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## PROPOSAL

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2025) 146 final
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

Delegations will find attached document COM(2025) 146 final.



EUROPEAN  
COMMISSION

Brussels, 31.3.2025  
COM(2025) 146 final

2025/0077 (COD)

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**

(Text with EEA relevance)

{SWD(2025) 77 final}

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

#### **• Reasons for and objectives of the proposal**

This proposal aims to amend Regulation (EU) No 575/2013 (Capital Requirements Regulation or CRR) to maintain the current transitional approach to the Net Stable Funding Ratio (NSFR) requirement.

The NSFR requirement is part of the Basel III international standards, which the European Union (EU) agreed to implement as part of the wide-ranging reform of the prudential framework for banks in the aftermath of the 2008 Global Financial Crisis (GFC). The NSFR requirement aims to ensure that banks have stable funding sources to fund their activities and reduce their dependency on short-term wholesale funding. It was designed to mitigate maturity transformation risk, as a globally consistent regulatory requirement, aiming to foster convergence across jurisdictions and eliminate opportunities for cross-border regulatory arbitrage.

In particular, the Basel NSFR standard introduces a minimum requirement on the amount of stable funding that banks must issue to finance their activities, based on the liquidity profile of their assets. It mitigates a bank's liquidity risk by setting a required stable funding (RSF) level based on the bank's assets, which is then compared to the available stable funding (ASF) that results from their liability instruments.

Securities Financing Transactions (SFTs) as defined under Article 4(1), point 139 of the CRR encompass different secured transaction types in which assets (collateral) are exchanged for cash: (i) repurchase (repos) and reverse-repurchase (reverse-repos), (ii) securities lending, (iii) buy-sell-back, and (iv) margin lending. Repos and reverse-repos make up the largest share of SFTs, accounting for 68% of the total, followed by securities lending (23%), buy-sell-back (8%), and margin lending (1%) (September 2023 data)<sup>1</sup>.

A repo is a collateralised and generally short-term borrowing transaction. A reverse-repo is a collateralised lending transaction, mirroring a repo transaction, where a bank (the lender) temporarily purchases securities or commodities (i.e. collateral) from a counterparty (the borrower) in exchange for cash with a commitment to sell the collateral back in the future at a predetermined price.

Unsecured lending transactions are loans that are not secured by any collateral. They are based on the borrower's creditworthiness and promise to repay. They were mainly found on the interbank markets before the GFC.

Since the GFC and the closure of the unsecured interbank markets, SFTs have played a crucial role in the circulation of short-term funding between banks and market players through collateralised transactions. SFT market activity also links the short-term money market to the longer-term capital market. The bulk of SFTs are collateralised by sovereign debt. SFTs are characterised as a high-volume, low-margin business activity for large banks, and this wholesale market activity is prone to international competition as highlighted by the very

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<sup>1</sup> ESMA Market Report on the EU securities financing transactions (SFT) markets (reference ESMA50-524821-3147), published on 9 April 2024.

cross-border nature of these transactions. Only 41% of the EU SFT amounts are between EU counterparties, meanwhile 59% of the EU SFT amounts involve one non-EU counterparty<sup>2</sup>.

For monies due from SFTs with maturities up to six months, the Basel NSFR standard requires a conservative non-zero RSF requirement on banks. The objective is to discourage excessive short-term exposures between banks, which may give rise to contagion during times of financial distress.

The NSFR standard was implemented in EU law on 20 May 2019 through an amendment of the Capital Requirements Regulation (CRR2). The related requirements entered into application at the end of June 2021. In its proposal amending the CRR, published on 23 November 2016<sup>3</sup>, the Commission suggested the permanent use of RSF levels lower than those included in the Basel accord. The Commission concluded at the time that ‘it seems reasonable to bring limited changes to the treatment of both short-term transactions with financial institutions, and of HQLA Level 1 [in order] not to hinder the good functioning of EU financial and repo markets’. The arguments and analysis that led to this approach and the impact assessment accompanying the Commission proposal are still valid<sup>4</sup>.

The co-legislators, however, allowed for a transitional 0% RSF requirement – instead of the 10% RSF specified in the Basel III standards and the lower one (5%) proposed by the Commission – for monies due from SFTs with maturities up to six months, when collateralised with Level 1 High Quality Liquid Assets (HQLA)<sup>5</sup>, such as sovereign debt. This provision is set to expire in June 2025, when the non-zero RSF requirement set out in the Basel standard would start to apply. The transitional provision aimed to give banks sufficient time to adapt to the more conservative requirement imposed by the Basel standards and to mitigate any consequential effect on the EU capital market, and in particular on the sovereign debt market.

Similar transitional provisions were also agreed for short-term monies due from SFTs collateralised by assets other than Level 1 HQLA and for short-term unsecured transactions with financial customers. These exposures are relatively less material compared to monies due from SFTs collateralised by Level 1 HQLA. They are also characterised by higher margins. The considerations of the co-legislators when granting a transitional treatment for these transactions were their inherent funding characteristics and the impact of the level of RSF factors for these transactions on the market liquidity, especially of assets received as collateral in SFT transactions.

The transitional prudential charge defined by co-legislators maintains a difference in the stable funding requirement that is consistent with the Basel standard, between monies due from SFTs collateralised by Level 1 HQLA, such as sovereign bonds, and monies due from SFTs collateralised by other assets. It contributes however not to increase the pressure on very

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<sup>2</sup> ESMA Market Report on the EU securities financing transactions (SFT) markets (reference ESMA50-524821-3147), published on 9 April 2024.

<sup>3</sup> Proposal for a Regulation of the European Parliament and of the Council 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 amending Regulation (EU) No 648/2012 ([EUR-Lex - 52016PC0850 - EN - EUR-Lex](#)).

<sup>4</sup> Commission staff working document on the impact assessment, accompanying the proposal amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms ([EUR-Lex - 52016SC0377 - EN - EUR-Lex](#)).

