





REGULATORY EVOLUTION

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

Changes implemented

Securities Services

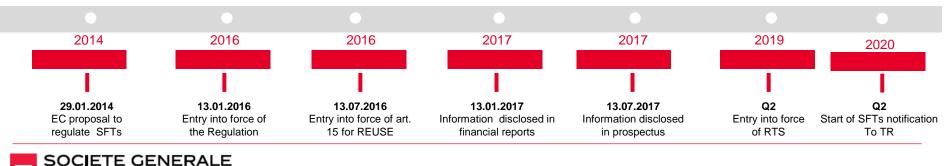
- 1. New rules on reuse of collateral (art.15)
- 2. New information to be disclosed in prospectus and financial reports.

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 (<u>Securities financing transactions</u>) 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 <u>10 different delegated and</u> 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 12 December 2019

• 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 29th 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 is still expecting for this month of December 2019 the publication of the final ESMA guidelines.

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.

Contact SGSS/IMP/SIR: Jean-Pierre Gomez



jean-pierre.gomez@sgss.socgen.com

To know more please refer to: FicheSFTR-ToKnowMore

"This document is for informational purposes only. Under no circumstance should it, in whole or in part, be considered as an offer to enter into a transaction. This document is not intended to have an advisory character or intended to represent an investment recommendation or a recommendation regarding a certain strategy, product or service. Although information contained herein is from sources believed to be reliable, Société Générale makes no representation or warranty regarding the accuracy of any information and is not responsible for errors of any kind. Any reproduction, disclosure or dissemination of these materials is prohibited. The products and services described within this document are not suitable for everyone. This document is not intended for use by or targeted at retail customers. All of the products and/or services described may not be available in all jurisdictions"

