve the quality of their assessments. More informed evaluation of credit risk can benefit the financial market in general and the Eurosystem which uses credit risk assessments in its collateral framework for monetary policy operations.

2.2 The ECB also welcomes the fact that the data collected in the CRC can be shared with the ECB, thus supporting the performance of the ESCB's tasks.

This opinion will be published on the ECB's website.

Done at Frankfurt am Main, 21 July 2014.

[signed]

The President of the ECB

Mario DRAGHI

3 Article 6(7) of the draft decree-law.

4 Article 5(2) of the draft decree-law.