



# SFTR



Version 06 – Updated in January 2020

### REGULATORY EVOLUTION

The European Commission proposed a regulation on securities financing transactions (SFT).

#### Changes implemented

1. New rules on reuse of collateral (art.15)
2. New information to be disclosed in prospectus and financial reports.

#### Changes adopted but to be implemented

Obligation to report all transactions to *Trade Repositories* (TR) (art.4)

### FOCAL POINTS

- The last piece of this regulation to be implemented was to notify SFT (Securities financing transactions) like repos, securities lending, buy-sell back securities or sell-buy back securities to trade repositories (TR). This is similar to the notification process for EMIR. The full package of SFTR RTS and ITS has been published in the EU's Official Journal on 22 March 2019 which consists of 10 different delegated and implementing regulations, including the relevant annexes.
- In terms of reporting timeline, RTS and ITS entered into **force on 11 April 2019** (20th day after publication) and will then apply as follows:
  - ✓ 11 April 2020: Reporting go-live for banks and investment firms (12 months after entry into force)
  - ✓ 11 July 2020: Reporting go-live for CCPs & CSDs (15 months after entry into force)
  - ✓ 11 October 2020: Reporting go-live for the Buy-side (18 months after entry into force)
  - ✓ 11 January 2021 : Reporting go-live for non-Financial Counterparties (NFCs) (21 months after entry into force)



☐ SFTR came into force on 13 January 2016

Updated on 22 January 2020

• Transaction reporting deadline starts as from April 2020.

### STATEMENT

- ☐ Article 15 : More transparency by contract amendment and/or notification to counterparties/clients/beneficiaries. They had to be modified for 13 July 2016.
- ☐ Annual or semi-annual reports must include new data information on SFT (13 Jan 2017) Section A of the Annex as well as in the prospectus (13 July 2017) Section B of the Annex. Static and dynamic data of Section A have been identified in order to be disclosed in the relevant financial reports of UCITS/AIFs. List of eligible assets for the collateral is not limited in the final text. The term reuse must align to the one defined by the FSB.
- ☐ ESMA launched a new consultation paper on art.4 and art.12 to be answered before 29<sup>th</sup> July 2019 and published on 31 Oct. 2019 further technical details for the reporting of Securities Financing Transactions (SFTs). That publication includes valuation rules applicable to SFTR reports as well as XML schemas reporting entities should use: counterparty and TR data exchange, intra-TR data exchange and TR to authority data exchange.
- ☐ However the industry was still expecting for the month of December 2019 the publication of the final ESMA guidelines. It was done on 6 January 2020 with the expected information on reporting rules and notification to Trade Repositories and a statement on Legal Entity Identifiers (LEI).

### FOR YOUR CONSIDERATION

- ☐ Clients/funds need to assess whether they will have an internal solution for complying with transaction reporting. A screening of Fund portfolios should be performed in order to assess level of SFTs (Repos, Securities lending).
- ☐ SGSS did not implement internally a service of securities financing transaction reporting. But SGSS can assist clients/funds in order to comply with SFTR with or without external providers.

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To know more please refer to:  
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