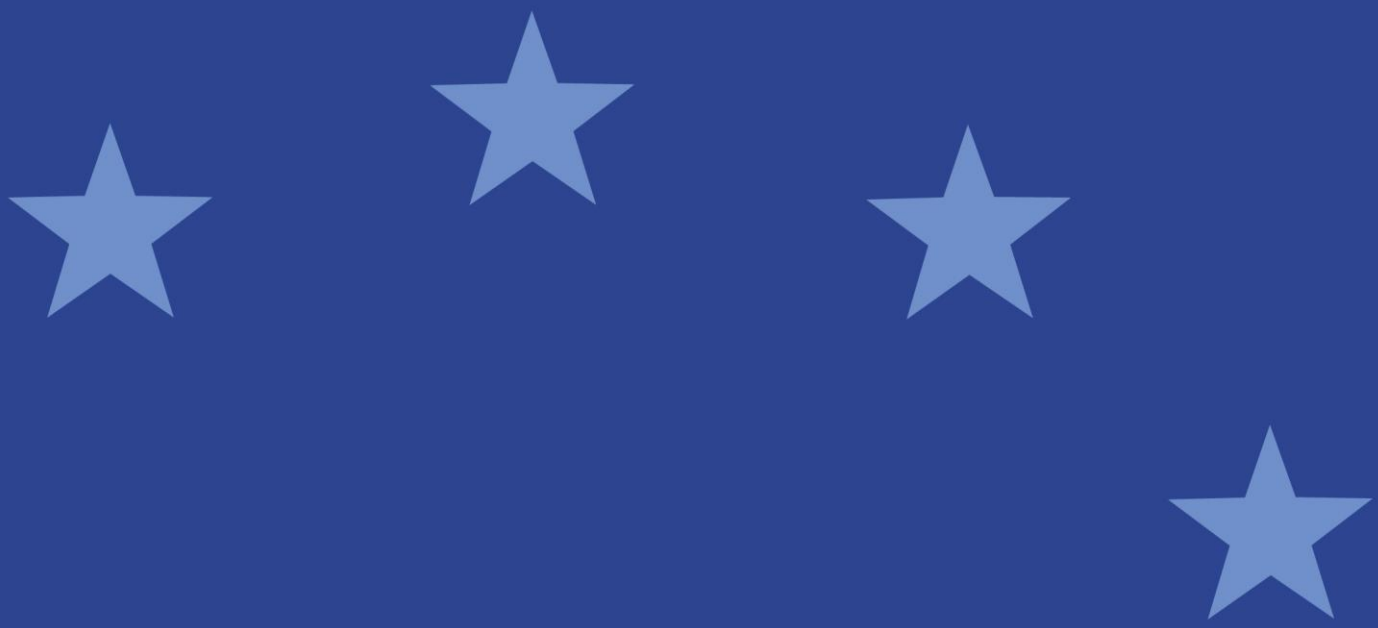
esma European Securities and Markets Authority

Discussion Paper

Draft RTS and ITS under SFTR



11 March 2016| ESMA/2016/356

Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex 1. Comments are most helpful if they

1. respond to the question stated;
2. indicate the specific question to which the comment relates;
3. contain a clear rationale; and
4. describe any alternatives ESMA should consider.

ESMA will consider all comments received by **22 April 2016.**

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations', using the response form.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading Legal Notice.

Who should read this paper

All interested stakeholders are invited to respond to this consultation. In particular, responses are sought from financial and non-financial counterparties to securities financing transactions, tri-party agents, agent lenders, central counterparties (CCPs) and trade repositories (TRs), as well as from all the authorities having access to the TR data.

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Acronyms and definitions used

AIFMD	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (AIFMs)
CM	Clearing Member
CCP	Central Counterparty
CSD	Central Securities Depository
CPMI	Committee on Payments and Market Infrastructures
ECB	European Central Bank
EEA	European Economic Area
EMIR	European Market Infrastructures Regulation – Regulation (EU) 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories – also referred to as “the Regulation”
ESCB	European System of Central Banks
ESMA	European Securities and Markets Authority
ETF	Exchange-traded fund
EU	European Union
FIX	Financial Information Exchange
FpML	Financial products Markup Language
FRA	Forward Rate Agreement
FSB	Financial Stability Board
GMRA	Global Master Repurchase Agreement
GMSLA	Global Master Securities Lending Agreement
ICMA	International Capital Market Association
IFX	Interactive Financial Exchange
IOSCO	International Organisation of Securities Commissions

ISIN	International Securities Identification Number
ISLA	International Securities Lending Association
ISO	International Organization for Standardization
ITS	Implementing Technical Standards
LEI	Legal entity identifier
LTV	Loan-to-Value ratio
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation).
MIC	Market identifier code
MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments and amending Regulation (EU) No 648/2012
MMF	Money-market fund
MMSR	Regulation (EU) No 1333/2014 of the European Central Bank of 26 November 2014 concerning statistics on the money markets
NCA	National Competent Authority
OJ	The Official Journal of the European Union
OTC	Over-the-counter
Q&A	Questions and Answers
REIT	Real Estate Investment Trust
RTS	Regulatory Technical Standards
SFTR	Regulation (EU) No 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) No 648/2012
SMSG	Securities and Markets Stakeholder Group
SWIFT	Society for Worldwide Interbank Financial Telecommunication

TR	Trade repository
TREM	Transaction Reporting Exchange Mechanism
UCITS	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)
UTI	Unique Transaction Identifier
XBRL	Extensible Business Reporting Language
XML	Extensible Mark-up Language
XSD	XML Schema Definition

1 Executive Summary

Reasons for publication

This Discussion Paper is published as part of ESMA's consultations on Level 2 measures under the Securities Financing Transactions Regulation.

Contents

Section 1 is the executive summary of the document. Section 2 explains the background to our proposals. Section 3 includes detailed information on the procedure and criteria for registration as TR under SFTR. Section 4 details the use of internationally agreed reporting standards, the reporting logic under SFTR and the main aspects of the structure of an SFT report. Section 5 covers the requirements regarding transparency of data and aggregation and comparison of data. Section 6 contains the tables of fields, for the relevant types of SFTs, as well as a summary of all the questions.

Next Steps

ESMA will consider the feedback it received to this document in Q2 2016 and expects to publish a consultation paper early in Q3 2016. The final report and the draft technical standards will be submitted to the European Commission for endorsement by 13 January 2017.

2 Background

2.1 SFT Regulation

1. Regulation (EU) 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation 648/2012 (SFTR, hereinafter) responds to the need to enhance the transparency of securities financing markets and thus of the financial system. In order to ensure equivalent conditions of competition and international convergence, SFTR follows the FSB Policy Framework (detailed in Section 2.2). It creates a Union framework under which details of securities financing transactions (SFTs, hereinafter) can be efficiently reported to trade repositories (TRs, hereinafter) and information on SFTs and total return swaps is disclosed to investors in collective investment undertakings. The definition of SFT in SFTR does not include derivative contracts as defined in Regulation (EU) No 648/2012 of the European Parliament and of the Council (EMIR, hereinafter). However, it includes transactions that are commonly referred to as liquidity swaps and collateral swaps, which do not fall under the definition of derivative contracts in EMIR[1].
2. The new rules on transparency provide for the reporting of details regarding SFTs concluded by all market participants, whether they are financial or non-financial entities, including the composition of the collateral, whether the collateral is available for reuse or has been reused, the substitution of collateral at the end of the day and the haircuts applied.
3. Recital 10 of SFTR establishes that the new rules on transparency should therefore provide for the reporting of details regarding SFTs concluded by all market participants, whether they are financial or non-financial entities, including the composition of the collateral, whether the collateral is available for reuse or has been reused, the substitution of collateral at the end of the day and the haircuts applied. Given that the definition of all SFTs, except margin lending, includes reference to commodities either as the loan or as the collateral of an SFT, this paper has outlined a specific section (section 4.2.4.4) where SFTs involving commodities are discussed.
4. Furthermore, Recital 10 of SFTR indicates that In order to minimise additional operational costs for market participants, the new rules and standards should build on pre-existing infrastructures, operational processes and formats which have been introduced with regard to reporting derivative contracts to trade repositories". In that context, ESMA, to the extent feasible and relevant, is mandated "to minimise overlaps and avoid inconsistencies between the technical standards" adopted pursuant to SFTR and those adopted pursuant to Article 9 EMIR. The legal framework laid down by SFTR should, to the extent possible, be the same as that of EMIR in respect of the reporting of derivative contracts to trade repositories registered for that purpose. This should also enable trade repositories registered or recognised in accordance with that Regulation to fulfil the

[1] A collateral swap included in the scope would involve a securities financing transaction, in which a securities loan is collateralised with non-cash collateral.

repository function assigned by SFTR, if they comply with certain additional criteria, subject to completion of a simplified registration process.

5. In Recital 13 it is mentioned that ESMA should take into consideration the technical standards adopted pursuant to Article 81 of EMIR regulating trade repositories for derivative contracts and the future development of those technical standards when drawing up or proposing to revise the regulatory technical standards provided for in this Regulation.
6. Hence, it has been the legislators' intention that SFTR leverages substantially on key aspects of EMIR such as, among others, the establishment of the reporting obligation, the registration requirements for TRs and the establishment of levels of access to data, building on the sufficiency of some of the controls in place for the already registered TRs.

2.2 FSB work

7. On 29 August 2013, the FSB published the report Policy Framework for Addressing Shadow Banking Risks in Securities Lending and Repos that set out final recommendations to address financial stability risks in relation to securities lending and repos (repurchase agreements).[2] These included recommendations for national/regional authorities to improve data collection on securities lending and repo markets to detect financial stability risks and develop policy responses, and for the FSB to aggregate the total national/regional data for these markets in order to assess global trends in financial stability (Annex 1).
8. Based on those recommendations, an FSB Data Experts Group (hereafter DEG) was established to develop standards and processes for global data collection and aggregation on SFTs that are relevant for financial stability monitoring and policy responses. Such standards and processes would allow the FSB to collect periodically (at least monthly) from national/regional authorities aggregated data on securities lending, repos, and margin lending based on granular information collected at the national/regional level. The standards and processes also include recommendations for data collection procedures for national/regional authorities that should help minimise potential problems in global aggregates, such as double-counting. The FSB consulted publicly the proposed standards and processes on 13 November 2014. On 18 November 2015 FSB issued a report setting out the finalised Standards and processes for global securities financing data collection and aggregation[3] (FSB November 2015 Report, hereinafter) for reporting of aggregates by national/regional authorities to the FSB as well as recommendations to national/regional authorities related to the collection of data from market participants.
9. In accordance with the FSB November 2015 report, FSB would require submission on a monthly basis of anonymised aggregates. Further to the definitions of the specific data elements, data templates and data architecture for the FSB to become a global data

[2] http://www.financialstabilityboard.org/wp-content/uploads/r_130829b.pdf
[3] http://www.fsb.org/wp-content/uploads/FSB-Standards-for-Global-Securities-Financing-Data-Collection.pdf

aggregator (of aggregate data), there are six recommendations for the national/regional authorities when providing the data to FSB.

10. By the end of 2015 FSB established two subgroups – Governance and Data Management group. The Governance group will work on issues associated with the governance of the data collection. Such issues include: definition of the legal framework under which the data would be shared and transmitted to the global aggregator, and from the global aggregator to other parties; identification of legal obstacles for collecting and sharing aggregate securities financing data at global level as well as consideration of their solutions; assessment of confidentiality issues; development of the rules of access to the aggregate-level data; and consideration of publishing selected aggregated data.

11. Meanwhile, the Data Management group will work on technical issues to operationalise the global securities financing data collection and aggregation. The technical issues include: definition of the template for national/regional authorities to report to the global aggregator; determination of the technical format (DSD - data structure definition) and channels for data transmission to the global aggregator; identification of the codes for classification; development of the detailed guidelines and definitions; and preparation of pilot exercises in coordination with national/regional authorities to verify that the whole process is working properly. The work of both groups is expected to be completed by Q3 2016 and ESMA will intend to take into account, to the extent possible, all those instances where the relevant technical standards have to be aligned to ensure compliance with the FSB data collection framework.

