SFTR: A Trade Repository view from REGIS-TR
What is SFTR?
- SFTR = Securities Financing Transaction Regulation
- Drawn on EMIR implementation infrastructure and supervised by ESMA
- Aims at providing increased transparency on the use of securities financing transactions in the market

Geographical scope
- Applies to all EU financial and non-financial counterparties
- Including all branches irrespective of their location
- Third country entities are also required to report, if the SFT is concluded by an EU branch

Entities in scope
- Investment firms
- Credit institutions
- Insurance companies
- UCITS management companies and AIFMs
- Institution for occupational retirement provision
- Central counterparties
- Central securities depository
- Non – financial companies
EXEMPTION: counterparties entering into SFT transactions with the European System of Central Banks (‘ESBC’)

SFTR regulatory reporting timeline
Trade repository reporting is estimated to begin in Q3 2019 with a phased-in approach depending on the counterparty classification.

2016
- 12 January 2016: Entry into force of SFTR

2017
- Q1 2017: Submission of RTS by ESMA within 12 months after the entry into force of SFTR
- Q1 2017: Estimated entry into force of final RTS

2018
- Q2 2018: Estimated entry into force of final RTS
- Q2 2018: Reporting start date for investment firms and credit institutions (12 months after the application of RTS)
- Q2 2018: Adoption and scrutiny period

2019
- Q3 2019: Reporting start date for CCPs and CSDs (15 months after the application of RTS)
- Q4 2019: Reporting start date for other financial counterparties: insurance/reinsurers undertakings, UCITS ManCos; AIFM (18 months after the application of RTS)

2020
- Q1 2020: Reporting start date for CCPs and CSDs
- Q1 2020: Reporting start date for other financial counterparties
- Q2 2020: Reporting start date for non-financial counterparties (21 months after the application of RTS)

PHASED-IN APPROACH
SFTR regulatory reporting overview

**Reporting process**
- The reporting shall be submitted to a trade repository registered in accordance with EU regulation SFTR
- Reporting obligations fall on both counterparties

**EXCEPTION:**
- Financial counterparty has to report on behalf of a small non-financial counterparty
- Fund managers on behalf of their funds
- Discretionary delegated reporting is also possible
- Maintain record min. 5 years (conclusion, termination and modification)
- Reporting on T+1 basis

**Product scope**
- Repurchase transactions
- Lending and borrowing transactions
- Sell/Buy –back transactions
- Margin lending transactions
- Etc.
- Does not include derivatives as under EMIR
- Excluded in the scope of MIFID II

**Details to report**
- Parties to the SFT, principal amount, currency, assets used as collateral, quality and value etc.
- LEI, ISIN, UTI
- 4 tables; #153 fields
- Phased in number of reconcilable fields (62 fields at the beginning and additional 34 fields 2 years after the implementation)
To outsource or not to outsource?

One thing is sure: you remain responsible

Counterparty delegation
- Information is asynchronously distributed
- Clearers, Lenders and Brokers hold lion’s share of information
- Need to demonstrate oversight on
  - Timeliness
  - Quality
  - Accuracy

Third party delegation
- A number of key market intermediaries offering end to end SFTR reporting
  - Including data enrichment
  - Reconciliation
  - Potential for better data quality upstream of the TR

Hybrid Models
- Market intermediaries also offer assisted reporting where you receive a packaged report to direct to the Trade Repository
- Even if you opt for end to end intermediated SFTR reporting, you can still have a direct participant account with the TR and receive direct service support from them

How is your data fragmented? Where is it located?
Does the cost in maintaining a robust oversight process for your delegated reporting outweigh the benefits of delegation?
Do you already have a direct relationship with a TR for EMIR/FinfraG reporting? Do you prefer this direct control?
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