

**Question for written answer Z-045/2019  
to the European Central Bank  
Rule 140  
Ernest Urtasun**

Subject: Market neutrality principle

Research papers from Positive Money Europe<sup>1</sup> and the Grantham Institute<sup>2</sup> have found that the ECB's corporate sector purchase programme (CSPP) is significantly skewed towards carbon-intensive assets. The ECB, for its part, has insisted that the CSPP must be designed in a 'market neutral' way. Benoît Cœuré<sup>3</sup> recently stated that 'in the framework of our current policy, we are neutral regarding the market's structure which leads us to buy bonds from corporations whose carbon footprints are not good'. Further research from Positive Money Europe on market neutrality<sup>4</sup> concludes that this principle is not built on solid legal grounds. Indeed, there is no legal basis for it in the EU treaties or in the case law of the Court of Justice of the EU. The ECB often refers to Article 127 of the Treaty on the Functioning of the European Union (TFEU), but this makes no specific reference to market neutrality, only to an even broader concept of an 'open market economy'.

1. Beyond Article 127 of the TFEU, what other legal basis does the ECB have to justify market neutrality?
2. In what exact documents can we find a definition of the market neutrality principle as implemented by the ECB?
3. In principle, can the ECB Governing Council adopt a different reading of the market neutrality principle?

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<sup>1</sup> Positive Money Europe & Veblen Institute, 2019, 'Aligning monetary policy with the EU's climate targets'.

<sup>2</sup> Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science, 2017, 'The climate impact of quantitative easing'.

<sup>3</sup> Debate at the French National Assembly, 15 May 2019.

<sup>4</sup> Positive Money Europe, 2019. 'Why the ECB should go beyond market neutrality', <https://www.positivemoney.eu/2019/09/ecb-market-neutrality-doctrine>