

# ESMA promotes transparency for TLTRO III transactions

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, issues today a [public statement](#) promoting transparency in the IFRS financial statements of banks regarding accounting for the third series of the European Central Bank's (ECB) Targeted Longer-Term Refinancing Operations (TLTRO III).

ESMA observes that, in practice, there is diversity regarding the accounting treatment of the ECB's TLTRO III refinancing transactions by banks. ESMA believes that, given the overall volume of the TLTRO III operations, this matter may have a material effect on the financial statements of banks and may be widespread across the EU. Therefore, ESMA emphasises the importance of providing an adequate level of transparency regarding the accounting treatment of these transactions in the financial statements of banks.

The main recommendations for affected banks are:

- to provide entity-specific disclosures of the significant accounting policies and of the significant judgements and assumptions related to the TLTRO III transactions;
- to ensure transparency about risks arising from financial instruments, addressing banks' assessment of the possible achievement of conditions or covenants attached to the TLTRO III loans; and
- to disclose the carrying amount of TLTRO III liabilities at the end of the reporting period and the related interest expense.

## **Next steps**

ESMA intends to submit questions related to this matter to the IFRS Interpretations Committee for consideration.