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## **INFORMATION NOTE**

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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions as regards requirements for securities financing transactions under the net stable funding ratio- Outcome of the European Parliament's first reading(Brussels, 21 to 22 May 2025)

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## **I. INTRODUCTION**

After the plenary of the European Parliament approved the request by the Committee on Economic and Monetary Affairs (ECON) to proceed according to Rule 170 (Urgent procedure) on 6 May 2025, The Left, the Alliance of Socialists and Democrats (S&D) and the Greens/European Free Alliance (EFA) groups tabled ten amendments.

On 30 April 2025, the Permanent Representatives Committee agreed on the mandate<sup>1</sup> for negotiations with the European Parliament on the basis of the original Commission proposal without amendments with a view to reaching an agreement at first reading.

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<sup>1</sup> 8201/25

## **II. VOTE**

The European Parliament adopted its first-reading position on 22 May 2025 by taking over the Commission proposal and rejecting all the tabled amendments. This position is contained in its legislative resolution.

The Council should therefore be in a position to approve the European Parliament's position as set out in the Annex hereto, thus bringing to a close the first reading for both Institutions.

The act would then be adopted in the wording which corresponds to the Parliament's position.

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## **P10\_TA(2025)0111**

### **Amendments to the Capital Requirements Regulation as regards securities financing transactions under the net stable funding ratio**

**European Parliament legislative resolution of 22 May 2025 on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions as regards requirements for securities financing transactions under the net stable funding ratio (COM(2025)0146 – C10-0059/2025 – 2025/0077(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2025)0146),
  - having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C10-0059/2025),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the opinion of the European Central Bank of 2 May 2025<sup>1</sup>,
  - having regard to the opinion of the European Economic and Social Committee of 29 April 2025<sup>2</sup>,
  - having regard to Rules 60 and 170 of its Rules of Procedure,
1. Adopts its position at first reading hereinafter set out;
  2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

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<sup>1</sup> Not yet published in the Official Journal.

<sup>2</sup> Not yet published in the Official Journal.

**Position of the European Parliament adopted at first reading on 22 May 2025 with a view to the adoption of Regulation (EU) 2025/... of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for securities financing transactions under the net stable funding ratio**

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Central Bank<sup>1</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,

Acting in accordance with the ordinary legislative procedure<sup>3</sup>,

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<sup>1</sup> Opinion of 2 May 2025 (*not yet published in the Official Journal*).

<sup>2</sup> Opinion of 29 April 2025 (*not yet published in the Official Journal*).

<sup>3</sup> Position of the European Parliament of 22 May 2025.

Whereas:

- (1) Regulation (EU) 2019/876 of the European Parliament and of the Council<sup>1</sup> introduced into Regulation (EU) No 575/2013 of the European Parliament and of the Council<sup>2</sup> the net stable funding ratio (NSFR) requirement for credit institutions. That requirement reflected part of the Basel III standards agreed by the Basel Committee on Banking Supervision (BCBS), which were developed to ensure that credit institutions have sufficient stable funding on a one-year horizon, and thus to prevent an excessive maturity mismatch between assets and liabilities and an overreliance on short-term wholesale funding. The NSFR requirement has been applicable since 28 June 2021.

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<sup>1</sup> Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1, ELI: <http://data.europa.eu/eli/reg/2019/876/oj>).

<sup>2</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/575/oj>).

- (2) Article 428r(1), point (g), Article 428s(1), point (b), and Article 428v, point (a), of Regulation (EU) No 575/2013 currently provide for the stable funding factors for monies due from financing transactions with financial customers, where those transactions have a residual maturity of less than six months. Those funding factors are, depending on the financing transaction concerned, 0 %, 5 % or 10 %. However, Article 510(8) of Regulation (EU) No 575/2013 provides that, by 28 June 2025, those funding factors are to be raised to 10 %, 15 % and 15 %, respectively. That deferred raise aimed to give credit institutions sufficient time to gradually adapt to a more conservative calibration and to assess whether that calibration was appropriate. In addition to that deferred raise, other adjustments were adopted to ensure that the introduction of the NSFR requirement did not disrupt the liquidity of the related collateral markets, including sovereign bond markets.

