

## BROKER-DEALER

### **Notice of Filing of a Proposed Rule Change to Adopt a Supplemental Liquidity Schedule**

The Securities and Exchange Commission is seeking comments on a Financial Industry Regulatory Authority (FINRA) proposal to adopt a Supplemental Liquidity Schedule (SLS), and instructions thereto, pursuant to FINRA Rule 4524. FINRA Rule 4524 provides in part that each member, as FINRA shall designate, shall file as a supplement to FOCUS Reports such additional financial or operational schedules or reports as FINRA may deem necessary. The proposed SLS, which would be filed as a supplement to the FOCUS Report, would be required to be filed by (1) each carrying member with at least \$25 million in free credit balances, as outlined under Securities Exchange Act of 1934 (SEA) Rule 15c3-3(a)(8); and (2) any member with at least \$1 billion in aggregate outstanding repurchase agreements, securities loan contracts and bank loans, as reported on their most recent FOCUS Report.

Members that would be subject to the SLS requirement would provide detailed reporting, using the SLS, as to their:

- reverse repurchase and repurchase agreements;
- securities borrowed and securities loaned;
- non-cash reverse repurchase and securities borrowed transactions;
- non-cash repurchase and securities loaned transactions;
- bank loan and other committed and uncommitted credit facilities;
- total available collateral in the member's custody;
- margin and non-purpose loans;
- collateral securing margin loans;
- deposits at clearing organizations; and
- cash and securities received and delivered on derivative transactions not cleared through a central clearing counterparty

Comments are due on June 8.

[SEC Release No. 34-91876](#)

## EU DEVELOPMENTS

### **ESMA Recommends Permanently Lowering the Reporting Threshold for Net Short Positions to 0.1 Percent**

On May 20, the European Securities and Markets Authority (ESMA) proposed to the European Commission (Commission) a permanent reduction to the threshold to notify net short positions on shares to EU national competent authorities (NCAs) from 0.2 percent to 0.1 percent.

ESMA states that it examined the evidence obtained following its successive emergency decisions, which began in March 2020, to temporarily lower the notification threshold to 0.1 percent.

ESMA's analysis showed that a substantial amount of additional and essential information became available to NCAs through the reporting of net short positions at a threshold of 0.1 percent. This additional transparency of the actual level of net short positions established in the market provides an improved ability by NCAs to conduct market oversight. ESMA therefore considers it necessary to permanently lower the reporting threshold to 0.1 percent.

The Commission may adopt a delegated act amending the notification threshold in Article 5(2) of the Short Selling Regulation.

[ESMA Press Release](#)

### **European Commissioner Speech on AML and CTF Action Plan Reforms**

On May 18, a speech by the European Commissioner for Financial Services, Financial Stability and Capital Markets Union was published outlining elements of the anti-money laundering (AML) and counter-terrorist financing (CTF) action plan that the European Commission (Commission) intends to present further and reform.

The Commissioner explained that the presentation to deliver the proposed new EU AML and CTF framework would be delayed until July due to technical issues and the volume of measures. The presentation was initially planned for the first quarter of 2021.

In the speech, the Commissioner also shared further plans to address the single AML and CTF rulebook, the role of the new AML and CTF authority, and consult on information exchange and public-private partnerships.

[Speech at the AML Intelligence Boardroom Series](#)

For additional coverage on financial and regulatory news, visit [Bridging the Week](#), authored by Katten's [Gary DeWaal](#).

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**EU DEVELOPMENTS**

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