



SFTR – Securities Financing Transactions Regulation

Get ready now for upcoming reporting requirements

The new European Regulation No. 2015/2365 on transparency of SFTR intends to improve transparency on securities financing markets by introducing

- **Reporting requirements for counterparties to a SFT** (securities lending, repos, buy-sell backs and margin lending transactions) into a Trade Repository (TR), similar to requirements implemented under EMIR for OTC derivatives (Art. 4 SFTR)
- **Disclosure requirements on use of SFTs and Total Return Swaps for asset managers** in pre-contractual documents and periodical reports of collective investment undertakings (Art. 13/14 SFTR)
- **Restrictions on collateral reuse** (Art. 15 SFTR)

Reporting requirements will be phased-in in four stages depending on counterparty classification beginning 12 months after adoption of the Level 2 delegated acts (RTS).

Are you affected by the reporting requirements?

SFTR affects all counterparties to an SFT that are established within the EU (incl. EU and 3rd country branches) as well as EU-domiciled branches of 3rd-country entities:

- **Financial Counterparties (FC):** e.g. banks, brokers, asset managers
- **Non-Financial Counterparties (NFC):** All counterparties not classified as Financial Counterparties

Your reporting requirements

SFTR requires affected counterparties to report counterparty, transaction, collateral composition, margin and reuse details of

- Repurchase agreements ('Repos')
- Sell-buy back or buy-sell back transactions
- Securities or commodities borrowing/lending transactions
- Margin lending agreements

	2016	2017	2018				
		13.01.2017	Q1 – Q2 2017	RTS adoption date + 12 months	RTS adoption date + 15 months	RTS adoption date + 18 months	RTS adoption date + 21 months
Trade Repository Reporting (Art. 4)		Draft RTS	RTS adoption	Reporting start	Reporting start	Reporting start	Reporting start
		Deadline for ESMA to submit draft RTS on Reporting Obligation (Art. 4) to European Commission for approval	European Commission to approve Draft RTS	for EU & 3 rd country ▪ Investment Firms ▪ Credit institutions	for EU & 3 rd country ▪ CCPs ▪ CSDs	for EU & 3 rd country ▪ (Re-)insurance undertakings ▪ AIF(M)'s ▪ UCITS & Mgmt. ▪ Occupational retirement provisions	for EU & 3 rd country ▪ Non-Financial Counterparties
				Financial Counterparties			Non-Financial Counterparties

← Phased in approach, dependent upon RTS adoption →

at conclusion, modification or termination **to a registered/recognized TR.**

Moreover, certain¹⁾ existing SFT's need to be backloaded into the TR within 190 days after the reporting start date. Those records need to be kept at least 5 years beyond SFT-termination. Furthermore, SFTR allows for delegation of reporting, with FC's being required to report on behalf of smaller NFC's.

Our service

Although the final implementation details on SFTR reporting are not yet known, the industry needs to cope with additional reporting requirements and implementation challenges, such as

- **Assigning LEI's** to counterparties/beneficiaries
- **Linking of SFT's between involved counterparties and along the lifecycle** via issuance of a Unique Trade Identifier (UTI)
- **Providing information on collateral and reuse**

Client access

All clients can provide their data either per single regulation (e.g. SFTR only) or in an aggregated form on a multi-regulation basis via

- An automatic data feed (incl. response)
- Manual upload of transaction files
- Manual input of transactions into the web based GUI

Data enrichment – only at the Hub!

The Regulatory Reporting Hub (RRH) uses multiple external and internal sources to ensure comprehensive enrichment of raw data records for trades

- **Executed on Eurex Repo**
(Bilateral and cleared markets)
- **Cleared at Eurex Clearing**
(Cleared Repo incl. GC pooling, Lending CCP)
- **Originated at Clearstream's Global Securities Financing**
(‘Global Liquidity Hub’ Securities Lending and tri-party collateral management services)

Your input will be validated against the latest data sources to reduce the risk of incorrect, late or duplicate reporting through:

- Authorization/authentications checks
- Field formats validations
- Logical and business content checks
- Data duplications tests
- Intra-TR/inter-TR reconciliation

Report production, access for authorities

We will produce and publish the required reporting records and reports in full compliance with SFTR. Building on the experience in setting up the leading European EMIR Trade Repository (TR), REGIS-TR will act as the RRH's registered TR.

Outsourced reporting

Deutsche Börse Group assists clients who want to report on behalf of their customers. Information and access ownership can be managed directly by the client. Our clients' customers can complete reporting records with additional confidential data, which remains private to that customer.

Your benefits

- Rely on Deutsche Börse Groups regulatory experience as trading venue, regulated market, CCP, CSD in managing regulatory change
- Multi-NCA compliance incl. all required regulatory licences together with Deutsche Börse Group's entity REGIS-TR (TR, APA²⁾, ARM²⁾, RRM)
- Coverage of multiple jurisdictions and regulations also beyond SFTR to enable the move to a one-stop Regulatory Reporting Hub
- Integrated, highly-efficient ‘STP’ reporting
- A high-quality and reliable performance infrastructure, incl. audit trail
- Reduction of risks (e.g. sanctions)
- Competitive pricing and low implementation cost

Contact

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1) Remaining maturity of SFT >= 180 days or open maturity of >= 180 days at reporting start date 2) In application