12. In addition, the FSB will continue to work on developing possible measures of “collateral velocity” (including the collateral re-use measurement) and identifying appropriate data elements for deriving these measures with the aim to integrate such data elements into the global data standards. Recommendations on this issue would be developed by the end of 2016, leveraging on the work of WS5 Re-hypothecation and re-use Experts Group on the potential financial stability issues associated with collateral re-use and on further consultation with the industry. Given the risk that the potential additional elements on collateral might be determined after the ESMA’s submission of the technical standards to the European Commission, ESMA will pay close attention on the relevant developments in that area.

2.3 EMIR and SFTR

13. As mentioned in previous sections, it has been the legislators’ intention that SFTR leverages substantially on key aspects of EMIR such as, among others, the establishment of the reporting obligation (Article 4 SFTR), the registration requirements for TRs (Article 5 SFTR) and the establishment of levels of access to data (Article 12 SFTR), building on the sufficiency of some of the controls in place for the already registered TRs.

14. Furthermore, from policy-making perspective, ESMA has also acquired substantial experience since the entry into force of EMIR. Based on the practical experience during EMIR implementation, ESMA has undertaken two amendments to the level 2 regulations

under EMIR: on the one hand, to the technical standards on reporting and on the other, to the technical standards detailing the operational standards for data access, data comparison and data aggregation. Furthermore, ESMA has issued a comprehensive set of more than 40 Q&As addressing different aspects of the derivatives reporting framework – reporting logic and reporting technique, registration aspects, access to data.

15. ESMA has also gained experience as supervisor of the TRs and as part of the supervisory framework for the reporting obligation under EMIR. As a supervisor of TRs, ESMA has been able to successfully interact with the registered TRs and to establish a robust supervisory regime. As a result of the interactions with TRs, there are several additions which are proposed to be included in the technical standards for registration under SFTR.

16. Furthermore, the supervision of the compliance with the reporting obligation under EMIR, which has been a joint exercise with the relevant national competent authorities framework has provide to be a solid base in terms of supervisory convergence in the EU. In this respect ESMA has also benefited from the immediate feedback regarding the national implementation of the reporting obligation, the different issues related to it and the most important aspects to be taken into account for the successful establishment of the reporting framework under SFTR.

17. Most importantly, ESMA understands that the draft technical standards under SFTR have to ensure sound basis for achieving high quality data since the commencement of the reporting obligation under SFTR and to constitute an excellent basis for the supervision of all the relevant risks related to shadow banking activities.

2.4 Statement about ESMA's empowerments under Art. 13, 14 and 25 of SFTR

18. In addition to laying down rules on the transparency of SFTs and on the operation of TRs, the SFT Regulation also introduces new rules on the transparency of collective investment undertakings towards investors in periodical reports and pre-contractual documents.

19. According to Article 13(1) and (2), UCITS management companies, UCITS investment companies and AIFMs shall inform investors on the use they make of SFTs and total return swaps in the annual (UCITS and AIFs) and half-yearly (UCITS only) reports of the UCITS and AIF. The information on SFTs and total return swaps shall include the data provided for in Section A of the Annex.

20. Article 13(3)(1) states that ESMA may, taking into account existing requirements under the UCITS and AIFM Directives as well as evolving market practices, develop draft regulatory standards further specifying the content of Section A of the Annex in order to ensure uniform disclosure of data but also to take account of the specificities of different types of SFTs and total return swaps.

21. According to Article 14(1) and (2), the UCITS prospectus (Article 69 of the UCITS Directive) and the disclosure by AIFMs to investors (Articles 23(1) and (3) of AIFMD)

shall specify the SFT and total return swaps which UCITS management companies or investment companies, and AIFMs respectively, are authorised to use and include a clear statement that these techniques are used. The prospectus and the disclosure to investors shall include the data provided for in Section B of the Annex.

22. Pursuant to Article 14(3)(1), ESMA may, taking into account existing requirements under the UCITS and AIFM Directives, develop draft regulatory standards further specifying the content of Section B of the Annex in order to reflect evolving market practices or to ensure uniform disclosure of data.

23. In contrast to most other empowerments for drafting regulatory technical standards in SFTR, the ones in Articles 13 and 14 are not obligatory, but optional, allowing ESMA to react to evolving market practices or inconsistencies in the disclosure of data by market participants.

24. In ESMA's view, the disclosure requirements as stipulated in the Annex of SFTR provide a sufficiently clear basis for the application by UCITS and AIFMs. Furthermore, there is at present no market practice regarding the transparency requirements as specified in Articles 13 and 14 and the Annex. ESMA is of the opinion, therefore, that further specifying the contents of the Annex by drafting regulatory standards would not be the best approach at this stage. However, ESMA will monitor the developments in market practice as well as the quality of reporting data in order to determine whether to work on these empowerments in future.

25. Draft implementing technical standards relating to ESMA's mandate under Article 25 SFTR (Exchange of Information with ESMA) will be discussed in a later Consultation Paper.

3 Registration (Article 5)

3.1 Background of SFTR registration process

26. Under SFTR, ESMA is mandated, among others, to draft regulatory technical standards and implementing technical standards regarding the registration of TRs for the purposes of reporting of SFTs.

27. In terms of the process, under SFTR a TR should present its application for registration or extension of registration to ESMA and ESMA will have 20 working days to assess the completeness of the application. As indicated in Article 5(6) *"where the application is not complete, ESMA shall set a deadline by which the trade repository is to provide additional information. After assessing an application as complete, ESMA shall notify the trade repository accordingly."* Once the completeness is notified, ESMA should, within 40 working days of the notification referred to in Article 5(6), examine the application for registration or for an extension of registration, based on the compliance of the trade repository with Chapter III SFTR and should adopt a fully reasoned decision accepting or refusing registration or an extension of registration.

3.2 Background on Technical Standards on registration

28. Article 5(1) SFTR requires the TRs to register with ESMA for the purposes of the fulfilment of the reporting obligation established in Article 4 SFTR. They need to register under the conditions and the procedure set out in Article 5 SFTR.

29. Article 5(2) SFTR further specifies that "to be eligible to be registered under this Article, a trade repository shall be a legal person established in the Union, apply procedures to verify the completeness and correctness of the details reported to it under Article 4(1), and meet the requirements laid down in Articles 78, 79 and 80 of Regulation (EU) No 648/2012." Articles 78, 79 and 80 EMIR are the ones establishing the general, the operational reliability and the safeguarding and recording requirements for registration of TRs under EMIR and underpin the regulatory technical standards for registration of TRs under EMIR[4] (RTS 150/2013, hereinafter). RTS 150/2013 also covers the resources, methods and channels for transparency and data access, i.e. those covered by Article 81 EMIR. Given that Article 12 SFTR, where the transparency and data access aspects under SFTR are covered, has significantly greater scope than Article 81 EMIR, Article 81 EMIR is not mentioned or cross referred in SFTR. However, Article 7 SFTR, which lays down the conditions for examination of the application for registration, clearly mentions that the examination of the application should be "based on the compliance of the trade repository with Chapter III of SFTR". Chapter III is where both Articles 5 and 12 are included.

30. In the second sentence of Article 5(2) SFTR it is also mentioned that for the purposes of Article 5, i.e. the Article on conditions for registration, *"references in Articles 78 and 80 of Regulation (EU) No 648/2012 to Article 9 thereof shall be construed as references to Article 4*" of SFTR. In Article 4(6) SFTR it is provided that *"For the purposes of this Article, references in Article 80 of Regulation (EU) No 648/2012 to Article 9 thereof and to „derivative contracts" shall be construed as references to this Article and „SFTs" respectively*". Article 9 EMIR establishes the reporting framework under EMIR. From all the above it stems that all the general, operational reliability, safeguarding and recording requirements for registration of TRs under EMIR should be taken into account also for the purposes of registering the TRs under SFTR and all the requirements with respect to the derivative contracts reported under Article 9 EMIR should be understood as references to Article 4 SFTR. For instance, the TRs should ensure the confidentiality, integrity and protection of data received under Article 4 SFTR in the same way as they ensure the confidentiality, integrity and protection of data received under Article 9 EMIR.

31. Chapter III SFTR includes also Article 11 which establishes the need for ESMA to charge fees to the TRs to "fully cover ESMA"s necessary expenditure relating to the registration**,** recognition and supervision of trade repositories as well as the reimbursement of any costs that the competent authorities may incur as a result of any delegation of tasks pursuant to Article 9(1) of this Regulation". In that respect, it can be understood that the

[4] Commission Delegated Regulation (EU) No 150/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards specifying the details of the application for registration as a trade repository, OJ L52, 23.02.2013, p.25

payment of the relevant fees is essential condition for the TR to be registered under SFTR.

32. In practical terms, in accordance with Article 5(7) SFTR, ESMA shall develop draft regulatory technical standards specifying the details of all of the following:

    a. the procedures referred to in Article 5(2) SFTR and which are to be applied by trade repositories in order to verify the completeness and correctness of the details reported to them under Article 4(1) SFTR;

    b. the application for registration referred to in Article 5(5)(a) SFTR;

    c. a simplified application for an extension of registration referred to in Article 5(5)(b) SFTR in order to avoid duplicate requirements.

33. In accordance with Article 5(8) SFTR, ESMA shall develop draft implementing technical standards specifying the format of both of the following:

    a. the application for registration referred to in Article 5(5)(a) SFTR;

    b. the application for an extension of registration referred to in Article 5(5)(b) SFTR.

    With regard to Article 5(8)(b) SFTR, ESMA shall develop a simplified format to avoid duplicate procedures.

34. The RTS on TR registration under EMIR have proved to be solid rules with regards to new market infrastructures such as the TRs. There are though some aspects which should be adjusted to fully cover the responsibilities which TRs are given under SFTR. Furthermore, the experience gained during the registration of TRs under EMIR has shown that some provisions might need to be updated to further enhance the requirements for the registration of TRs in the EU.

35. In addition, SFTR explicitly requires the establishment of procedures which are applied by TRs in order to verify the completeness and correctness of the details of the SFTs reported to them. These procedures would need also to serve as the organisation requirement to be put in place to support the performance by the TRs of the relevant functions under Article 12 SFTR and in particular the operational standards to allow timely, structured and comprehensive collection data under Article 12(3)(b)(i) and comparison and aggregation of data under 12(3)(b)(ii). The availability of these procedure is a new requirement in SFTR and as such should be applicable both in the case of applications for registration by new TRs as well as in the case of extension of registration for TRs already registered under EMIR.

36. ESMA understands that there are two alternatives with regards to the existing technical standards for registration of TRs under EMIR: (i) either to cross-refer to the existing RTS 150/2013 for the purposes of registration under SFTR, or (ii) to leverage on it to draft updated standards for registration.

37. In order to achieve consistent outcomes, ESMA believes that the RTS on registration under Article 5 SFTR should replicate, to the extent possible, RTS 150/2013 and should introduce certain specific amendments, where relevant, both to satisfy the new requirements under SFTR as well as to include those amendments to the RTS 150/2013

which the practical experience has shown would be beneficial for the improvement of the registration framework for TRs under SFTR. Having one single set of standards, instead of cross-references with amendments to existing standards will also facilitate the reading of the legal text.

38. Given that Article 5(7)(c) SFTR explicitly requires ESMA to develop RTS specifying the details of a simplified application for an extension of registration in order to avoid duplicate requirements, it is ESMA's intention to clearly indicate those articles which will not be relevant in the case of simplified application for an extension of registration. ESMA proposal is included in Section 3.6 of the document.

3.3 Existing provisions in RTS 150/2013 that would be amended for the purposes of RTS on registration under SFTR

39. ESMA considers that all the provisions in RTS 150/2013 should be taken into account when registering TRs under SFTR, except those in Article 19 RTS 150/2013 which are explicitly referred to in Article 5(2) SFTR and are included in paragraphs 55-57 of this document.

40. Furthermore, based on the experience gained during the registration of TRs and their subsequent supervision, ESMA understands that some of the existing provisions in RTS 150/2013 would need to be better specified in order to strengthen the framework for the registration of the TRs. Those provisions are detailed in the following paragraphs. In order to facilitate the reference to them, ESMA is using the numbering of the Articles under RTS 150/2013; however the actual numbering in the RTS under SFTR might differ.

41. Any reference to EMIR in RTS 150/2013 should be construed as reference to SFTR as well as any reference to "derivative contract" should be construed as a reference to "SFT". Following this, Article 1(2)(c) RTS 150/2013 referring to the "classes of derivatives" would refer to "types of SFTs".