<sup>5</sup> High Quality Liquid Assets as defined under Delegated Regulation (EU) 2015/61 supplementing Regulation (EU) No 575/2013, and in particular Article 460.

high-quality collateral, beyond addressing the sovereign-bank nexus. It also supports the market liquidity and the diversity of collateral assets eligible to the liquidity buffer of banks, under the Liquidity Coverage Ratio (LCR).

As regards unsecured funding transactions with a residual maturity below six months, with financial customers, the transitional treatment aims to apply a proportionate funding requirement to these transactions, in line with their funding risk profile, and to support the revive of the unsecured funding market that vanished after the 2008 GFC. Unsecured funding transactions should indeed be considered as a necessary complement to secured funding transactions such as SFTs, to support overall market liquidity and monetary policy transmission, in particular during periods of monetary policy tightening.

The United States, the United Kingdom, Japan and Switzerland have adopted a similar treatment as the EU's transitional treatment, but these countries have made it a permanent one. The US agencies argue that 'the 0% RSF factor assignment was made based on the determination that Level 1 HQLA pose minimal liquidity risk and contribute importantly to the good functioning of short-term funding markets, i.e. that a non-zero RSF factor on Level 1 HQLA could discourage intermediation in US Treasury and repo markets'<sup>6</sup>.

The end of the current transitional treatment and the resulting tightening of the NSFR requirement in the EU raises some concerns. It could discourage EU banks from intermediating in government debt and reduce the liquidity in these markets because these high-volume low-margin transactions would become more costly. Further increasing the costs of these transactions when operated by EU counterparties, while 59% of EU transactions already involve one non-EU counterparty, may develop the attractiveness of non-EU counterparties or non-EU capital markets. This would contradict the development and sustainability of capital markets and liquidity for collateral assets, such as sovereign bonds, in the EU. If the EU was to increase the RSF factors for these transactions, in a unilateral way, it would distort the international level playing field, putting EU banks at a disadvantage compared to non-EU peers operating on this very international and competitive activity. Somehow, reinforcing the unlevel playing field would be at odd with one of the initial objectives of the Basel standards to support the implementation of globally consistent regulatory requirements and to reduce opportunities for cross border regulatory arbitrage.

Conversely, maintaining the current treatment, in line with the approach retained by other jurisdictions, may support the development of a liquid and attractive sovereign debt market and a deep SFT market for EU collateral instruments.

The current requirements have proven to be prudentially sound since their entry into application in mid-2021 and do not seem to have raised any financial stability concerns, in particular during the recent stress episodes (Russian aggression, UK Gilt crisis, March 2023 banking turmoil). Since mid-2021, EU banks have built up strong NSFR buffers, beyond minimum requirements, subject to an ongoing supervision by competent authorities. Any effect of maintaining the transitional treatment will continue to be monitored and subject to adequate supervisory scrutiny, including on banks' funding practices and liquidity risk profile, through ongoing supervision and periodic reports.

Under Article 510(7) of the CRR2, the Commission is required to assess the relevance of the transitional NSFR treatment of monies due from SFTs and unsecured transactions, with

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<sup>6</sup> See the July 2023 BCBS assessment of Basel NSFR regulations - United States ([Regulatory Consistency Assessment Programme \(RCAP\): Assessment of Basel Committee's Net Stable Funding Ratio standard - United States](#)).

financial customers, with a residual maturity below six months, by the end of June 2024, based on a report from the European Banking Authority (EBA). As explained in Section 3, the EBA's report only analysed the impact on banks' NSFR levels, that appears negligible. However, a broader analysis points to possible undesirable effects of moving towards the RSF prescribed by Basel accord. The EU's SFT market plays a crucial role in financing EU government debt as the bulk of SFTs are collateralised by sovereign debt. In addition, maintaining the transitional treatment supports the liquidity and diversity of assets that are also eligible to the liquidity buffer of banks under the LCR. It may indeed not be appropriate to disconnect the two dimensions of the liquidity requirements.

It is also important to maintain the existing steps between the RSF factors for sovereign bonds collateral and other collateral used in SFTs as doing otherwise would affect the preference for one or the other, thereby risking reinforcing the pressure on (scarce) high quality collateral, beyond contributing to the sovereign-bank nexus.

The unsecured funding market for banks has vanished after the 2008 GFC and has never been revived, at least not to a significant level. A non-zero RSF factor already applies to short-term unsecured transactions under the NSFR. An increase in this factor will not materially strengthen the prudential profile of banks, i.e. the impact on the NSFR would be negligible, while it may disincentivise the use of unsecured funding transactions that may prove helpful in a period of monetary policy tightening.

An increase in the RSF level applicable to monies due from SFTs and unsecured transactions could discourage EU banks from intermediating in government debt and other collateral and reduce liquidity in the EU capital markets overall. An increase in the RSF for these transactions will not lead to a material change in the average level of the NSFR ratio of EU banks that already appears above the minimum requirements and is already subject to an ongoing supervision by competent authorities. It will therefore not change fundamentally the prudential profile of EU banks. This, in turn, could increase funding costs for Member States and EU market players in a period of normalised monetary policy when central banks are expected to reduce their market presence and private market players are expected to take over.

To avoid possible unintended consequences on capital markets liquidity and considering the safeguards provided by the current framework for banks, the Commission proposes to maintain the transitional treatment for monies due from SFT and for unsecured transactions with a residual maturity of less than six months, with financial customers. In addition to the ongoing monitoring of capital market developments by central banks and to the ongoing supervision by competent authorities, the Commission also proposes to mandate the EBA to report the impact of this treatment every 5 years. This would allow the Commission to act accordingly and propose amendments if evidence emerges from these periodic monitoring reports.

- **Consistency with existing policy provisions in the policy area**

Under Article 510(7) of the CRR, the co-legislators explicitly require the Commission to submit a legislative proposal, where appropriate. This proposal must take into account both the impact of the existing treatment on institutions' NSFR and the funding risk associated with SFTs and unsecured transactions with a residual maturity of less than six months, with financial customers. The Commission's mandate also includes maintaining the international level playing field in this area, which is particularly prone to international competition.

