



EUROPEAN CENTRAL BANK
EUROSYSTEM

Technical working document
produced in connection with ECB Opinion CON/2025/9¹
Drafting proposals

Text proposed by the Commission	Amendments proposed by the ECB²
Amendment 1 Recital 5	
'(5) To avoid those unintended consequences, the current stable funding factors for SFTs and unsecured transactions with financial customers, where such transactions have a residual maturity of less than six months, as laid down in Article 428r(1), point (g), Article 428s(1), point (b), and Article 428v, point (a), of Regulation (EU) No 575/2013, should be made permanent.'	'(5) To avoid those unintended consequences, the current stable funding factors for SFTs and unsecured transactions with financial customers, where such transactions have a residual maturity of less than six months, as laid down in Article 428r(1), point (g), Article 428s(1), point (b), and Article 428v, point (a), of Regulation (EU) No 575/2013, should be made permanent extended by five years. '
<u>Explanation</u> <i>The extension of the preferential treatment should only be temporary. It should not be made permanent, which would reverse the burden of proof compared to the status quo. The issue should be reviewed again in five years' time.</i> <i>See paragraphs 1.7 and 1.8 of the ECB Opinion.</i>	
Amendment 2 Recital 6	
'(6) To ensure sufficient monitoring of the interactions with the market liquidity of assets received as collateral in SFTs and unsecured transactions with financial customers, where such transactions have a residual maturity of less than six months, including when collateralized by	'(6) To ensure sufficient monitoring of the interactions with the market liquidity of assets received as collateral in SFTs and unsecured transactions with financial customers, where such transactions have a residual maturity of less than six months, including when collateralized by

¹ This technical working document is produced in English only and communicated to the consulting Union institution(s) after adoption of the opinion. It is also published on EUR-Lex alongside the opinion itself.

² Bold in the body of the text indicates where the ECB proposes inserting new text. Strikethrough in the body of the text indicates where the ECB proposes deleting text.

<p>sovereign debt, the funding risk for credit institutions, and possible international developments in that area, the EBA should report to the European Commission every five years on the appropriateness of those stable funding requirements.’</p>	<p>sovereign debt, the funding risk for credit institutions, and possible international developments in that area, the EBA should report to the European Commission every five years by 28 June 2028 on the appropriateness of those stable funding requirements. By 28 June 2029 the Commission should, where appropriate, submit a legislative proposal to the European Parliament and to the Council on how to amend the provisions regarding the treatment of SFTs and the treatment of unsecured transactions with a residual maturity of less than six months with financial customers for the calculation of the NSFR.’</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>As noted above, the extension of the preferential treatment should only be temporary. The issue should be reviewed again in five years’ time. To that end, the report by the EBA should be brought forward by six months to allow for the potential legislative initiative by the Commission.</i></p> <p><i>See paragraphs 1.7 and 1.8 of the ECB Opinion.</i></p>	
<p style="text-align: center;">Amendment 3</p> <p style="text-align: center;">Article 1(1), point (a)</p> <p style="text-align: center;">(replacing Article 510(6), first subparagraph)</p>	
<p>‘(a)</p> <p>[...]</p> <p>“The EBA shall monitor the amount of stable funding required to cover the funding risk linked to securities financing transactions, including 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. The EBA shall report to the Commission by 31 January 2029, and every five years thereafter, on the appropriateness of that requirement. Taking into account international developments and the regulatory treatment of similar transactions in other jurisdictions, the reports shall assess at a minimum:”</p>	<p>‘(a)</p> <p>[...]</p> <p>“The EBA shall monitor the amount of stable funding required to cover the funding risk linked to securities financing transactions, including 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. The EBA shall report to the Commission by 31 January 2029 28 June 2028, and every five years thereafter, on the appropriateness of that requirement. Taking into account international developments and the regulatory treatment of similar transactions in other jurisdictions, the reports shall assess at a minimum:”</p>
<p style="text-align: center;">Amendment 4</p>	

<p>Article 1(1), point (b) (replacing Article 510(6), points (d) and (e))</p>	
<p>‘(b) [...] “(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;”</p>	<p>‘(b) [...] “(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; and (iii) the stability and functioning of the affected short-term funding markets in adverse conditions.”</p>
<p><u>Explanation</u></p> <p><i>As noted above, the extension of the preferential treatment should only be temporary. It should not be made permanent, which would reverse the burden of proof compared to the status quo. The issue should be reviewed again in five years’ time. To that end, the report by the EBA should be brought forward by six months to allow for the potential legislative initiative by the Commission.</i></p> <p><i>The EBA should also consider the stability and functioning of the affected short-term funding markets in adverse conditions to ensure a holistic analysis.</i></p> <p><i>See paragraphs 1.7 and 1.8 of the ECB Opinion.</i></p>	
<p>Amendment 5 Article 1(2) (amending Article 510(7) and (8))</p>	
<p>‘(2) paragraphs 7 and 8 are deleted.’</p>	<p>‘(2) paragraphs 7 and 8 are replaced by the following:</p> <p>“7. By 28 June 2029, the Commission shall, where appropriate and taking into account the report referred to in paragraph 6, any international standards and the diversity of the banking sector in the Union, submit a legislative proposal to the European Parliament and to the Council on how to amend the provisions regarding the treatment of securities financing transactions,</p>

	<p>including of the assets received or given in those transactions, and the treatment of unsecured transactions with a residual maturity of less than six months with financial customers for the calculation of the NSFR as set out in Title IV of Part Six where it considers it appropriate regarding the impact of the existing treatment on institutions' NSFR and to take better account of the funding risk linked to those transactions.;</p> <p>8. By 28 June 2030, the required stable funding factors applied to the transactions referred to in Article 428r(1), point (g), Article 428s(1), point (b), and Article 428v, point (a), shall be raised from 0 % to 10 %, from 5 % to 15 % and from 10 % to 15 % respectively, unless otherwise specified in a legislative act adopted on the basis of a proposal by the Commission, in accordance with paragraph 7.”</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>As noted above, the extension of the preferential treatment should only be temporary. The issue should be reviewed in five years' time. If in five years' time there are still reasons to extend the preferential treatment for the purposes of the NSFR, that could be proposed again by the Commission with a new legislative amendment to Article 510(6) to (8) of the CRR.</i></p> <p><i>See paragraphs 1.7 and 1.8 of the ECB Opinion.</i></p>	