42. With respect to the requirements regarding policies and procedures indicated in Article 2 RTS 150/2013, ESMA considers that it should be ensured that the policies are approved by the senior management. This will establish effective framework and support for their governance. Furthermore, ESMA believes that an additional provision regarding the internal communication of the policies to the staff employed by the TR or dedicated to the TR should be included. Very often the policy exists, but the TR's staff is not aware. Thus, effective internal communication of policies is essential for their implementation and effectiveness.

43. ESMA intends to update also Article 7 RTS 150/2013 where the existence and applicability of different internal control mechanisms is covered. In a first place, ESMA understands that a detailed description of the TRs' internal control system should be provided, instead of an overview. Regarding the internal control policies and procedures, ESMA would require also the provision of the relevant manuals that prescribe and guide their consistent and appropriate implementation. With respect to the internal audit function, ESMA intends to better specify the information to be provided. Therefore, it will be required to include information on the composition, competences and responsibilities

of the Internal Audit Committee, the charter, methodologies, standards and procedures of the Internal Audit function and an explanation on how they are taking into account the nature of the applicant's activities, complexities and risks. ESMA also considers that the 3 years audit work plan should focus and address the nature and extend of the TR's activities, complexities and risks and address those stemming from the provision of repository services under SFTR. Lastly, following the amendment of the provisions referred to in Article 7 of RTS 150/2013, ESMA considers that the reference to "internal review function" should be deleted, given that the internal controls would already be specified by the above-mentioned provisions and such an internal review function is more relevant for credit rating agencies than for TRs.

44. ESMA also considers that the TRs should provide detailed business plans, specifying the expected level of reporting activity in number of transactions, defining and justifying the relevant fixed and variable costs identified with respect to the provision of repository function under SFTR and including positive and negative variations of at least 20 % from the base activity scenario identified. This would enable both TRs and ESMA to evaluate the commercial viability of the applicant and establish also the baseline for capacity and performance planning at the TR. This requirement should be included as additional information to the one already required under Article 12(1)(d) of RTS 150/2013.

45. The practical experience gained during the registration and supervision of TRs under EMIR has shown that TRs are highly reliant on outsourced services from different companies in their group or closely linked to their parent undertakings. In order for ESMA to better understand the outsourcing arrangements and to assess the existence of reliable outsourcing framework, the following additional information with respect to the outsourcing arrangements mentioned in Article 16(c) RTS 150/2013 should be provided: (i) detailed definitions of the services to be provided, including measurable scope of those services, the granularity of the activities as well as conditions under which those activities are rendered, and their timelines; (ii) service level agreements with clear roles and responsibilities, metrics and targets for every key requirement/need of the TR that is outsourced; (iii) measures/actions to be taken in the event of not meeting service level targets.

46. With regards to the aspect of operational separation, it is worth mentioning that the requirement under SFTR is the same as under EMIR. In that respect, it is considered beneficial to further specify the information to be provided to describe the existence of operational separation between the repository activities under SFTR and those under other reporting regimes, EMIR included. Given that the provision of repository services will involve somehow different processes, and potentially different reporting entities, it will be essential that the entity applying for registration under SFTR or for extension of its registration is able to demonstrate that there are separate procedures, people and systems to support the services provided by the TR under SFTR. Furthermore, additional information regarding its implementation vis-à-vis facilities, suppliers and agreements will also contribute to a better assessment of the operational separation at the TR which is a key element for the reliability of the TR service.

47. Furthermore, with regards to the access rules for reporting parties referred to in Article 18 RTS 150/2013, ESMA considers that the TRs should be able to establish separate

accounts for the reporting counterparties, defined as the entities discharging their reporting obligation with the relevant submissions so that they are able to transfer those submissions to another TR. This will further facilitate the transfer of records between TRs and will level the playing field. Furthermore, the TRs should provide a description of the channels used to disclose the information regarding the access by reporting parties to the TR. This will increase the transparency of the access to the TR and will facilitate the on-boarding of potential clients, particularly during the initial stages of kick-off of the reporting regime.

48. In order to allow a more complete assessment of the access policies and procedures, ESMA believes that the information referred to in Article 18(c) RTS 150/2013 should better specify among the different types of users of the TR system including the TR internal users, the reporting participants, the non-reporting participants, the regulators, the third parties, the contractors, etc. These details should be taken into account also, where relevant, with respect to the access policies and procedures.

49. With respect to the provision in Article 21(a) RTS 150/2013, ESMA considers that in addition to the information already required, the TR should provide not only the description, but also a copy of any relevant policies and methodologies regarding the identification and mitigation of operational risk and any other material risk to which the applicant is exposed. This will enable ESMA to better assess the operational risk framework and methodologies applied by the TR.

50. ESMA understands that some additional information should be provided with respect to the business continuity plan, referred to in Article 21(c) RTS 150/2013 and in particular the following additional aspect should be observed: (i) Plans, procedures and arrangements for emergencies handling and personnel safety, (ii) Plans, procedures and arrangements to manage crises, to coordinate the overall business continuity efforts and to determine their timely (within given recovery time objective) and effective activation, mobilisation and escalation capabilities, and (iii) Plans, procedures and arrangements to recover the TR system, application and infrastructure components within the prescribed recovery time objective.

51. With respect to the requirement included in Article 22(2) RTS 150/2013 “An application for registration as a trade repository shall contain a description of the recordkeeping systems, policies and procedures that are used in order to ensure that information is modified appropriately and that positions are calculated correctly in accordance with relevant legislative or regulatory requirements”, ESMA considers that the word “description” should be substituted by “information” and the word ”information” should be substituted by “data” and there should be clear separation from the “policies and procedures”, given that what ESMA would expect to receive are the actual policies and procedures and not a description of them or information on them.

52. Further to the description of the resources, methods and channels used to facilitate the access to the data by the public which is already part of Article 23 of RTS 150/2013, ESMA considers that the TRs should provide the procedure put in place to calculate the aggregate positions to be made publicly available in accordance with the RTS under Article 12(1) SFTR.

53. Finally, regarding the requirement under Article 23(b) RTS 150/2013, the TRs would need to provide the relevant procedures to demonstrate how they ensure the integrity of the data made available to the authorities referred to in Article 12(2) SFTR, i.e. demonstrate that the details of the SFTs are shown to the relevant authorities in the same manner in which they have been reported by the counterparties or with certain additional information where required so, in accordance with the RTS under Article 12(3) SFTR.

Q1. Are these amendments to the provisions included in EMIR RTS 150/2013 sufficient to strengthen the registration framework of TRs under SFTR? If not, what additional provisions should be envisaged? What are the cost implications of the establishment of the provisions referred to in paragraphs 41-53? What are the benefits of the establishment of the provisions referred to in paragraphs 41-53? Please elaborate.

3.4 New provisions to be included in RTS on registration in SFTR

54. This section includes all the additional requirements which should be taken into account when registering TRs under SFTR.

55. As mentioned earlier, Article 5 SFTR requires the establishment of procedures by the TRs in order to verify the completeness and correctness of the details of the SFTs reported to them. This is a new requirement with respect to EMIR, hence it has to be applied in the case of applications for registration under SFTR as well as the case of extension of registration to cover the provision of repository services under SFTR.

56. These procedures serve as the organisational requirement for TRs to support the establishment of data quality mechanisms at the TRs as well as underpin the performance of data validations required under Article 12(3)(b)(i) SFTR. Therefore, as part of their application for registration or their application for extension of registration, the TRs would need to provide the procedures which they, under Article 5(2) SFTR, would need to put in place to verify the completeness and correctness of the SFT data. These procedures should include at least the following aspects:

    a. Authentication of users/participants - the TR must establish a procedure to authenticate the reporting party and its users

    b. Schema validation – the TR must establish a procedure to ensure that the submissions it receives are in accordance with the relevant schemas. Given that it is ESMA's intention to establish reporting in accordance with xml template based on the ISO 20022 methodology[5], the schema validation should be compliant with this methodology.

    c. Authorization/permission - the TR has put in place a procedure to ensure that the reporting entity, i.e. the one submitting messages to the TR, is permissioned to report for the entities / parties to the contract which indicated on the trade

[5] For greater detail on this, please refer to Section 4 of the discussion paper

message. The authorization / permission procedure should comprise two phases throughout which different actions have to be performed by the TR.

i. Prior to the reporting to allowing the reporting party to submit its reporting to the TR, the TR has to have verified the fulfilment of at least the following conditions:

- The reporting party has established a contractual agreement with the TR.
- The reporting party fulfils and commits to fulfil all the conditions to become a participant of the TR.
- The reporting party has established a secure connection with the TR.
- The reporting party is able to submit data in the format and through the channels provided by the TR.
- The reporting party has been permitted by the entities, if applicable, to submit SFT data to the TR on their behalf. This is mandatory when the reporting party would report on behalf of its counterparty(ies) and or is a third party that would report on behalf of one or both counterparties to a SFT.

ii. During the reporting the TR has established a procedure to verify that the reporting party is a party to a SFT or has an explicit (prior) delegation by at least one of the parties to the trade to submit information to the TR.

d. Logical validation - the TR has put in place a procedure to ensure that the reporting entity is not intending to modify SFT which has not been reported or which has been cancelled[6].

e. Business rules or content validation – the TR has established a procedure to ensure that the submission is made in accordance with the relevant business rules established under Article 4 and 12(3)(b)(i).

f. Reconciliation of data across trade repositories – the TR has put in place a procedure to ensure that details of SFTs reported to different TRs can be reconciled. Having and effective procedure for reconciliation of data is essential for the achievement of high quality of data in a multi-TR environment.

g. Feedback to participants – the TR has put in place a procedure to ensure that the reporting parties receive timely feedback on their submissions: (i) whether they are accepted or rejected and if rejected, the reasons for rejection and (ii) whether they are reconciled or not, and if not, which are the data elements do not reconcile. In addition, the TRs need to put in place a procedure to provide some types of standardised end-of-day reports to its participants showing at least the following information in a standardised format: (i) the SFTs reported during the

[6] Under the current reporting rules for EMIR, cancelling of trade would mean that the contract has not taken place and has been reported in mistake.

day, (ii) the last trade state of an outstanding SFT, (iii) the rejected submissions along with the reasons for their rejection and (iv) the reconciliation state of all the SFTs reported up to date.

57. ESMA understands that the above procedures should be included in the relevant business requirements documents of the TRs as well as the respective functional and technical specifications of the reporting system which are presented to ESMA.

Q2. Are these procedures sufficient to ensure the completeness and correctness of the data reported under Article 4(1) SFTR? If not, what additional provisions should be envisaged?

Q3. What are the cost implications of the establishment of the provisions referred to in paragraph 56 to ensure the completeness and correctness of the data reported under Article 4(1) SFTR? Please elaborate and provide quantitative information to justify the cost implications.

58. With regards to the identification of the competent authority, so far the requirement in RTS 150/2013 referred only to the parent undertaking of the applicant. In order to address the requirement laid down in Article 6 SFTR to notify the competent authority of the applicant in those cases where the applicant has been registered or authorised by a competent authority in a Member state where it is established, the applicant would need to identify the relevant competent authority of that Member State when applying for registration or for extension of registration.

59. Neither under EMIR nor under RTS 150/2013 there is a specific measurable or quantified requirement for the TRs to employ directly staff on particular key functions. In light of the core activity of the TRs, and based on the experience gained during the registration process, ESMA considers that at least one person with education and experience in Information Technology should be directly employed by the TR in order to be able to assume responsibilities on IT matters at the TR. This requirement would ensure that there would be a minimum level of IT expertise at the TR. Nevertheless it should be for the TR and ESMA to judge the sufficiency of such minimum requirement.

60. In order to better assess the TR's IT system, as a supervisor of TRs ESMA considers that, as part of the application for registration, the TR should provide a detailed description of the system including: (i) Business requirements, (ii) Functional specifications, (iii) Technical specifications, (iv) System architectural and detailed design (system, application, network), (v) Data model and data flows, (vi) Operations and administration procedures/manuals. This will provide ESMA with detailed information on the governance, scalability and reliability of the proposed system as well as on the technical performance and features of the reporting model and this will allow ESMA to more accurately assess the compliance of the TR's systems with the requirements under SFTR.