Maintaining the NSFR transitional treatment set out in Article 428r(1)(g), Article 428s(1)(b) and Article 428v(a) of the CRR is in line with this mandate.

First, while EU banks present adequate NSFR buffers above their minimum requirements and benefit from an ongoing supervision of their funding capacity, maintaining the transitional treatment will support the development of liquid capital markets in the EU and the availability of a diversified pool of eligible liquid assets under the Liquidity Coverage Ratio (LCR). SFT transactions support the swift and orderly transformation of securities into cash at an economical price, thereby being a key element for the monetisation of liquidity pools. A negatively affected SFT market could endanger the effectiveness of the LCR, whose logic is to have a buffer of liquid assets that can be easily transformed into cash through SFTs or sold on markets, in case of a 30-day liquidity stress scenario.

Then, more broadly, maintaining the transitional treatment will keep the EU funding requirements aligned with other key jurisdictions and avoid an unilateral departure from the international consensus that may affect the level playing field for EU banks. A permanent approach will also give the necessary legal certainty to stakeholders in relation to the perennity and the stability of their business activities.

Finally, this approach – based on a periodic report by the EBA – also enables the Commission to propose amendments if evidence emerges supporting such amendments.

- **Consistency with other Union policies**

The proposed amendment to the CRR aims to preserve SFT market activity and the liquidity of sovereign debt markets in the EU, which will contribute to the efficiency of the EU banking and capital markets without undermining financial stability.

The assessment of the degree of alignment with international prudential standards, equally considered with its impact on the economy led to consider that the current transitional treatment did not lead to significant financial stability concerns, as illustrated in particular by the recent stress episodes (Russian aggression, UK Gilt crisis, March 2023 banking turmoil) that did not unveil heightened concerns in terms of funding risk at EU banks. While the end of the transitional treatment would not significantly affect the prudential profile of banks, it may negatively alter market liquidity, in particular on the sovereign debt market.

Maintaining the current transitional treatment on a steady state with regular reporting and ongoing supervision by competent authorities will provide legal certainty to market participants, thereby supporting the perennity and stability of their business activities. A stable prudential treatment for monies due from SFTs and unsecured transactions would also contribute to the stability of the reporting framework for banks, as a change of scope would require an adjustment of the dedicated templates.

Beyond maintaining the transitional treatment for SFTs collateralised by sovereign debt, continuing the transitional treatment for monies due from SFTs collateralised by other assets will support the diversification of banks' liquidity buffers and the mitigation of the sovereign-bank nexus.

Keeping the RSF factor that applies since June 2021 to short-term unsecured transactions with financial customers will contribute to the use of these transactions in a context of monetary policy tightening, as a complement to secured transactions. This would in turn support overall capital markets liquidity and ultimately an adequate financing of the real economy.

By safeguarding the level playing field between the EU and other major jurisdiction that have already implemented, on a permanent basis, a similar NSFR prudential treatment, the

proposed amendment will contribute to support the competitiveness and attractiveness of EU capital markets and the intermediation role of EU banks. Active EU intermediaries on SFT markets and deep liquid EU markets for collateral assets, such as sovereign bonds, ultimately contribute to lower funding costs for the overall EU economy.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

- **Legal basis**

The proposed amendments are built on the same legal basis (Article 114 of the Treaty on the Functioning of the European Union (TFEU)) as the legislative acts that are being amended.

- **Subsidiarity**

Under the principle of subsidiarity set out in Article 5(3) of the Treaty on the European Union, ‘in areas which do not fall within its executive competence, the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional level and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level.’

Given that the objective of the proposed measure aims to amend existing EU legislation, it is best achieved at EU level rather than through different national initiatives. In fact, adopting national measures would be difficult from a legal standpoint, given that the CRR is directly applicable and already regulates banking liquidity and funding prudential requirements at national level.

In the banking sector, where many institutions operate across the EU single market, it is particularly important to ensure a standard application of prudential requirements, the convergence of supervisory practices and a level playing field for banking services.

- **Proportionality**

Under the principle of proportionality, the content and form of EU action should not exceed what is necessary to achieve the objectives of the Treaties.

The goals of the proposals are to ensure the competitiveness and the attractiveness of the EU economy through effective capital markets for SFTs, sovereign bond and other collateral assets, without creating additional financial stability risks for EU banks.

Under this proposal, the ability of EU banks to comply with NSFR requirement with substantive prudential buffers is maintained without excessively increasing their dependence on short-term funding.

In addition, the proposed amendments do not go beyond the scope of the transitional measures set out in Article 510(8) of Regulation (EU) No 575/2013. All other liquidity requirements imposed under Regulation (EU) No 575/2013 remain unchanged.

- **Choice of the instrument**

The measures are proposed to be implemented by amending the CRR. The proposed measures refer to or further develop existing provisions set out in the CRR. No other legal instrument would be possible.



### 3. RESULTS OF *EX POST* EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- ***Ex post* evaluations/fitness checks of existing legislation**

Not applicable. The proposed amendment relates to a specific action in line with the Commission's mandate, set out in Article 510(7) of the CRR, to submit a legislative proposal to address a very targeted aspect of the CRR (i.e. the RSF factors applicable to securities financing transactions and unsecured transactions, with a residual maturity of less than six months, with financial customers). This initiative is not an evaluation or revision of the CRR in its entirety.

- **Stakeholder consultations**

The Commission has taken several steps and carried out various initiatives to assess whether the current transitional treatment is still adequate for securities financing transactions and unsecured transactions with a residual maturity of less than six months, with financial customers, in light of the objectives of the prudential framework for banks and the EU's broader policy objectives.

The Commission took into consideration the EBA report on specific aspects of the net stable funding ratio framework, which was published on 16 January 2024 and fulfils the requirement set out in Article 510(6) of the CRR<sup>7</sup>. However, the EBA report did not cover all the relevant dimensions surrounding the issue, such as the impacts on monetary policy transmission, on sovereign bond markets and on other collateral markets. It has been one element in the broader policy analysis carried out by the Commission.

