

Publication of ESMA Guidelines for reporting transactions under SFTR

Madrid, 27 January 2020

The Regulation on transparency of securities financing transactions¹, known as SFTR (Securities Financing Transaction Regulation), has been completed with the regulatory technical and implementing standards (RTS and ITS), which entered into force on 11 April 2019. These standards contain the details of securities financing transactions (SFTs) that must be reported to trade repositories, the access to the data contained in them, as well as the collection, verification, aggregation, comparison and publication of the trade repositories' data.

Likewise, on 6 January 2020, ESMA published the *Guidelines for reporting under Articles 4 and 12 of the SFTR Regulation, the Final Report on the Guidelines, the amended validation rules, and an LEI statement*². The Guidelines are applicable to SFT counterparties, trade repositories, as well as to competent authorities.

The **Guidelines** clarify some provisions of the Regulation and provide practical guidance for reporting transactions. The key aspects contained in the Guidelines are as follows:

- The start date for reporting transactions.
- The number of reportable SFTs.
- The completion of the various reporting fields for different types of SFTs.
- The approach used to link SFT collaterals with SFT loans.
- The completion of reporting fields for margin data.
- The completion of fields for reuse, reinvestment and funding sources data.
- The generation of feedback from trade repositories and its management by counterparties.
- The provision of access to data to the competent authorities by the trade repositories.

ESMA has published the following documents together with the Guidelines:

The **Final Report** contains the feedback received to the proposals in the *Consultation* document, which was published in May 2019, as well as a list of transactions excluded from the scope of SFTR.

The **LEI statement** highlights the importance of this code and clarifies the authorities' expectations with regard to the reporting of LEI for issuers of securities used in SFTs.

¹ REGULATION (EU) 2015/2365 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, of 25 November 2015, on transparency of securities financing transactions and of reuse and amending Regulation (EU) 648/2012.

² <https://www.esma.europa.eu/press-news/esma-news/esma-clarifies-sftr-reporting>

ESMA has also updated the **validation rules**, which are fully aligned with the last version of the XML schemas published in December 2019, as well as with the provisions of the LEI statement.

Finally, the application of the duty to report transactions under the SFT Regulation will be phased over the course of 2020, depending on the group in which the counterparty is included, pursuant to the provisions of Article 33 of SFTR.