61. In addition, following the requirement established in Article 12(3)(d) SFTR for ESMA to develop technical standards specifying the terms and conditions under which the authorities are to have direct and immediate access to data held in TRs, ESMA believes

that an additional provision should be included as part of the requirements for registration of a TR. In this way, when the TR is applying to ESMA, it will provide the relevant internal documentation or procedures where the compliance with the terms and conditions defined in the RTS under Article 12(3)(d) is explicitly included. This will allow the TRs to comply with the terms and conditions which the authorities have agreed to be followed.

62. Furthermore, also stemming from the requirement to established in Article 12(3)(b)(ii) SFTR, it is important that the TRs have a procedure to allow for the timely, structured and comprehensive aggregation and comparison of data across TRs by the relevant authorities. This procedure should enable the TR fulfil the relevant operational requirements set out in the technical standards under Article 12(3)(b)(ii) SFTR.

63. Given the inclusion of the provisions on fees to be paid to ESMA as part of Chapter III of SFTR, ESMA believes that an additional requirement should be established so that before a TR is registered or is extended registration under SFTR, it has paid the relevant fees established in accordance with a delegated act adopted under Article 11(2) SFTR. ESMA considers also that such provision will provide additional transparency to the entities applying for registration or for extension of registration and will cover in a timely manner the necessary ESMA's expenditure relating to the registration of a TR pursuant to Article 11 SFTR.

64. It is considered important that when submitting its application to ESMA, the TR should provide a procedure to ensure that if its registration is withdrawn, the TR will be orderly substituted including the transfer of data to other trade repositories and the redirection of reporting flows to other trade repositories. This requirement for portability is included in Article 79(3) EMIR, nevertheless it is considered important that the TRs provide practical information how exactly this will take place.

65. Finally, and in order to ensure the protection of the TR's systems, in terms of confidentiality, integrity and availability, as part of their application for registration or extension of registration, the TRs should provide the relevant policies, procedures, as well as detailed information on the mechanisms and controls in place to protect TR data from cyber-attacks.

Q4. Are these additional procedures sufficient to strengthen the registration framework of TRs under SFTR? If not, what additional provisions should be envisaged?

Q5. What are the cost implications of the establishment of the provisions referred to in paragraphs 58-65?

Q6. What are the benefits of the establishment of the provisions referred to in paragraphs 58-65? Please elaborate.

3.5 Requirements for new applicants

66. As previously stated, the existing RTS 150/2013 under EMIR is a solid basis on which the requirements for registration of TRs under SFTR registration would be defined. In this

regard, ESMA considers that all the relevant information for SFTR required under RTS 150/2013, together with the requirements included in Sections 3.3 and 3.4 of this document, should apply for applications for registration in accordance with Article 5(5)(a) SFTR.

3.6 Requirements for extension of registration under SFTR

67. SFTR establishes a framework for the extension of registration which is sustained by a simplified application in order to avoid duplicate requirements. However, the process and timelines for new registration and for an extension of registration are the same, as indicated in paragraph 27.

68. Therefore, based on the experience gained during the registration of TRs and their subsequent supervision and in order to avoid any duplicate requirements, ESMA understand that, unless there is any amendment to the following information which has already been provided during the registration under RTS 150/2013 or subsequent supervision of the TR, it should not be provided in the case of an application for an extension of registration for the purposes of Article 4 SFTR:

- The information required under Article 5(2) SFTR the TR to be a legal person established in the Union, given that this information has been already provided.
- Any information on any pending judicial, administrative, arbitration or any other litigation proceedings irrespective of their type, that the applicant may be party to, particularly as regards tax and insolvency matters and where significant financial or reputational costs may be incurred, or any non-pending proceedings, that may still have any material impact on trade repository costs required under Article 1(2)(j) RTS 150/2013.
- Information on ownership of the TR as required in Article 3(1)(a) of RTS 150/2013 containing the name each person or entity who directly or indirectly holds 5% or more of the applicants capital or of its voting rights or whose holding makes it possible to exercise a significant influence over the applicants management.
- Information on ownership of the TR as required in Article 3(1)(b) of RTS 150/2013 containing a list of any undertakings in which a person referred to Article 3(1)(a) holds 5% or more of the capital or voting rights or over whose management they exercise a significant influence.
- Address of Parent undertaking, if any, of the TR as required in Article 3(2)(a) of RTS 150/2013.
- Indication of whether the parent undertaking of the TR is authorised or registered and subject to supervision, and when this is the case, state any reference number and the name of the responsible supervisory authority as required in Article 3(2)(b) of RTS 150/2013.

- Information on ownership links, ownership links between the parent undertaking, subsidiaries and any other associated entities or branches as required under Article 4 of RTS 150/2013.
- Information on internal corporate governance policies and procedures and terms of reference which govern its senior management, including the board, its non-executive members and, where established, committees as required under Article 6(1) of RTS 150/2013.
- Description of the selection process, appointment, performance evaluation and removal of senior management and members of the board as required under Article 6(2) of RTS 150/2013.
- Identification of the recognised corporate governance code of conduct (if any) and explanation for any situations where the applicant deviates from the code as required under Article 6(3) of RTS 150/2013.
- Information on the internal bodies in charge of evaluation of findings as required under Article 7(2)(d) of RTS 150/2013.
- Description of the roles of the persons responsible for compliance and of any other staff involved in the compliance assessments, including how the independence of the compliance function from the rest of the business will be ensured as required under Article 8(a) of RTS 150/2013.
- The most recent internal report prepared by the persons responsible for compliance or any other staff involved in compliance assessments within the applicant as required under Article 8(c) of RTS 150/2013.
- A copy of the curriculum vitae in order to enable the assessment on the adequate experience and knowledge to adequately perform their responsibilities in respect of each member of the senior management and each member of the board as required under Article 9(1)(a) of RTS 150/2013.
- Details regarding any criminal convictions in connection with the provision of financial or data services or in relation to acts of fraud or embezzlement, notably via an official certificate if available within the relevant Member State as required under Article 9(1)(b) of RTS 150/2013.
- A self-declaration of good repute in relation to the provision of a financial or data service of each member of the senior management and of the board as required under Article 9(1)(c) of RTS 150/2013.
- A copy of the remuneration policy for the senior management, board members and the staff employed in risk and control functions of the applicant as required under Article 10(a) of RTS 150/2013.
- A description of the measures put in place by the applicant to mitigate the risk of over-reliance on any individual employees as required under Article 10(a) of RTS 150/2013.

- A complete set of financial statements, prepared in conformity with international standards adopted in accordance with Article 3 of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards [7] as required under Article 12(1)(a) of RTS 150/2013.
- The audit report on the annual and consolidated financial statements where the financial statements of the applicant are subject to statutory audit within the meaning given in Article 2(1) of the Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts[8] as required under Article 12(1)(b) of RTS 150/2013.
- The name and the national registration number of the external auditor If the applicant is audited as required under Article 12(1)(c) of RTS 150/2013.
- An interim financial report where the financial statements are not yet available for the requested period of time as required under Article 12(2)(b) of RTS 150/2013.
- A statement of financial position, such as a balance sheet, income statement, changes in equity and of cash flows and notes comprising a summary of accounting policies and other explanatory notes as required under Article 12(2)(c) of RTS 150/2013.
- The audited annual financial statements of any parent undertaking for the three financial years preceding the date of the application as required under Article 12(3) of RTS 150/2013.
- An indication of future plans for the establishment of subsidiaries and their location as required under Article 12(4)(a) of RTS 150/2013.
- A description of the business activities which the applicant plans to carry out, specifying the activities of any subsidiaries or branches as required under Article 12(4)(b) of RTS 150/2013.
- The internal policies and mechanisms preventing any use of information stored in the prospective trade repository (a) for illegitimate purposes; (b) for disclosure of confidential information; (c) not permitted for commercial use, as required under Article 14(1) of RTS 150/2013.
- A description of the internal procedures on the staff permissions for using passwords to access the data, specifying the staff purpose, the scope of data being viewed and any restrictions on the use of data as required under Article 14(2) of RTS 150/2013.
- Information on the processes to keep a log identifying each staff member accessing the data, the time of access, the nature of data accessed and the purpose as required under Article 14(3) of RTS 150/2013.

[7] OJ L 243, 11.9.2002, p. 1.
[8] OJ L 157, 9.6.2006, p. 87

- A description of the investment and renewal policies on information technology resources of the applicant as required under Article 16(2) of RTS 150/2013.
- A description of the arrangements for ensuring the applicant's trade repository activities in case of disruption and the involvement of trade repository users and other third parties in them as required under Article 21(d) of RTS 150/2013.
- Information about the receipt and administration of data, including any policies and procedures put in place by the applicant to ensure: (a) a timely and accurate registration of the information reported; (b) that the data is maintained both online and offline; (c) that the data is adequately copied for business continuity purposes, as required under Article 22(1) of RTS 150/2013.

Q7. Do you agree with the information that should not be provided in the case of extension of registration? Please elaborate.

Q8. Are there additional provisions that should be removed / included? Please elaborate.

Q9. What are the benefits of providing less documentation? Please elaborate.

3.7 Format of the application under SFTR

69. As paragraph 33 states, ESMA also should establish the format of the application and the application for extension of registration. The format of the application for registration under EMIR is set out in ITS 1248/2012[9], which also established requirements that any information submitted to ESMA in an application for registration of a TR are provided in a durable medium, which enables its storage for future use and reproduction. In order to facilitate the identification of the information submitted by a trade repository, it is requested that documents included with an application should bear a unique reference number.
70. ITS 1248/2012 has been a useful tool to cross-reference the documentation provided by the TR with the provisions of RTS 150/2013 and to easily verify the provision or omission of information to address the relevant legal requirements. ESMA intends to establish the same format of the application for registration and of the application for extension of registration.

Q10. Do you agree with the proposed format of the application for registration and the application for extension of registration? If not, do you consider that the format of the application for extension of registration should be different? What are the costs and benefits of the proposed approach? Please elaborate.

[9] Commission Implementing Regulation (EU) No 1248/2012 of 19 December 2012 laying down implementing technical standards with regard to the format of applications for registration of trade repositories according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, OJ L352, 21.12.2012, p.30

4 Reporting

4.1 ISO 20022

4.1.1 Justification

71. Article 4(10) of SFTR provides ESMA with an empowerment to specify the format of the reports with the objective to ensure a uniform application of the reporting obligation and, to the extent feasible, consistency with the reporting under EMIR and harmonisation of formats between trade repositories.

72. EMIR ITS on reporting[10] defined formats of data to be reported, including relevant data standards (when available), length of fields and allowable values. However, these detailed rules proved not to be sufficiently precise as they failed to cover some technical details. As a result, the harmonisation of the entire reporting system was not ensured since the TRs implemented the reporting differently, e.g. by developing different report structures or by using different data element names.

73. Drawing upon the experience with implementation of EMIR reporting standards, ESMA acknowledges that fully comprehensive and unambiguous rules regarding formats of information for reporting are indispensable to ensure quality and thus the usefulness of the data. Furthermore, ESMA also acknowledges that such rules should not be limited only to the relevant data standards, the length of fields and the allowable values, but also should specify a technical format and common template in which the information should be submitted to TRs.

74. In order to limit operational costs to market participants, ESMA considers that the reporting format should be aligned, to the extent possible, with the already existing reporting requirements under other relevant EU regulations, such as MiFIR, MAR, EMIR and MMSR.

75. In terms of the set of requirements for format and content for reporting data, ESMA understands that at least to following characteristics should be respected:

    a. They should be based on open and transparent standards.

    b. They should be subject to robust governance from regulatory community.

4.1.1.1 MiFIR

76. The draft regulatory technical standards on reporting obligations under Article 26 of MiFIR and on the provision of financial instruments reference data under Article 27 of MiFIR require providing transaction reports and reference data in a “common XML template in accordance with the ISO 20022 methodology".

[10] Commission Implementing Regulation (EU) No 1248/2012 of 19 December 2012 laying down implementing technical standards with regard to the format and frequency of trade reports to trade repositories according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, OJ 352, 21.12.12, p.20

77. ISO 20022 was chosen for the purpose of MiFIR reporting based on the feedback to the MiFIR Consultation Paper (CP) as well as on the results of a specific study on technical formats, undertaken by ESMA with assistance of external consultants with a view to determine the most adequate reporting format under MiFIR.