The Commission discussed and exchanged views with various industry participants, supervisors and the European Central Bank (ECB).

The Commission also participated and contributed to the dedicated discussions of the subcommittee of the Economic and Financial Committee on EU Sovereign Debt Markets, which represents the views of Member States' debt management offices. Members of the subcommittee reiterated the concerns reflected in Recitals 49 and 50 of the CRR<sup>8</sup> that SFTs are key tools for the transmission of monetary policy and are critical instruments for the primary and secondary market of sovereign debt. Increasing the prudential charge for SFTs would, according to the Members of the subcommittee, impact the level-playing field between EU and non-EU capital market-players and potentially affect negatively the liquidity and the cost of borrowing in European sovereign debt markets.

The Commission has considered the concerns raised publicly by three Member States on this issue<sup>9</sup>. EU SFT transactions are predominantly concentrated in a few Member States, with France being the primary domicile holding 55% of EU SFT borrowing in September 2023.

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<sup>7</sup> The EBA publishes an analysis of specific aspects of the net stable funding ratio framework | European Banking Authority (<https://www.eba.europa.eu/publications-and-media/press-releases/eba-publishes-analysis-specific-aspects-net-stable-funding>).

<sup>8</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 (<https://eur-lex.europa.eu/eli/reg/2019/876/oj/eng>)

<sup>9</sup> [Letter made public by Politico \(https://www.politico.eu/wp-content/uploads/2024/10/03/Letter-to-DG-Berrigan\\_241002\\_152826.clean\\_.pdf\)](https://www.politico.eu/wp-content/uploads/2024/10/03/Letter-to-DG-Berrigan_241002_152826.clean_.pdf)

Other counterparties are German (holding 17% of EU SFT borrowing), Italian (7%) and Irish (5%). This concentration may be explained by the central role of Central Counterparty Clearing Houses (CCPs) (LCH, EuroNext Clearing and EUREX Clearing) and banks domiciled in those Member States and acting as clearing members. Financial institutions concentrate their exposures in Member States where CCPs operate for more efficient risk management and clearing. CCPs contribute to 20% of SFTs, using SFTs in their cash reinvestment strategy.

The European Commission published between 10 February and 10 March 2025 a call for evidence on its intention to amend the CRR on the prudential treatment of short-term SFTs for the purpose of the NSFR. A detailed summary is developed in the staff working document accompanying the proposal.

All these exchanges and consultations have highlighted the critical importance of efficient EU SFT, unsecured fundings and government bond markets at a time when the ECB is committed to changes to its monetary policy that gradually relies more on the SFTs and unsecured financial transactions markets to redistribute liquidity among financial intermediaries. Member states, debt management offices, banks and capital market intermediaries have called on the Commission to amend the current rules and maintain the transitional treatment.

- **Collection and use of expertise**

In addition to what is mentioned in the previous section, the Commission has maintained regular contact with staff in the EBA, the European Securities and Markets Authority (ESMA), the Single Supervisory Mechanism (SSM) and the ECB.

- **Impact assessment**

The EBA report on specific aspects of the Net Stable Funding Ratio framework finds that the end of the transitional measure would only have a limited impact on the average NSFR level of EU banks.

However, this limited impact conceals a more significant impact on banks that are more active in the capital markets. Moreover, some of these banks might also have a smaller management buffer because, in general, the NSFR is conservatively calibrated for these activities. The constant balance sheet assumption in the EBA report, which is based on the assumption that bank behaviour is not affected when minimum requirements are met, may not necessarily be appropriate. This is because it leaves out possible dynamic and behavioural impacts linked to a bank's attempt to achieve a given target NSFR. The report also overlooks that non-EU banks may gain market share over EU banks based on an uneven international playing field.

An increase in the RSF level applicable to monies due from SFTs could discourage EU banks from intermediating in government debt and affect the liquidity in the collateral markets concerned. This could also lead to higher bid-ask spreads and an increase in funding costs for Member States in a period of normalised monetary policy when central banks are expected to reduce their market presence and private market players are expected to take over.

The possible implications for EU SFT and government bond market activity will depend on the extent to which banks can pass on an increase in the RSF factors to bid-ask spreads in the SFT market. The market-making role of the banks most affected may indicate a rather high or even a full pass-through of the regulatory cost. At the same time, banks might also have an incentive to limit this pass-through as it might attract competition from non-EU banks.

Any increase in the funding charge linked to the RSF level could have potential consequences for the liquidity of the sovereign debt markets, with implications for the liquidity of NextGenerationEU bonds. This would confirm the concerns raised at the time of the CRR2 proposal<sup>10</sup>.

The impact on non-EU banks operating in the EU SFT market is less clear. The activities concerned are normally carried out by EU subsidiaries, which would be subject to the same NSFR requirements than the one that apply to EU banks. However, they might be able to shift those activities to branches or cross-border operations, and, in any case, they would be able to back-to-back the activity with support from their parent company to neutralise the increase. In short, non-EU banking groups in certain jurisdictions could possibly neutralise the impact of an increase in the NSFR, considering that they would not face similar prudential requirements on these exposures after June 2025. This situation would, without specific EU action, lead to an uneven international playing field.

- **Regulatory fitness and simplification**

This initiative is very specific and targeted. As a result, it does not affect regulatory fitness or simplification.

- **Fundamental rights**

The EU is committed to high standards of protection of fundamental rights and is a signatory to a broad set of conventions on human rights. The proposal is not expected to have a direct impact on the rights listed in the main UN conventions on human rights and the Charter of Fundamental Rights of the European Union, which is an integral part of the EU Treaties and the European Convention on Human Rights (ECHR).

#### **4. BUDGETARY IMPLICATIONS**

The proposal does not have implications for the EU budget.

