

Transparency of securities financing transactions and of reuse

2014/0017(COD) - 09/04/2015 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Renato SORU (S&D, IT) on the proposal for a regulation of the European Parliament and of the Council on reporting and transparency of securities financing transactions.

The committee recommended that the European Parliament's position at first reading following the ordinary legislative procedure should amend the Commission proposal as follows:

Securities financing transactions (SFTs): the Regulation should cover repurchase transactions, securities or commodities lending, securities or commodities borrowing, buy-sell back or sell-buy back transactions, liquidity swaps and collateral swap transactions as laid down in [Regulation \(EU\) No 575/2013](#) or total return swaps as defined in [Commission Regulation \(EU\) No 231/2013](#).

Reporting obligation: counterparties to securities financing transactions (SFTs) shall report the details of such transactions to a trade repository registered or recognised in accordance with this Regulation. The details shall be reported no later than the third working day following the conclusion, modification or termination of the transaction but as soon as the reporting is possible.

The central banks of the European System of Central Banks (ESCB) are exempt from the obligation to report their SFTs to trade repositories but must cooperate with competent authorities, including by providing them directly with a description of their SFTs, upon request.

Transparency obligation towards investors: the amended text stipulated that securities financing transactions are also used by other financial counterparties, such as credit institutions, and by non-financial counterparties, thereby creating specific risks for those who hold shares or who are clients of those counterparties.

Members proposed that credit institutions should therefore disclose their activities in SFTs. Likewise, listed companies are required to disclose any activities in SFTs to their shareholders, who should be able to make informed choices about the risk profile of the companies in which they invest.

Consequently, those credit institutions and listed companies should also inform the public of their activities in SFTs as part of their regular public report.

Transparency and re-use: this Regulation shall apply to a counterparty engaging in re-use that is established in the Union, including all its branches irrespective of where they are located or in third country, under specific conditions.

The term "re-use" is defined as the use by a receiving counterparty, in its own name and for its own account or for the account of another counterparty, including any natural person.

Members specified the **conditions to be met** for the counterparties to be able to re-use the financial instruments received as collateral.

Report and review: by 15 months following the entry into force of the Regulation, the Commission shall submit a report on the effectiveness and efficiency of this Regulation and on further international efforts to

enhance the transparency of securities financing transaction markets as well as to further mitigate the risks associated with these transactions. The Commission shall submit that report together with any appropriate legislative proposals.