78. In the CP under MiFIR, ESMA sought feedback on the implementation challenges that would result from selecting a specific technical format in order to assess the burden on market participants. Additionally, some respondents provided feedback on the preferred reporting technical format. The following technical formats were considered: FpML, ISO 20022, TREM (a custom XML format defined by ESMA and currently used for Transaction Reporting and Instrument Reference data exchanges between CAs), IFX, FIX and XBRL. The study found that ISO 20022 would be a technical format that would pose least implementation challenges and, at the same time, is one of the preferred technical formats of the respondents.

79. The study evaluated several technical formats in terms of their usability for the MiFIR reporting, governance, change control, implementation feasibility and reusability. Based on the results of the study, ESMA selected ISO 20022 owing to the high level of compliance with envisaged legal requirements as well as its performance (capacity to process the volumes expected from MiFIR regime) and extensibility (capability to enable a specified modification to be implemented).

4.1.1.2 MAR

80. Article 4 of MAR and Article 27 of MiFIR both establish a requirement on the provision of instrument reference data to the competent authorities. The competent authorities should in turn provide these data to ESMA who will make them available on its website.

81. Considering the common purpose of the two provisions and the common reference data elements to be provided, ESMA deemed it appropriate to ensure the alignment of the two requirements. The Discussion Paper on MiFIR consulted on this approach and respondents strongly supported the approach.

82. Consequently, Article 2 of draft implementing technical standard concerning the timing, format and template of the submission of notification to competent authorities sets out that notifications of financial instruments must be submitted in a “common XML template in accordance with the ISO 20022 methodology".

83. ISO 20022 is a single standardisation approach (methodology, process, repository) to be used by all financial standards initiatives[11]. It is syntax-independent but includes a set of XML design rules to convert the message models into XML schemas, whenever the use of the ISO 20022 XML-based syntax is preferred**.**

[11] Definition from www.ISO20022.org

4.1.1.3 EMIR

84. The current framework does not impose a specific technical format for either reports that the counterparties to TRs submit or for the reporting from TRs to the relevant authorities. Such approach resulted in some inconsistencies in the information reported by the counterparties as well as in varying practices across the TRs hampering the access to data and the correct aggregation and comparison of data across TRs.

85. To address the deficiencies at the level of submissions from TRs to NCAs, ESMA proposed a review of the technical standards on data access and operational standards for comparison and aggregation of data to specify that TRs should provide the details of the derivative contracts in an XML format and using a template developed in accordance with ISO 20022 methodology. The decision to require this format was based on the comprehensive analysis made to determine the most appropriate technical format for data reporting to authorities under MiFIR.

86. ESMA adopted a different approach in the "Review of technical standards on reporting to TRs", where a comprehensive alignment with MiFIR reporting requirements (and thus with of ISO 20022) was considered, but disregarded for the following reasons:

- Imposing new extensive requirements could cause delay in the implementation of the reviewed standards that are expected to fix the most urgent reporting issues.
- At the time when ISO 20022 was chosen as the reporting format under MiFIR, consultation on EMIR reporting standards was already concluded and it would not have been appropriate to impose a new technical format for reporting without any prior consultation.
- The international work on harmonisation of OTC derivatives reporting, led by CPMI-IOSCO, was ongoing and was expected to affect the reporting. The aim of this work is to provide detailed guidelines on the reporting in 2017. The respective jurisdictions are expected to subsequently adopt guidelines, thus resulting in the review of the reporting rules. A full alignment with the MiFIR reporting would have required the reporting entities to implement extensive changes that would be superseded shortly after and thus would have constituted an unnecessary burden.

87. Nevertheless, alignment with MiFIR requirements was pursued in those cases where it did not imply excessive burden to the market participants. In particular, the formats of fields that were newly introduced in the review and of the fields where currently applicable requirements had to be amended owing to identified deficiencies were specified in accordance with ISO 20022 (e.g. four-letter codes were defined for lists of allowable values).

4.1.1.4 Money Market Statistical Reporting (MMSR)[12]

88. On 24 September 2015, the ECB published detailed “Reporting instructions for the electronic transmission of MMSR”, which created a standardized and automated reporting framework in terms of fields, formats, data flows, and validations.

89. Following a series of workshops with SWIFT, reporting instructions have been aligned with ISO 20022 standards.

4.1.1.5 Conclusion

90. Based on the aforementioned considerations, the proposal is to establish an ISO 20022 technical format for the reporting to TRs, as well as from TRs to authorities.

4.1.2 Common Extensible Mark-up Language (XML) schema

91. A harmonised XML schema should be defined in order to ensure full standardisation of the reporting to be submitted to the TRs. Such standardisation will enable TRs to aggregate and provide data to NCAs without unnecessary data processing or transformations, thus limiting the recurring costs and reducing the risk of incorrect manipulation of the data.

92. Furthermore, when a common XML schema is used, basic data quality validations can be embedded in that schema, allowing for the first verification of data when the reporting counterparties generate their reporting. It will also ensure that, to the extent possible, market participants are provided with the comprehensive and transparent information on the reporting requirements as soon as the reporting regime is defined, rather than through ex-post additional guidance. Validations that will be inherent part of the schema would include verification of format of the fields (length, allowable set of characters) and completeness of the mandatory fields. Additionally, further business validations would apply, as such rules on content dependencies between the fields. Please refer to section 5.1.1 of this document for more information on validations.

Q11: Do you agree with the proposed technical format, ISO 20022, as the format for reporting? If not, what other reporting format you would propose and what would be the benefits of the alternative approach?

Q12. How would the proposed format comply with the governance requirements in paragraph 75? Please elaborate.

Q13: Do you foresee any difficulties related to reporting using an ISO 20022 technical format that uses XML? If yes, please elaborate.

[12] Money market statistical reporting to the ECB under Regulation 1333/2014

4.2 Reporting logic

4.2.1 Proposed approach

4.2.1.1 Proposed approach from entity perspective – determination of the reporting obligation based on the capacity of the market participant (i.e. principal vs other)

93. The counterparties to an SFT are subject to the reporting obligation.

94. The definition of counterparties is contained in Article 3 SFTR and it means both financial counterparties and non-financial counterparties. Furthermore, the definition of financial counterparty and non-financial counterparty is provided. For the purposes of SFTR financial counterparty means: (a) an investment firm authorised in accordance with Directive 2014/65/EU of the European Parliament and of the Council; (b) a credit institution authorised in accordance with Directive 2013/36/EU of the European Parliament and of the Council or with Regulation (EU) No 1024/2013; (c) an insurance undertaking or a reinsurance undertaking authorised in accordance with Directive 2009/138/EC of the European Parliament and of the Council; (d) a UCITS and, where relevant, its management company, authorised in accordance with Directive 2009/65/EC; (e) an AIF managed by AIFMs authorised or registered in accordance with Directive 2011/61/EU; (f) an institution for occupational retirement provision authorised or registered in accordance with Directive 2003/41/EC of the European Parliament and of the Council1; (g) a central counterparty authorised in accordance with Regulation (EU) No 648/2012; (h) a central securities depository authorised in accordance with Regulation (EU) No 909/2014 of the European Parliament and of the Council[2]; (i) a third-country entity which would require authorisation or registration in accordance with the legislative acts referred to in points (a) to (h) if it were established in the Union. Non-financial counterparty is defined as an undertaking established in the Union or in a third country other than the financial counterparties.

95. With regard to ETF, MMFs, and REITs ESMA will be taking into account any future developments in EU regulations defining those. To the extent feasible, ESMA intends to accommodate for those amendments when submitting the TS to the EC.

96. A party to an SFT that acts on a principal basis, that is on own account, is referred to as a counterparty of an SFT.

97. A party to an SFT that acts as an intermediary and on behalf of a customer shall be defined as a broker. A counterparty may use the services of a broker or a lending agent to conclude an SFT.

98. A central counterparty (CCP) means a legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer. Furthermore, in the case of establishment of interoperability arrangements between CCPs, there will be also (reportable) transactions between the two CCPs.

99. A securities lending agent facilitates the conclusion of a securities lending transaction between two counterparties. It also organizes the allocation of collateral and the provision of the securities to be lent. If the agent lender acts on its own behalf and on its own book, it is the counterparty of the SFT. A lending agent is a role only applicable in the case of securities lending.

100. Tri-party agents are the parties to whom the counterparties can technically outsource the collateral management of their SFTs. They are defined in greater detail in Section 4.2.5.

101. CSDs and their participants are defined in greater detail in section 4.3.7. Depending on the type of transaction, further to their role of CSDs or CSD participants, they also can be either a counterparty or a tri-party agent.

Q14. Do you foresee issues in identifying the counterparties of an SFT trade following the above-mentioned definitions?

Q15. Are there cases for which these definitions leave room for interpretation? Please elaborate.

102. In accordance with Article 4(10) SFTR, and notwithstanding the particular cases described in Section 4.3.3, ESMA expects that all the actors, described above, are identified and reported through the Legal Entity Identifier (LEI) in compliance with ISO 17442.

4.2.1.2 Proposed approach from SFT perspective (transaction-only vs. transaction and position reporting of CCP-cleared SFTs)

103. Article 4(1) SFTR provides that "Counterparties to SFTs shall report the details of any SFT they have concluded, as well as any modification or termination thereof, to a trade repository registered in accordance with Article 5 or recognised in accordance with Article 19. Those details shall be reported no later than the working day following the conclusion, modification or termination of the transaction." Recital 10 of SFTR establishes that "the new rules on transparency should therefore provide for the reporting of details regarding SFTs concluded by all market participants, whether they are financial or non-financial entities, including the composition of the collateral, whether the collateral is available for reuse or has been reused, the substitution of collateral at the end of the day and the haircuts applied."

104. Based on the above, it should be understood that the SFTR requires – end-of-day transaction-level reporting in full alignment with EMIR.

105. The antepenultimate paragraph of Article 4(9) SFTR, however, establishes that "In developing those draft technical standards, ESMA shall take into account the technical specificities of pools of assets and shall provide for the possibility of reporting position level collateral data where appropriate". ESMA understands that a proposal with regards to the reporting of position-level collateral data is included in section 4.3.5.

106. Furthermore, based on the EMIR experience, ESMA is considering to what extent it would be useful to establish also complementary position-level reporting for CCP-cleared SFTs. Two important aspects will be taken into account while defining such complementary reporting framework:

- The feasibility to report comprehensive information at transaction level.
- The feasibility to report similar data elements at transaction and at position level.

107. Based on the feedback received, ESMA would consider to what extent the SFT reporting framework should include a complementary position-level reporting of CCP-cleared SFTs.

108. The reporting of collateral data is described in detail in section 4.3.5.

Q16. Is it possible to report comprehensive information at transaction level for all types of SFTs and irrespective of whether they are cleared or not?

Q17. Is there any need to establish complementary position-level reporting for SFTs? If yes, should we consider it for particular types of SFTs, such as repo, or for all types?

Q18. Is there any need to differentiate between transaction-level data and position-level data on loans from financial stability perspective? Please elaborate.

Q19. Would the data elements included in section 6.1 be sufficient to support reporting of transactions and positions?

Q20. Would the data elements differ between position-level data and transaction-level data? If so, which ones?

Q21. Would the proposed approach for collateral reporting in section 4.3.5 be sufficient to accurately report collateral data of SFT positions? Please elaborate.

4.2.2 Reporting logic for business and lifecycle events

109. Article 4(1) SFTR sets out the requirement for counterparties to report not only the conclusion of the original transaction, but also the modifications of its terms and its termination.

110. With a view to facilitate the reporting ESMA considers that the structure of report should be flexible and adapted to the type of event that is reported. For example, when reporting termination of the transaction, a counterparty should not be obliged to re-report full set of data required for the new transaction, but rather provide only those data that are relevant for the early termination of a trade: identification of the transaction that is terminated and the termination date).

111. ESMA is considering two approaches for reporting the relevant business and lifecycle events for an SFT – an EMIR-consistent approach and a combined business event and technical action approach. Both are detailed below.