#### **5. OTHER ELEMENTS**

- **Implementation plans and monitoring, evaluation and reporting arrangements**

Beyond the regular capital market monitoring, supervisory reviews, stress testing exercises and data collection carried out by central banks and supervisory authorities, including at EU level, the proposal sets out that the EBA will also monitor the effects of the amendments on banks' NSFR and the liquidity of the underlying collateral markets every five years. The development of the periodic monitoring report should not introduce an additional reporting burden on EU banks as it could rely on available market intelligence and existing supervisory reporting requirements.

- **Explanatory documents (for directives)**

Not applicable.

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<sup>10</sup> Proposal for a Regulation of the European Parliament and of the Council 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 amending Regulation (EU) No 648/2012 ([EUR-Lex - 52016PC0850 - EN - EUR-Lex](#)).

- **Detailed explanation of the specific provisions of the proposal**

Article 1 deletes the transitional provision set out in Article 510(8) of the CRR in order to maintain the existing treatment for monies due from SFTs and unsecured transactions with a residual maturity of less than six months, with financial customers. Article 1 also amends Article 510(6) in order to introduce a periodic monitoring where the EBA is mandated to report to the Commission every five years on the appropriateness of the treatment. Article 510(7) becomes redundant and is therefore deleted.

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**

(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>(11)</sup>,

Having regard to the opinion of the European Economic and Social Committee <sup>(12)</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Regulation (EU) 2019/876 of the European Parliament and of the Council<sup>13</sup> introduced into Regulation (EU) No 575/2013 of the European Parliament and of the Council<sup>14</sup> the Net Stable Funding Ratio (NSFR) requirement. That requirement reflected part of the Basel III standards, *i.e.* the international 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 as laid down in Regulation (EU) No 575/2013 has been applicable to credit institutions since 28 June 2021.
- (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

<sup>11</sup> OJ C , , p.

<sup>12</sup> OJ C , , p.

<sup>13</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>14</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 investment firms 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>).

transactions have a residual maturity of less than six months. Those funding factors are, depending on the financing transaction concerned, 0%, 5% or 10%. Article 510(8) of Regulation (EU) No 575/2013, however, provides for a raise, by 28 June 2025, of those funding factors to 10%, 15% and 15%, respectively. That deferred raise aimed at giving 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 bonds markets.

- (3) Under Article 510(6), of Regulation (EU) No 575/2013, the European Banking Authority (EBA) was mandated to assess the appropriateness of the treatment of the stable funding required to cover the funding risk linked to SFTs and unsecured transactions with financial customers where those SFTs and unsecured transactions have a residual maturity of less than six months. In line with that mandate, the EBA delivered a report on specific aspects of the NSFR on 16 January 2024<sup>15</sup> That report concluded that a raise of the funding factors, as provided for in Article 510(8) of Regulation (EU) No 575/2013, would have a negligible impact on the levels of NSFRs of institutions. However, the report does not assess the broader dimension and spillover effects on the liquidity of the sovereign debt and bonds markets. The considerations that led to the deferral of that raise still 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.
- (4) In addition, other BCBS member jurisdictions have set required stable funding levels for SFTs that are identical to those that are currently applicable. In that context, given the intense international competition in the SFT market, a raise of the funding factors on 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 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.
- (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 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.

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<sup>15</sup> Report of the European Banking Authority of 16 January 2024 on specific aspects of the NSFR framework under Article 510 (4), (6) and (9) of Regulation (EU) No 575/2013 (EBA/Rep/2024/01) (<https://www.eba.europa.eu/sites/default/files/2024-01/8d7c0d40-2d79-4763-bd9c-ad66c0bf4076/Report%20on%20specific%20aspects%20of%20the%20NSFR%20framework%20under%20Art%20510%20CRR.pdf>).

- (7) To ensure the continuity of the prudential treatment for monies due from SFTs and for unsecured transactions, with financial customers, with a residual maturity of less than six months, as specified under Article 428r(1), point (g), Article 428s(1), point (b), and Article 428v, point (a), of Regulation (EU) No 575/2013, the proposed Regulation should apply from 29 June 2025. Temporarily discontinuing the treatment 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.
- (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 first subparagraph is replaced by the following:

‘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:’;
  - (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*.

This Regulation shall apply from 29 June 2025.

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*



## **LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT**

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## 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

### 1.1. Title of the proposal/initiative

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.

### 1.2. Policy area(s) concerned

Financial stability and financial services.

### 1.3. Objective(s)

#### 1.3.1. General objective(s)

There are two general objectives: (i) maintain an adequate and efficient functioning of the SFT and collateral markets, in particular sovereign debt markets; and (ii) maintain an international level playing field, in line with the objectives of the Basel standards.

#### 1.3.2. Specific objective(s)

Associated with the two general objectives are three specific objectives: (i) ensure that the liquidity and the cost structure of SFT and collateral markets remain appropriate; (ii) avoid an undue increase in funding costs for EU banks and Member States on short-term funding markets; and (ii) ensure the consistency of the required stable funding treatment in the EU with other large jurisdictions.

#### 1.3.3. Expected result(s) and impact

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

The proposal contributes to: (i) ensuring adequate liquidity flows between banks and market players through collateralised transactions in the EU; (ii) maintaining the international level playing field for EU banks; and (iii) stabilising funding costs for EU banks and Member States.

#### 1.3.4. Indicators of performance

*Specify the indicators for monitoring progress and achievements.*

The Commission proposes a mandate for the European Banking Authority to monitor, review and report to the Commission every five years, in particular on the impact of the proposed measure on the market liquidity of assets received as collateral in SFTs.

### 1.4. The proposal/initiative relates to:

- ☐ a new action
- ☐ a new action following a pilot project / preparatory action<sup>16</sup>
- ☒ the extension of an existing action
- ☐ a merger or redirection of one or more actions towards another/a new action

<sup>16</sup> As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

## 1.5. Grounds for the proposal/initiative

### 1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The initiative proposes to make the current treatment permanent for securities financing transactions and unsecured transactions with a residual maturity of less than six months, with financial customers. The current treatment is set to end on 28 June 2025. As such, it does not impose new requirements on EU banks. The entry into application of the proposed measure should be as close as possible to 28 June 2025.

