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The AMF draws the attention of fund management companies to the fact that the first requirements provided in the European Regulation on transparency of securities financing transactions apply on 12 January 2016

Subsequent to its publication in the Official Journal of the European Union, the first requirements provided in the Regulation on transparency of securities financing transactions and of reuse of financial instruments will enter into force on 12 January 2016. The AMF hereby reminds fund management companies of their transparency requirements.

Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse (SFTR) was published in the Official Journal of the European Union on 23 December 2015. This Regulation impacts fund management companies in terms of modification of prospectuses or pre-contractual documents.

The management companies concerned are those that use transactions involving:

- securities financing (repurchase and reverse repurchase agreements, securities lending and borrowing, sell/buy back and buy/sell backs, or loans with margin calls);
- total return swaps (TRS).

Fund management companies will have to carry out modifications to prospectuses or pre-contractual documents as of 12 January 2016 for all newly-constituted funds. The obligation

to comply with these provisions will only apply on 13 July 2017 for all funds constituted prior to 12 January 2016.

Article 14 of the Regulation sets forth the obligation for UCITS or alternative investment funds (AIFs) managed by authorised AIFM to include a series of information (detailed in section B of the Annex to the Regulation, page 34) in the fund's prospectus or in the pre-contractual documents.

This information includes:

- the general description of the securities financing transactions and total return swaps used by a collective investment undertaking and the rationale for their use;
- overall data for each type of transaction;
- data on the counterparties, collateral and risks.

The AMF will shortly update its policy in order to best assist stakeholders in the implementation of these new requirements.

In addition to the transparency requirements, the regulation sets forth other requirements for which the entry into force is spread over time.

Projected entry-into-force timetable for Regulation (EU) 2015/2365

(*) This date is indicative and will depend on the time taken by the European Commission to adopt the draft regulatory technical standards drawn up by ESMA and objections that could be raised by the European Parliament and Council.

About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, providing investors with adequate information and supervising the orderly operation of markets. Visit our website www.amf-france.org.

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EU Regulation on securities financing transactions: entry into force on 12 January

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