4.2.2.1 EMIR-consistent approach based on “Action Type” (Approach A)

112. In order to enable flexibility of reporting and at the same time ensure that all relevant data are provided for a given type of report, the reporting of an SFT would include an additional field “Action type” in order to specify the type of action the report refers to. The events that the SFTR explicitly mentions are the conclusion, modification and termination of an SFT and are subset of the actions that this field distinguishes between. Furthermore, owing to the importance of collateral data for the evaluation of risks related to an SFT, any changes in the collateral would be reported under a separate “Action Type” rather than as a modification. This approach is consistent with the reporting logic already implemented in the reporting under EMIR[13]. Additionally, it is considered that reports of re-pricing and principal increases should also be easily differentiated from modifications of other terms of transaction. Accordingly, additional action types “Re-pricing” and “Principal increase” are proposed for SFT reporting.

113. Furthermore, and also in line with the EMIR reporting rules, it is recognised that counterparty may need to change some of the submitted data due to other reasons than the actual modification of the transaction. If such modification is required due to any error in the generation, processing or submission of transaction report, it should be clearly distinguishable from the report of change of economic terms of the transaction. Therefore, the field “Action Type” would include the additional value “Correction”.

114. Similarly, an additional action type would be introduced to distinguish the actual terminations before maturity date of existing transactions from the cancelations of transactions that should not have been reported. As proven by EMIR experience, counterparties sometimes report a trade that never came to existence or which is not a reportable trade. Such reports should be removed from the SFT data in a way that reflects that given transaction had been reported erroneously. Again, leveraging on EMIR experience, the additional action type “Error” is envisaged to cancel the transactions that were reported by mistake.

115. Finally, as explained in the section 4.2.1.2, it is not clear whether it will be necessary to accommodate for the reporting of SFTs at position level. Therefore, the list of action types does not propose values for position-level reporting.

116. The table below documents the action types that were implemented in EMIR reporting and the ones envisaged for SFT reporting regime. As explained in the previous paragraphs, they were aligned to the extent possible.

[13] Under EMIR the collateral updates are reported under the action type “Valuation” (together with the market value of the trade)

Table 1 - Comparison between action types in SFTR and in EMIR	
Action types proposed under SFT	**Action types implemented under EMIR**
New	New
Modify	Modify
Error	Error
Early Termination	Early Termination
Correction	Correction
Re-pricing	
Principal increase	
	Compression
Collateral Update	Valuation update
	Position component

117. As already mentioned, a differentiation between “Action Types” will allow to adapt the reporting requirements to the type of event that is reported. In practical terms it means that different XML schema will apply depending on the Action Type. For example, in the case of reporting of a new repo transaction, all the fields applicable to the repo transactions will be mandatory (unless specified otherwise in the Table of fields for repos), However, if the same transaction needs subsequently to be modified, terminated, corrected or cancelled, the reporting entity will be required to provide only a subset of fields including:

- the fields necessary to identify the original transaction: UTI and identifiers of the two counterparties,
- the additional fields relevant for the given report: fields that are intended to be modified or corrected for modification/correction and the termination date for the early termination.

4.2.2.2 Reporting based on event types and technical action (Approach B)

118. The event types for reporting the original trade and changes to the terms of the trade would be distinguished from the technical action to be performed with the reported event type.

119. The normalisation of transaction types and technical actions would standardise the processing of trade and lifecycle events for SFTs. Applying normalisation for SFT reporting would result in the following constellations between event types and technical actions.

Table 2 - Proposed event types and technical actions	
Event type	**Technical Action**
Repo / reverses trade event	New Modification Correction Cancellation
Buy-sell back trade event	New Modification Correction Cancellation
Borrowing and Lending trade event	New Modification Correction Cancellation
Margin lending trade event	New Modification Correction Cancellation
Adjustment lifecycle event for collateral, cash or both	New Modification Correction Cancellation
Termination life cycle event	New Modification Correction Cancellation
Re-pricing life cycle	New Modification Correction Cancellation

120. The reporting of SFTs would distinguish between trade events and lifecycle events. Trade events would report the terms of the originally concluded SFTs. Lifecycle events would report changes to the contractual terms of the originally reported trade event.

121. The use of trade events and lifecycle events also allows the definition of dedicated XML reporting items for each type of trade event and lifecycle event. Therefore, the specification of each XML reporting item would be limited to only those fields that would be relevant to the specific trade or lifecycle event. It simplifies the specification of reporting requirements in that it minimises the required business validations and also provides for event-based schema validations.

4.2.2.2.1 Trade event reporting

122. The subsequent sections describe the trade types for which SFT reporting should foresee dedicated reporting items for the reporting of the originally concluded SFTs.

Repurchase trade event

123. The repurchase trade event would be a dedicated reporting item for repos and reverses that would document the detailed terms of the trade. It would also include a sub-element to report collateral.

Buy-sell back trade event

124. Although the buy-sell back could be reported as a repo trade, the SFT reporting would foresee a dedicated trade event in order to simplify the reporting. Buy-sell backs are concluded as a combination of a spot trade and a forward trade. The attributes concerning the terms of the trade vary between repos and buy-sell backs. For example, where a buy-sell back has a spot price and a forward price, repos have rates. Furthermore, repos have additional terms and mid-life events that would not exist for buy-sell backs. A dedicated trade event for buy-sell backs is expected to simplify SFT reporting. Not combining the reporting of buy-sell backs with repos limits the specification of the trade event to only those reporting fields required for the reporting of buy-sell backs, thereby reducing the complexity of the required schema and business validations.

Securities and commodities lending trade event

125. The securities and commodities lending trade event would be a dedicated reporting item for securities lending and commodities lending that provides the detailed terms of the trade. The securities and commodities lending trade event would also include a sub-element to report collateral.

Margin lending trade event

126. The margin lending trade event would be a dedicated reporting item that provides the detailed terms of a margin lending transactions against a collateral portfolio. The margin lending trade event would also include a sub-element to report the portfolio against which the trade is collateralised.

4.2.2.2.2 Lifecycle event reporting

127. All modifications to the contractual terms of an SFT would be reported through lifecycle events. The use of lifecycle events limits the reporting of changes to the terms of an SFT to the explicit terms that have changed instead of reporting the entire SFT with the new terms.

Adjustment lifecycle event

128. The adjustment lifecycle event would be a dedicated reporting item to document changes in the collateralisation through a collateral element and/or the principle amount through a cash element.

129. An adjustment event that would consist only of a collateral element would represent a collateral lifecycle event. A collateral lifecycle event would report changes to the nominal/quantity of securities collateral resulting from variation margin and collateral

substitutions. It would report the new collateral composition, i.e. a full end-of-day snapshot the full set of collateral. This lifecycle event would be linked explicitly to one SFT through the UTI or to several SFTs by using a unique collateral pool identifier or an explicit list of UTIs.

130. An adjustment event that would consist only of a cash element would represent a cash lifecycle event. This lifecycle event would report changes in the principal amount resulting from margin calls for securities lending. It would not be applicable for margin lending, repos and buy-sell backs as changes to the principal amounts would result in new trades.

131. An adjustment event could consist of both a collateral lifecycle event and a cash lifecycle event. This would be the case for partial terminations of SFTs that result in changes to the nominal/quantity of the collateral and the principal amount.

Termination lifecycle event

132. The termination lifecycle event would be a dedicated reporting item to document a full termination of an SFT prior to contractually agreed end date or the termination of an open-ended SFT. This lifecycle event would include fields to report the termination date and a termination amount and would be linked explicitly to one SFT through the UTI..

Re-pricing or rate change lifecycle event

133. This lifecycle event would report a rate change for a floating rate repo, a re-pricing for a securities or commodities lending trade event or a rate change for a margin lending transaction. This lifecycle event would be linked explicitly to one SFT through the UTI.

Differentiation between transaction types and technical actions

134. Based on the proposed normalisation, all trade events would be reported with a distinct technical action. A trade event with the technical action “new” would be the reporting of a new trade. “Modification” and “Correction” have the same function. The reporting of a technical action “modify” should only represent the update of fields of a reporting item that are not material to the terms of the trade (e.g. legal jurisdiction of the reporting party), as the terms of the trade would be modified through lifecycle events. The technical action “correction” would result in updating fields of an SFT that were reported incorrectly.

135. A trade event with the technical action “cancel” would report that an SFT is not valid, e.g. in the case of erroneous reporting. Lifecycle events can be reported as “new” or “cancel”, and potentially modified if this would be required in specific instances. In practice, it can be generally expected that reporting counterparties would not provide modifications for lifecycle events, but submit cancellations and new lifecycle events.

Unique reference for lifecycle events

136. A unique reference for life cycle events within a UTI in order to reference it for cancellation and potentially for allowing modifications is not mandatory. Each life cycle event would be related to a specific business day for which it is reported under the

assumption that a specific lifecycle event will not be reported multiple times for one day (intra-day reporting). Therefore, an already reported lifecycle event can be cancelled or modified by referring to the UTI, the event type and the day for which it is reported.

Originally reported early termination

Report Date	Original Report Date	UTI	Transaction Type	Technical Action
16/12/15	n/a	123456	Early Termination	New

Cancellation of early termination on next day

Report Date	Original Report Date	UTI	Transaction Type	Technical Action
17/12/15	16/12/15	123456	Early Termination	Cancellation

Q22. From reporting perspective, do you foresee any significant benefits or drawbacks in keeping consistency with EMIR, i.e. applying Approach A? What are the expected costs and benefits from adopting a different approach on reporting of lifecycle events under SFTR with respect to EMIR? Please provide a justification in terms of cost, implementation effort and operational efficiency. Please provide concrete examples.

Q23. Do you agree with the proposed list of "Action Types"? If not, which action types should be included or excluded from the above list to better describe the SFT? Please elaborate.

Q24. Do you foresee any benefits or drawbacks of implementing the proposed reporting logic of event types and technical actions (Approach B)? Please elaborate.

Q25. Do you agree with the proposed list of event types and technical actions? If not, which ones should be included or excluded?

Q26. Do you foresee any need to introduce a unique reference identifier for the lifecycle events or for technical actions? Please elaborate.

4.2.3 Direction of the trade

137. ESMA understands that another important data element that needs to be defined is the direction of the SFT for each of the counterparties. To that end is proposed to align the reporting of this information with the approach implemented under EMIR, i.e. to include the field "Counterparty side" indicating whether the counterparty is "buyer" or "seller".

138. This approach would allow the TRs which decide to apply for extension of registration under SFTR to implement a similar inter-TR reconciliation process to the one currently in place..

139. Depending on the information available when the standards are drafted, ESMA would try to establish as comprehensive rules as possible, however, it can be expected that some non-trivial reporting scenarios appear in the future and they might need further guidance. Any such issues would potentially hamper the quality of the SFT data.

140. The “buyer” and “seller” in an SFT would be identified according to the following rules:

- In the case of repurchase transactions and sell-buy back / buy-sell back transactions, the counterparty that buys securities, commodities, or guaranteed rights relating to title to securities or commodities on the opening or spot leg of the trade and agreeing to sell them at a specified price on a future date (closing or forward leg of the trade), shall be identified as the buyer. The other counterparty shall be identified as the seller.
- In the case of securities or commodities borrowing and securities or commodities lending, the counterparty that lends the securities or commodities, subject to a commitment that equivalent securities or commodities will be returned on a future date or on request, shall be identified as the buyer. The other counterparty shall be identified as the seller.
- In the case of margin lending, the counterparty to which credit is extended in exchange for collateral shall be identified as the buyer. The counterparty that provides the credit in exchange for collateral shall be identified as the seller.

Q27. From reporting perspective, do you foresee any drawbacks in keeping consistency with EMIR? If so, please indicate which ones?

Q28: Are the proposed rules for determination of buyer and seller sufficient? If not, in which scenarios it might not be clear what is the direction of the trade? Which rules can be proposed to accommodate for such scenarios?

Q29: Are the proposed rules consistent with the existing market conventions for determination of buyer and seller? If not, please provide alternative proposals.

4.2.4 Trade scenarios

141. In this subsection, the discussion paper includes several reporting scenarios that have been identified as the most common scenarios at this stage. The entities in rectangular box with continued line are counterparties, while the entities in rectangular boxes with the dashed line are not counterparties to the trade. However, they should be identified in their respective role in the reported SFT, such as broker, clearing member, beneficiary, tri-party agent, lending agent, etc. The continued arrows between two entities refer to a SFT, while the dashed lines refer to agency relationship.