### 1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.

Reasons for action at EU level (ex-ante) – Given that the proposed measure aims to amend existing EU legislation, it is best achieved at EU level rather than through different national initiatives. To achieve the EU single market's objectives, it is crucial to ensure a standard application of the proposed measure, a convergence of related supervisory practices and a level playing field throughout the single market for banking services.

Expected generated EU added value (ex post) – Adopting national measures would be difficult from a legal standpoint given that the CRR is directly applicable and already regulates banking liquidity and funding prudential requirements at national level. In addition, a minimum degree of harmonisation and consistency across Member States is necessary to achieve the single market's objectives.

### 1.5.3. Lessons learned from similar experiences in the past

The CRR is directly applicable across the EU and already regulates banking liquidity and funding prudential requirements in all Member States. This ensures a standard application of prudential measures, the necessary convergence in supervisory practices and a level playing field throughout the single market for banking services, forming the basis for sound competition across the EU.

### 1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

Not applicable for this proposal – no budgetary impact.

### 1.5.5. Assessment of the different available financing options, including scope for redeployment

Not applicable for this proposal – no budgetary impact.

## 1.6. Duration of the proposal/initiative and of its financial impact

### ☐ limited duration

- ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY
- ☐ financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

### ☐ unlimited duration

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

## 1.7. Method(s) of budget implementation planned<sup>17</sup>

### ☐ Direct management by the Commission

- ☐ by its departments, including by its staff in the Union delegations;
- ☐ by the executive agencies

### ☐ Shared management with the Member States

### ☐ Indirect management by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated
- ☐ international organisations and their agencies (to be specified)
- ☐ the European Investment Bank and the European Investment Fund
- ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation
- ☐ public law bodies
- ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees
- ☐ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act
- ☐ bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

Comments

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<sup>17</sup> Details of budget implementation methods and references to the Financial Regulation may be found on the BUDGpedia site: <https://myintracomm.ec.europa.eu/corp/budget/financial-rules/budget-implementation/Pages/implementation-methods.aspx>.

Not applicable for this proposal – no budgetary impact.

## **2. MANAGEMENT MEASURES**

### **2.1. Monitoring and reporting rules**

Not applicable for this proposal – no budgetary impact.

### **2.2. Management and control system(s)**

#### **2.2.1. *Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed***

Not applicable for this proposal – no budgetary impact.

#### **2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them***

Not applicable for this proposal – no budgetary impact.

#### **2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)***

Not applicable for this proposal – no budgetary impact.

### **2.3. Measures to prevent fraud and irregularities**

Not applicable for this proposal – no budgetary impact.

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

Not applicable for this proposal – no budgetary impact.

- Existing budget lines

*In order of multiannual financial framework headings and budget lines.*

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. <sup>18</sup>	from EFTA countries <sup>19</sup>	from candidate countries and potential candidates <sup>20</sup>	From other third countries	other assigned revenue
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

- New budget lines requested

*In order of multiannual financial framework headings and budget lines.*

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

<sup>18</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>19</sup> EFTA: European Free Trade Association.

<sup>20</sup> Candidate countries and, where applicable, potential candidates from the Western Balkans.



### 3.2. Estimated financial impact of the proposal on appropriations

#### 3.2.1. Summary of estimated impact on operational appropriations

- ✖ The proposal/initiative does not require the use of operational appropriations
- ☐ The proposal/initiative requires the use of operational appropriations, as explained below

#### 3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework		Number						
DG: <.....>				Year		Year		TOTAL MFF 2021-2027
				2024		2025		
Operational appropriations								
Budget line		Commitments	(1a)					0.000
		Payments	(2a)					0.000
Budget line		Commitments	(1b)					0.000
		Payments	(2b)					0.000
Appropriations of an administrative nature financed from the envelope of specific programmes <sup>21</sup>								
Budget line			(3)					0.000
TOTAL appropriations for DG <.....>		Commitments	=1a+1b+3	0.000	0.000	0.000	0.000	0.000
		Payments	=2a+2b+3	0.000	0.000	0.000	0.000	0.000
DG: <.....>		Year		Year		Year		TOTAL MFF 2021-2027
		2024		2025		2026		
Operational appropriations								
Budget line		Commitments	(1a)					0.000

<sup>21</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.



	Payments	(2a)							0.000
Budget line	Commitments	(1b)							0.000
	Payments	(2b)							0.000

Appropriations of an administrative nature financed from the envelope of specific programmes<sup>23</sup>

Budget line		(3)							0.000
<b>TOTAL appropriations for DG &lt;.....&gt;</b>	Commitments	= 1a+1b +3	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Payments	= 2a+2b+3	0.000	0.000	0.000	0.000	0.000	0.000	0.000

	DG: <.....>					Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
Operational appropriations										
Budget line	Commitments	(1a)								0.000
	Payments	(2a)								0.000
Budget line	Commitments	(1b)								0.000
	Payments	(2b)								0.000

Appropriations of an administrative nature financed from the envelope of specific programmes<sup>24</sup>

Budget line		(3)								0.000
<b>TOTAL appropriations for DG &lt;.....&gt;</b>	Commitments	= 1a+1b +3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Payments	= 2a+2b+3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL	operational appropriations	0.000	0.000	0.000	0.000	0.000
	Commitments					

<sup>23</sup>

Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

<sup>24</sup>

Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

	Payments	(5)	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	0.000
<b>TOTAL appropriations under HEADING &lt;....&gt;</b>		=4+6	0.000	0.000	0.000	0.000	0.000
of the multiannual financial framework		=5+6	0.000	0.000	0.000	0.000	0.000
• TOTAL operational appropriations (all operational headings)	Commitments Payments	(4) (5)	0.000 0.000	0.000 0.000	0.000 0.000	0.000 0.000	0.000 0.000
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	0.000
<b>TOTAL appropriations Under Heading 1 to 6</b>	Commitments	=4+6	0.000	0.000	0.000	0.000	0.000
of the multiannual financial framework (Reference amount)	Payments	=5+6	0.000	0.000	0.000	0.000	0.000