- (3) Under Article 510(6) of Regulation (EU) No 575/2013, the European Supervisory Authority (European Banking Authority) (EBA) established by Regulation (EU) No 1093/2010 of the European Parliament and of the Council<sup>1</sup>, was mandated to assess the appropriateness of the treatment of the stable funding required to cover the funding risk linked to securities financing transactions (SFTs) and to unsecured transactions with financial customers where those SFTs or unsecured transactions have a residual maturity of less than six months. In line with that mandate, EBA delivered a report on specific aspects of the NSFR framework on 16 January 2024. That report concluded that raising the required stable funding factors applying to the transactions referred to in Article 428r(1), point (g), Article 428s(1), point (b), and Article 428v, point (a), of Regulation (EU) No 575/2013 would have a negligible impact on the NSFR levels of credit institutions. However, that report did not assess the broader dimension or spillover effects regarding the liquidity of the sovereign debt markets and the effects on sovereign bond markets. Therefore, the considerations justifying the deferral of the raising of required stable funding factors, as provided for in Article 510(8) of Regulation (EU) No 575/2013, continue to prevail. In particular, as the bulk of SFTs are collateralised by sovereign debt instruments, a raise in the related required stable funding could reduce the liquidity in the markets concerned. That could, in turn, risk creating additional funding costs for Member States and altering monetary policy transmission mechanisms.

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<sup>1</sup> Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12, ELI: <http://data.europa.eu/eli/reg/2010/1093/oj>).

- (4) In addition, other BCBS member jurisdictions have set required stable funding factor levels for SFTs that are identical to those that are currently applicable under Regulation (EU) No 575/2013. In that context, given the intense international competition in the SFT market, raising the required stable funding factors by 28 June 2025 would create an uneven international playing field that would be detrimental to Union financial markets.
- (5) To avoid those unintended consequences, the current stable funding factors for SFTs and for unsecured transactions with financial customers, where such transactions have a residual maturity of less than six months, should be made permanent.
- (6) To ensure sufficient monitoring of interactions between the stable funding requirements and the market liquidity of assets received as collateral in SFTs and of unsecured transactions with financial customers, where such transactions have a residual maturity of less than six months, including when collateralised by sovereign debt, the funding risk for credit institutions, and possible international developments in that area, EBA should report to the Commission every five years on the appropriateness of those stable funding requirements.



- (7) Temporarily discontinuing the prudential treatment for monies due from SFTs and for unsecured transactions with financial customers, with a residual maturity of less than six months, would create legal uncertainty for market participants and undue administrative and financial burden for the Union banking sector in general that could be mitigated by clearly setting the expected date of application of the provisions concerned. Therefore, to ensure the continuity of that prudential treatment, this amending Regulation should apply from 29 June 2025.
- (8) Regulation (EU) No 575/2013 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1  
Amendments to Regulation (EU) No 575/2013

Article 510 of Regulation (EU) No 575/2013 is amended as follows:

(1) paragraph 6 is amended as follows:

(a) the introductory wording is replaced by the following:

‘EBA shall monitor the amount of stable funding required to cover the funding risk linked to securities financing transactions, including to the assets received or given in those transactions, and to unsecured transactions with financial customers, where such transactions have a residual maturity of less than six months. EBA shall report to the Commission by 31 January 2029, and every five years thereafter, on the appropriateness of that stable funding requirement. Taking into account international developments and the regulatory treatment of similar transactions in other jurisdictions, those reports shall assess at a minimum:’;

(b) points (d) and (e) are replaced by the following:

- ‘(d) the adequacy of the asymmetric treatment between liabilities with a residual maturity of less than six months provided by financial customers that are subject to a 0 % available stable funding factor in accordance with Article 428k(3), point (c), and assets resulting from transactions with a residual maturity of less than six months with financial customers that are subject to a 0 %, 5 % or 10 % required stable funding factor in accordance with Article 428r(1), point (g), Article 428s(1), point (b), and Article 428v, point (a);
- (e) the impact of the introduction of higher or lower required stable funding factors for securities financing transactions, in particular with a residual maturity of less than six months, with financial customers, on:
  - (i) the price structure of those transactions; and
  - (ii) the market liquidity of assets received as collateral in those transactions, in particular of sovereign and corporate bonds;’;

(2) paragraphs 7 and 8 are deleted.

## Article 2

### Entry into force and application

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 29 June 2025.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ..., ...

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

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