4.2.4.1 Repo and buy/sell-back

4.2.4.1.1 Repo trade without central clearing

142. The simplest form of a repo trade involves two counterparties, i.e. the lender of the security and the borrower of cash. The counterparties may choose to use the services of a broker to initiate the trade with the counterparty. The broker does not become a counterparty to the SFT when the broker only acts on behalf of the counterparty and does not take the position in its own books.

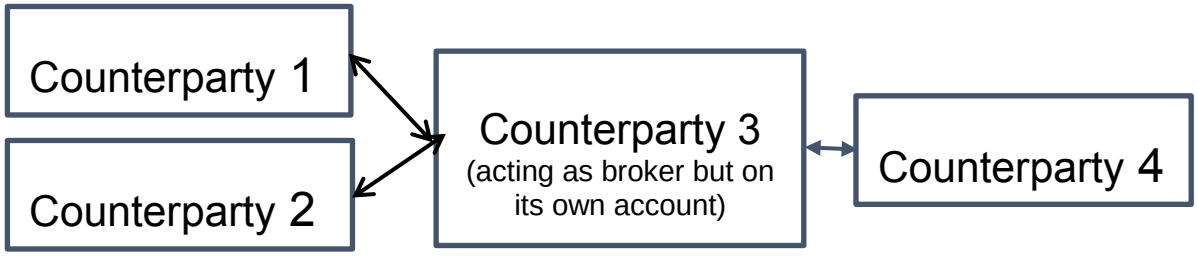
143. In the repo scenario 1 on the bilateral trade with the intermediation of a broker, Counterparty 1 and Counterparty 2 have to report the trade that would also identify of the broker that intermediated the trade.

Repo scenario 1 - Bilateral trade with the intermediation of a broker

- Counterparty 1 reports a repurchase transaction with counterparty 2 and would provide the LEI of the broker in a dedicated reporting field
- Counterparty 2 reports a repo transaction with counterparty 1 and would provide the LEI of the broker in a dedicated reporting field
- As the trade is bilateral, both counterparties would report in separate dedicated reporting field that the trade is not cleared. They would not report a CCP clearing member in a second dedicated reporting field.

144. In the repo scenario 2 on the bilateral trade with a broker acting on its own account one or more counterparties concludes a repo trade against a broker acting on its own account. As the broker acts on its own account, the broker becomes a counterparty to the trade and would be subject to the reporting obligation.

Repo scenario 2 – Bilateral trade with a broker acting on its own account



- Counterparty 1 reports a repurchase transaction with counterparty 3 and the field “broker “ is left empty;

- Counterparty 2 reports a repurchase transaction with counterparty 3 and the field “broker” is left empty;
- Counterparty 4 reports a repurchase transaction with counterparty 3 and the field “broker” is left empty;
- Counterparty 3 reports three separate repurchase transactions, i.e. with counterparties 1, 2 and 4 and the field “broker” is left empty;
- As the trade is bilateral, both counterparties would report that the trade is not cleared in a dedicated reporting field, and they would not report a CCP clearing member in a second dedicated reporting field.

145. The scenarios depicted in the two diagrams under paragraphs 143 and 144 also apply to buy/sell back trade. The only difference would consist in the legal nature of the trade which encompasses a simultaneous buy and a sell, but it is expected to be reported as a single SFT.

Q30. Are you aware of any other bilateral repo trade scenario? With the exception of tri-party agents that are documented in section 4.2.5, are there any other actors missing which is not a broker or counterparty? Please elaborate.

Q31. Do you consider that the above scenarios also accurately capture the conclusion of buy/sell-back and sell/buy back trades? If not, what additional aspect should be included? Please elaborate.

4.2.4.1.2 Repo trade with central clearing

146. In a repo trade with central clearing, a CCP interposes between the two counterparties to the trade and becomes a counterparty to a trade. Therefore, the CCP is subject to the SFTR reporting obligation.

147. In the subsequent scenarios, the assumption is that both counterparties to the trade are following the same approach. This is not a fundamental requirement and the scenarios should be interpreted on the assumption that there can be mixed scenarios, e.g. one of the counterparties using a clearing member and the other counterparty being the clearing member itself. This makes no difference to the basic conclusions.

148. Furthermore, it is assumed that in the case of bilateral trades which are subsequently cleared, the logic referred to in paragraph 204 would be followed..

149. It is the understanding of ESMA that the principal clearing model is currently the most common client clearing model in Europe for repos. In repo scenario 3 on a CCP interposing itself between the two counterparties that are clearing members. It would require the reporting of two different trades, i.e. a trade between the Counterparty 1 and the CCP, and the trade between the CCP and the Counterparty 2, and in four reports in total to trade repositories.

Repo scenario 3 - CCP interposing itself between the two counterparties that are clearing members

- Counterparty 1 would report a repurchase transaction with CCP. It would report that the trade is cleared in a dedicated reporting field and would identify itself by its LEI as the CCP clearing member in a second dedicated reporting field. The dedicated reporting field to identify the CCP would specify the LEI of the CCP.
- Counterparty 2 would report a repurchase transaction with CCP. It would report that the trade is cleared in a dedicated reporting field and would identify itself by its LEI as the CCP clearing member in a second dedicated reporting field. The dedicated reporting field to identify the CCP would specify the LEI of the CCP.
- CCP reports a repurchase transaction with Counterparty 1 and another one with Counterparty 2. It would report that the trade is cleared in a dedicated reporting field and would identify itself by its LEI as the CCP in the second dedicated reporting field that specifies the CCP. The "clearing member" field should be filled with the ID of the counterparty.
- In the case of a bilateral trade between Counterparty 1 and Counterparty 2 that the counterparties submit to clearing, Counterparty 1 and Counterparty 2 would need to also report the original bilateral trade. All transactions should be linked through a unique code. Please see sections 4.3.4 and 4.3.6 for more information on this topic.

150. Other variations of centrally cleared repo scenarios cover client[14] clearing models, where a counterparty is not itself a clearing member, but accesses a CCP via a third party who is a clearing member.

151. The principal clearing model underlies repo scenario 4 on a CCP interposing itself between the two counterparties that are not clearing members. It results in the creation of a distinct legal contract between the clearing member and its client (a 'back-to-back contract) in addition to the legal contract between the CCP and the clearing member. This is the most common client-clearing model in European CCPs. Four new trades result from the clearing of the original trade in the principal model, i.e. between each counterparty and its respective clearing member and mirror transactions between each clearing member and the CCP. In this case, all five actors (counterparties 1 and 2, clearing members 1 and 2, and the CCP) are subject to the SFTR reporting obligation, resulting in eight reports to the trade repositories.

[14] EMIR defines 'client' as an undertaking with a contractual relationship with a clearing member of a CCP which enables that undertaking to clear its transactions with that CCP

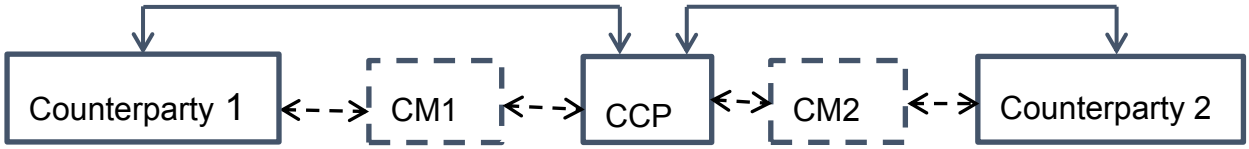
Repo scenario 4 - CCP interposing itself between the two counterparties that are not clearing members

- Counterparty 1 reports a repurchase transaction with Clearing Member 1 (CM1). It would report that the trade is cleared in a dedicated reporting field and would report the LEI of its clearing member in a further dedicated reporting field. The dedicated reporting field to identify the CCP would specify the LEI of the CCP of the clearing member , the field “cleared” should be filled accordingly with “true”,
- CM1 reports a repurchase transaction with Counterparty 1. It would report that the trade is cleared in a dedicated reporting field and would identify itself by its LEI as the CCP clearing member in a further dedicated reporting field. The dedicated reporting field to identify the CCP would specify the LEI of the CCP.
- CM1 reports a repurchase transaction with CCP. It would report that the trade is cleared in a dedicated reporting field and would identify itself by its LEI as the CCP clearing member in a further dedicated reporting field. The dedicated reporting field to identify the CCP would specify the LEI of the CCP.
- CCP reports a repurchase transaction with CM1. It would report that the trade is cleared in a dedicated reporting field and would identify itself by its LEI as the CCP in the dedicated reporting field that specifies the CCP, the "clearing member” field should be filled with the LEI of CM1 and the “CCP” should be filled with the LEI of the CCP.
- The trades involving Counterparty 2, Clearing Member 2 and CCP would be reported as described above for Counterparty 1, Clearing Member 1 and CCP, respectively.
- In the case of a bilateral trade between Counterparty 1 and Counterparty 2 that the counterparties submit to clearing, Counterparty 1 and Counterparty 2 would need to also report the original bilateral trade. All transactions should be linked through a unique code. Please see sections 4.3.4 and 4.3.6 for more information on this topic.

152. The third scenario of centrally cleared repos reflects the agency clearing model. Currently, this model is not used in Europe but may exist in other jurisdictions. It falls within the scope of SFTR reporting where SFTs are entered into by EU counterparties but cleared in foreign CCPs, where such models may exist.

153. In repo scenario 5 on a CCP interposing itself between the two counterparties that are not clearing members and the clearing members participate in agent capacity, two new trades result between each original counterparty and the CCP. Consequently, there will be four reports in total (two for the trade between the Counterparty 1 and the CCP and two for the trade between the CCP and Counterparty 2). In this scenario, clearing members CM1 and CM2 act as agents and do not become counterparties subject to the SFTR reporting obligation.

Repo scenario 5 - CCP interposing itself between the two counterparties that are not clearing members and the clearing members participate in agent capacity.



- Counterparty 1 reports a repurchase transaction with CCP. It would report that the trade is cleared in a dedicated reporting field and would report the LEI of its clearing member in a further dedicated reporting field. The dedicated reporting field to identify the CCP would specify the LEI of the CCP of the clearing member
- Counterparty 2 reports a repurchase transaction with CCP. It would report that the trade is cleared in a dedicated reporting field and would report the LEI of its clearing member in a further dedicated reporting field. The dedicated reporting field to identify the CCP would specify the LEI of the CCP of the clearing member
- CCP reports one trade with Counterparty 1 and another trade with Counterparty 2. It would report that the trade is cleared in a dedicated reporting field. The "clearing member" field should be filled, respectively, with the LEIs of CM1 and CM2 and the "CCP" field should be filled with the LEI of the CCP.
- In the case of a bilateral trade between Counterparty 1 and Counterparty 2 that the counterparties submit to clearing, Counterparty 1 and Counterparty 2 would need to also report the original bilateral trade. All transactions should be linked through a unique code. Please see sections 4.3.4 and 4.3.6 for more information on this topic.

154. A broker or a tri-party agent could also be involved in the central clearing scenarios, and, if so, should be reported as discussed in the prior scenarios.

155. The clearing scenarios depicted above would also apply in the same way to buy/sell back and sell/buy back transactions. The only difference would consist in the legal nature of the trade which encompasses a simultaneous buy and a sell, but it is expected to be reported as a single SFT. Therefore for each of those transactions a CCP, and respectively a CM would be included as counterparties.

Q32. Do you agree with the description of the repo scenarios?

Q33. Are you aware of any other repo scenarios involving CCPs?

Q34. Are there any other scenarios that should be discussed? Please elaborate.

Q35. Do you consider that the documented scenarios capture accurately the conclusion of buy/sell-back trades? If not, what additional aspects should be considered?

Q36. According to market practices, can buy/sell-back and sell/buy back trades involve a CCP?

Q37. Are there any other actors missing which are not mentioned above, considering that tri-party agents are be covered in section 4.2.5? Please elaborate.

4.2.4.2 Securities lending scenarios

4.2.4.2.1 Bilateral securities lending scenarios

156. In securities lending scenario 1 on a bilateral securities lending trade bilateral agreement without intermediary or "principal lender" model the beneficial owner of the securities (counterparty 1) lends securities against collateral directly to another market participant (counterparty 2) without using an agent lender or a CSD participant as an intermediary. This scenario is not very common according to information from the market, but could increase in the future according to the last ICMA study[15].