Heading of multiannual financial framework	7	'Administrative expenditure' <sup>25</sup>					TOTAL MFF 2021-2027
DG: <.....>		Year 2024	Year 2025	Year 2026	Year 2027		
• Human resources		0.000	0.000	0.000	0.000		0.000
• Other administrative expenditure		0.000	0.000	0.000	0.000		0.000

<sup>25</sup> The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

<b>TOTAL DG</b> <.....>	Appropriations	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
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DG: <.....>	Year	Year	Year	Year	TOTAL MFF 2021-2027
	2024	2025	2026	2027	
• Human resources	0.000	0.000	0.000	0.000	0.000
• Other administrative expenditure	0.000	0.000	0.000	0.000	0.000
<b>TOTAL DG</b> <.....>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Appropriations					

<b>TOTAL appropriations under HEADING 7 of the multiannual financial framework</b>	(Total commitments = Total payments)	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
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EUR million (to three decimal places)

	Year	Year	Year	Year	TOTAL MFF 2021-2027
	2024	2025	2026	2027	
<b>TOTAL appropriations under HEADINGS 1 to 7</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
of the multiannual financial framework	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

### 3.2.1.2. Appropriations from external assigned revenues

EUR million (to three decimal places)

<b>Heading of multiannual financial framework</b>	<b>Number</b>
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DG: <.....>	Year	Year	Year	Year	TOTAL MFF 2021-2027
	2024	2025	2026	2027	
Operational appropriations					
Budget line	Commitments	(1a)			<b>0.000</b>



TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	0.000
<b>TOTAL appropriations under HEADING &lt;....&gt;</b>		=4+6	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
of the multiannual financial framework		=5+6	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Heading of multiannual financial framework</b>		Number					

DG: <.....>			Year	Year	Year	Year	TOTAL MFF 2021-2027
			2024	2025	2026	2027	
Operational appropriations							
Budget line	Commitments	(1a)					0.000
	Payments	(2a)					0.000
Budget line	Commitments	(1b)					0.000
	Payments	(2b)					0.000
Appropriations of an administrative nature financed from the envelope of specific programmes <sup>28</sup>							
Budget line		(3)					0.000
TOTAL appropriations for DG <.....>	Commitments	= 1a+ 1b+3	0.000	0.000	0.000	0.000	0.000
	Payments	= 2a+ 2b+3	0.000	0.000	0.000	0.000	0.000
DG: <.....>			Year	Year	Year	Year	TOTAL MFF 2021-2027
			2024	2025	2026	2027	
Operational appropriations							
Budget line	Commitments	(1a)					0.000
	Payments	(2a)					0.000

28

Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.





TOTAL appropriations under Headings 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	0.000	0.000	0.000	0.000	0.000
	Payments	=5+6	0.000	0.000	0.000	0.000	0.000

Heading of multiannual financial framework	7	Administrative expenditure <sup>30</sup>
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EUR million (to three decimal places)

DG: <.....>	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021- 2027
• Human resources	0.000	0.000	0.000	0.000	0.000
• Other administrative expenditure	0.000	0.000	0.000	0.000	0.000
<b>TOTAL DG &lt;.....&gt;</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

DG: <.....>	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021- 2027
• Human resources	0.000	0.000	0.000	0.000	0.000
• Other administrative expenditure	0.000	0.000	0.000	0.000	0.000
<b>TOTAL DG &lt;.....&gt;</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	0.000	0.000	0.000	0.000
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EUR million (to three decimal places)

	Year	Year	Year	Year	TOTAL MFF
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<sup>30</sup> The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

		2024	2025	2026	2027	2021-2027
<b>TOTAL appropriations under HEADINGS 1 to 7</b>		Commitments	0.000	0.000	0.000	0.000
of the multiannual financial framework		Payments	0.000	0.000	0.000	0.000

### 3.2.2. Estimated output funded from operational appropriations (not to be completed for decentralised agencies)

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓		Year 2024	Year 2025	Year 2026	Year 2027	Enter as many years as necessary to show the duration of the impact (see Section 1.6)					TOTAL	
		Average cost	Cost €	Cost €	Cost €	Cost €	Cost €	Cost €	Cost €	Cost €	Total No	Total cost
SPECIFIC OBJECTIVE No 1 <sup>32</sup> ...												
- Output												
- Output												
- Output												
Subtotal for specific objective No 1												
SPECIFIC OBJECTIVE No 2 ...												
- Output												
Subtotal for specific objective No 2												

<sup>31</sup> Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).  
<sup>32</sup> As described in Section 1.3.2. 'Specific objective(s)'.



### 3.2.3. Summary of estimated impact on administrative appropriations

- ☒ The proposal/initiative does not require the use of appropriations of an administrative nature
- ☐ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

#### 3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year	Year	Year	Year	TOTAL 2021 - 2027
	2024	2025	2026	2027	
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	0.000
Other administrative expenditure	0.000	0.000	0.000	0.000	0.000
Subtotal HEADING 7	0.000	0.000	0.000	0.000	0.000
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	0.000
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	0.000
Subtotal outside HEADING 7	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000

#### 3.2.3.2. Appropriations from external assigned revenues

EXTERNAL ASSIGNED REVENUES	Year	Year	Year	Year	TOTAL
	2024	2025	2026	2027	2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	0.000
Other administrative expenditure	0.000	0.000	0.000	0.000	0.000
Subtotal HEADING 7	0.000	0.000	0.000	0.000	0.000
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	0.000
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	0.000
Subtotal outside HEADING 7	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000

#### 3.2.3.3. Total appropriations

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES	Year  2024	Year  2025	Year  2026	Year  2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.000	0.000	0.000
Other administrative expenditure	0.000	0.000	0.000	0.000	0.000
Subtotal HEADING 7	0.000	0.000	0.000	0.000	0.000
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	0.000

Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	0.000
<b>Subtotal outside HEADING 7</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together, if necessary, with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

### 3.2.4. Estimated requirements of human resources

- ☒ The proposal/initiative does not require the use of human resources
- ☐ The proposal/initiative requires the use of human resources, as explained below

#### 3.2.4.1. Financed from voted budget

Estimate to be expressed in full-time equivalent units (FTEs)<sup>33</sup>

VOTED APPROPRIATIONS		Year 2024	Year 2025	Year 2026	Year 2027
<b>• Establishment plan posts (officials and temporary staff)</b>					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0
Other budget lines (specify)		0	0	0	0
<b>• External staff (inFTEs)</b>					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 3.2.4.2. Financed from external assigned revenues

EXTERNAL ASSIGNED REVENUES		Year 2024	Year 2025	Year 2026	Year 2027
<b>• Establishment plan posts (officials and temporary staff)</b>					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0

<sup>33</sup>

Please specify below the table how many FTEs within the number indicated are already assigned to the management of the action and/or can be redeployed within your DG and what are your net needs.

01 01 01 01 (Indirect research)	0	0	0	0
01 01 01 11 (Direct research)	0	0	0	0
Other budget lines (specify)	0	0	0	0
<b>• External staff (in full time equivalent units)</b>				
20 02 01 (AC, END from the ‘global envelope’)	0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)	0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0
	- in EU Delegations	0	0	0
01 01 01 02 (AC, END - Indirect research)	0	0	0	0
01 01 01 12 (AC, END - Direct research)	0	0	0	0
Other budget lines (specify) - Heading 7	0	0	0	0
Other budget lines (specify) - Outside Heading 7	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 3.2.4.3. Total requirements of human resources

<b>TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES</b>	<b>Year 2024</b>	<b>Year 2025</b>	<b>Year 2026</b>	<b>Year 2027</b>
<b>• Establishment plan posts (officials and temporary staff)</b>				
20 01 02 01 (Headquarters and Commission’s Representation Offices)	0	0	0	0
20 01 02 03 (EU Delegations)	0	0	0	0
01 01 01 01 (Indirect research)	0	0	0	0
01 01 01 11 (Direct research)	0	0	0	0
Other budget lines (specify)	0	0	0	0
<b>• External staff (in full time equivalent units)</b>				
20 02 01 (AC, END from the ‘global envelope’)	0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)	0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0
	- in EU Delegations	0	0	0
01 01 01 02 (AC, END - Indirect research)	0	0	0	0
01 01 01 12 (AC, END - Direct research)	0	0	0	0
Other budget lines (specify) - Heading 7	0	0	0	0
Other budget lines (specify) - Outside Heading 7	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The staff required to implement the proposal (in FTEs):

	<b>To be covered by current staff available in the Commission services</b>	<b>Exceptional additional staff*</b>		
		<b>To be financed under Heading 7 or Research</b>	<b>To be financed from BA line</b>	<b>To be financed from fees</b>

Establishment plan posts	0		N/A	
External staff (CA, SNEs, INT)	0			

Description of tasks to be carried out by:

Officials and temporary staff	
External staff	

### 3.2.5. Overview of estimated impact on digital technology-related investments

Compulsory: the best estimate of the digital technology-related investments entailed by the proposal/initiative should be included in the table below.

Exceptionally, when required for the implementation of the proposal/initiative, the appropriations under Heading 7 should be presented in the designated line.

The appropriations under Headings 1-6 should be reflected as “Policy IT expenditure on operational programmes”. This expenditure refers to the operational budget to be used to re-use/ buy/ develop IT platforms/ tools directly linked to the implementation of the initiative and their associated investments (e.g. licences, studies, data storage etc). The information provided in this table should be consistent with details presented under Section 4 “Digital dimensions”.

TOTAL Digital and IT appropriations	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021 - 2027
<b>HEADING 7</b>					
IT expenditure (corporate)	0.000	0.000	0.000	0.000	0.000
<b>Subtotal HEADING 7</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Outside HEADING 7</b>					
Policy IT expenditure on operational programmes	0.000	0.000	0.000	0.000	0.000
<b>Subtotal outside HEADING 7</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>TOTAL</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

### 3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

- ☐ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)

Not applicable for this proposal – no budgetary impact.

- ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation

Not applicable for this proposal – no budgetary impact.

- ☐ requires a revision of the MFF

Not applicable for this proposal – no budgetary impact.

### 3.2.7. *Third-party contributions*

The proposal/initiative:

- ☒ does not provide for co-financing by third parties
- ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year 2024	Year 2025	Year 2026	Year 2027	Total
Specify the co-financing body					
TOTAL appropriations co-financed					

### 3.3. Estimated impact on revenue

- ☒ The proposal/initiative has no financial impact on revenue.
- ☐ The proposal/initiative has the following financial impact:
  - ☐ on own resources
  - ☐ on other revenue
  - ☐ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative <sup>34</sup>			
		Year 2024	Year 2025	Year 2026	Year 2027
Article .....					

For assigned revenue, specify the budget expenditure line(s) affected.

Not applicable for this proposal – no budgetary impact.

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

Not applicable for this proposal – no budgetary impact.

## 4. DIGITAL DIMENSIONS

### 4.1. Requirements of digital relevance

The initiative has no requirement of digital relevance. It relates to elements that are used by banks to determine their liquidity requirements under the CRR and has no bearing on any

<sup>34</sup>

As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.



existing reporting requirements. It has no effect on the cross-border interoperability of network and information systems which are used to provide or manage public services in the Union.

#### **4.2. Data**

Not applicable for this proposal – no new data generated.

#### **4.3. Digital solutions**

Not applicable for this proposal – no specific digital solutions required.

#### **4.4. *Interoperability assessment***

Not applicable for this proposal – no interoperability concern.

#### **4.5. Measures to support digital implementation**

Not applicable for this proposal – no need for further support for digital implementation.