Securities lending scenario 1 – Bilateral securities lending trade

- Counterparty 1 reports a securities lending transaction with counterparty 2 without specifying a broker.
- Counterparty 2 reports a securities lending transaction with counterparty 1 without specifying a broker.
- As the trade is bilateral, both counterparties would report that the trade is not cleared in a dedicated reporting field. They would not report a CCP, clearing member or tri-party agent or lending agent in the respective reporting fields.

157. In securities lending scenario 2 on a bilateral securities lending trade with agency intermediary, two beneficial owners (Counterparty 1 and Counterparty 2) lend securities against collateral through an agent lender that acts as an agent to another market participant (Counterparty 3). This scenario can have certain variations in which either only one or several beneficial owners lend securities using an agent lender.

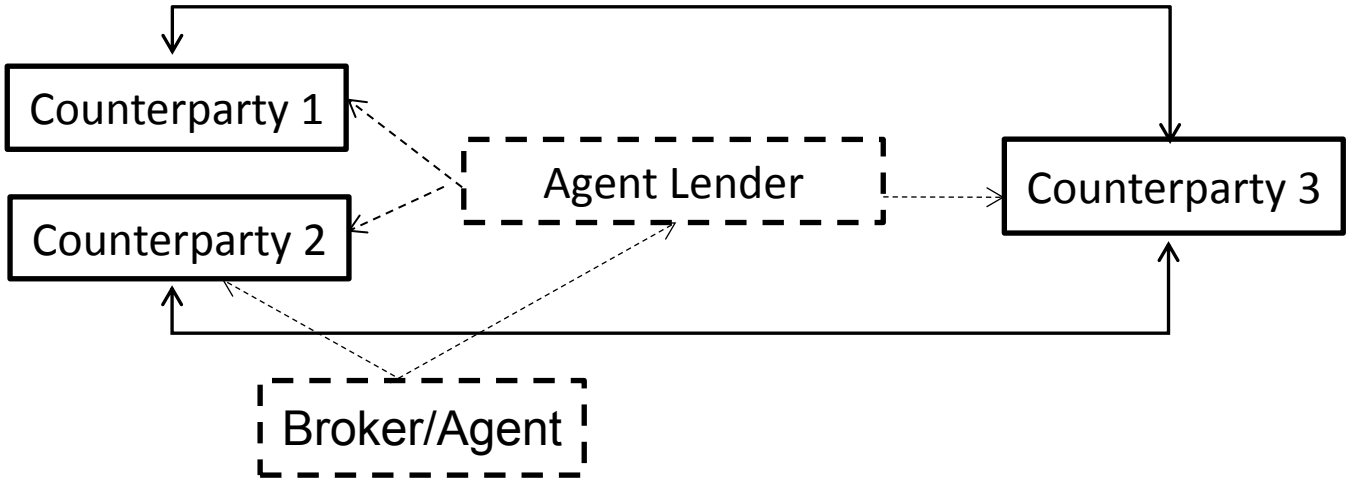
158. In this scenario and when there are multiple beneficial owners (securities lenders), the counterparties would need information provided by the agent lender in order to report their trades. The three counterparties report their trades to a TR (2 trades, 4 reports).

[15] "the European repo market is very much moving away from a collateral-versus-cash market and more toward a collateral-versus-collateral market. It would also seem that more of these transactions are being executed as single securities lending transactions (under a GMSLA), rather than as two separate repo trades (under a GMRA); November 2015, ICMA, http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/short-term-markets/Repo-Markets/icma-european-repo-market-reports-and-white-papers/The-current-state-and-future-evolution-of-the-European-repo-market/)

159. Two distinct cases exist in the scenario involving an agent lender:

- Disclosed Agent lending agreement, where counterparties are disclosed at point of trade
- Undisclosed agent lending agreement where counterparties may not be disclosed until end of (T) trade date or even settlement date

Securities lending scenario 2 – Bilateral securities lending trade with agency intermediary



- Counterparty 1 reports a securities lending trade with Counterparty 3 and the field "broker" should be left empty
- Counterparty 2 reports a securities lending trade with Counterparty 3 and the field "broker" should be populated with the LEI of the broker
- Counterparty 3 reports one trade with Counterparty 1 and another trade with Counterparty 2.
- As the trade is not centrally cleared, both counterparties would report that the trade is not cleared in a dedicated reporting field. They would not report a CCP clearing member. The LEI of the lending agent would be provided in the respective reporting field.
- In case the identity of the actual counterparty is not disclosed by the lending agent by the reporting deadline or by the value date, whichever happens first, it should be the lending agent that is considered as the counterparty to the SFT.

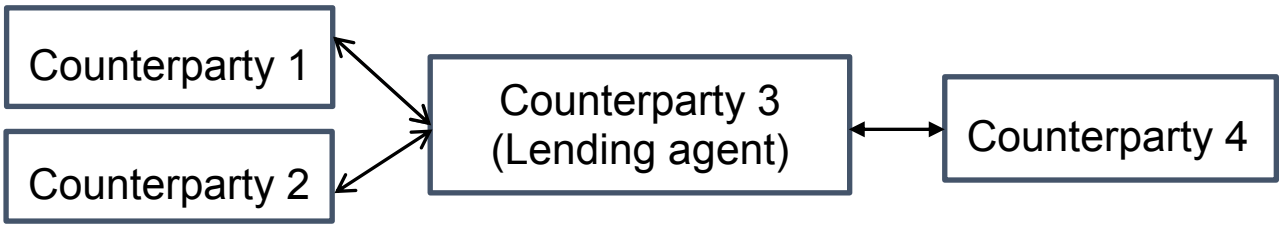
Q38. Are there any differences in the parties involved according to the different agency lending models?

Q39. When would the both counterparties know the other's identity in an undisclosed lending agreement?

Q40. What other solution would you foresee for the reporting of trades involving the agent lender? Please elaborate.

160. In the third case, that is illustrated below, there are two beneficial owners of the securities (counterparties 1 and 2 in the scheme below but there could be multiple (more than 2) beneficial owners or only one beneficial owner) that lend securities against collateral through an agent lender that acts as a principal to a third market participant (counterparty 4), The 3 counterparties and the agent lender report their trade to a TR (3 trades, 6 reports).

Securities lending scenario 3 - Securities lending trade with principal intermediary



161. In the example above:

- Counterparty 1 reports a securities lending transaction with counterparty 3, which is also agent lender
- Counterparty 2 reports a securities lending transaction with counterparty 3, which is also agent lender
- Counterparty 4 reports a securities lending transaction with counterparty 3, which is also agent lender
- Counterparty 3 reports three securities lending transactions - one with counterparty 1, another one with counterparty 2 and a third one with counterparty 4.
- As the trade is bilateral, both counterparties would report that the trade is not cleared in a dedicated reporting field. They would not report a CCP clearing member. The field “lending agent” should be populated with the LEI of the lending agent.

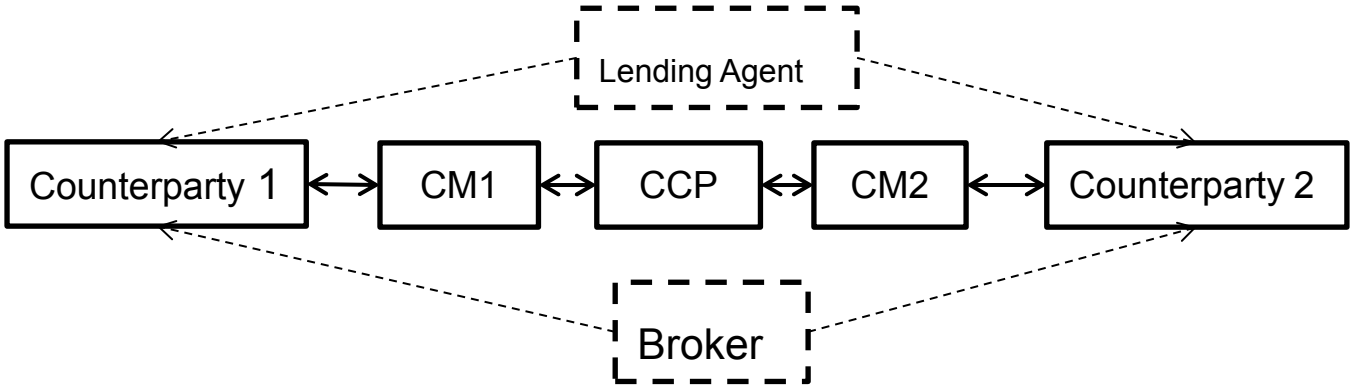
4.2.4.2.2 Securities lending scenarios involving central clearing

162. According to ISLA September 2015 report[16], few securities lending trades are currently cleared through a CCP, but this could change in the future. The model currently in place involves the novation of a securities lending trade which was initially concluded by two counterparties via an agent lender.

163. The model would work as described also for repos with the difference that a special role is played by the lending agent.

[16] http://www.isla.co.uk/wp-content/uploads/2015/08/ISLAMarketReportSEPT2015.pdf

Sec. Lending scenario 4: Securities Lending CCP model under development



164. In terms of reporting, it should be the same reports as for the principal clearing model for cleared repos described in paragraph 151 - 4 trades, 8 reports.

- Counterparty 1 reports a securities lending transaction with Clearing Member 1 (CM1), the field “cleared” should be filled accordingly with “true”, the "clearing member” field should be filled with the LEI of CM1 and the “CCP” field should be filled with the LEI of the CCP. The field “agent lender” should be filled with the LEI of the agent lender. In case there’s also a broker involved, the field “broker” should be filled with the LEI of the broker.
- CM1 reports a securities lending transaction with counterparty 1, the field “cleared” should be filled accordingly with “true”, the "clearing member” field should be filled with the LEI of CM1 and the “CCP” should be filled with the LEI of the CCP. The field “agent lender” should be filled with the LEI of the agent lender. In case there’s also a broker involved, the field “broker” should be filled with the LEI of the broker.
- CM1 reports a securities lending transaction with CCP, the field “cleared” should be filled accordingly with “true”, the "clearing member” field should be filled with the LEI of CM1 and the “CCP” should be filled with the LEI of the CCP.
- CCP reports a securities lending transaction with CM1, the field “cleared” should be filled accordingly with “true”, the "clearing member” field should be filled with the LEI of CM1 and the “CCP” should be filled with the LEI of the CCP.
- The trades involving counterparty 2, clearing member 2 and CCP should be reported in the same way as described above.
- In the case of a bilateral trade between Counterparty 1 and Counterparty 2 that the counterparties submit to clearing, Counterparty 1 and Counterparty 2 would need to also report the original bilateral trade. All transactions should be linked through a unique code. Please see sections 4.3.4 and 4.3.6 for more information on this topic.

165. In this central clearing scenario, a tri-party agent could also be involved and, if so, should be reported as discussed in section the earlier scenarios.

Q41. Would an open offer clearing model possibly apply to securities lending too?

Q42. Would a broker be involved in addition to lending agent in such a transaction?

Q43. Would it be possible to link the 8 trade reports to constitute the "principal clearing model" picture? If yes, would the method for linking proposed in section 4.3.4 be suitable?

Q44. In the case of securities lending transactions are there any other actors missing, considering that tri-party agents will be covered in section 4.2.5?

4.2.4.2.3 Market value of the securities on loan or borrowed

166. The Financial Stability Board recommends collecting information on the market value of the securities subject to the securities lending or borrowing transactions. Therefore it is proposed to include the market value of the securities as a required element of transaction data for this type of SFTs (please see the table of fields in the section 6.1.3.2). It is envisaged that the reporting counterparties would update this information on a daily basis.

Q45. What potential issues do reporting counterparties face regarding the reporting of the market value of the securities on loan or borrowed?

4.2.4.3 Unsecured securities or commodities lending/borrowing

167. Article 3(7) SFTR defines securities or commodities lending or securities or commodities borrowing as a "transaction by which a counterparty transfers securities or commodities subject to a commitment that the borrower will return equivalent securities or commodities on a future date or when requested to do so by the transferor, that transaction being considered as securities or commodities lending for the counterparty transferring the securities or commodities and being considered as securities or commodities borrowing for the counterparty to which they are transferred". Since the definition does not refer to collateral, it appears that the scope of the SFTR reporting also covers unsecured securities lending transactions.

168. Therefore, the SFTR reporting fields should cater for a possibility to report uncollateralised securities lending transactions. In such cases, it would be important to explicitly identify an SFT as uncollateralised, so that the reports on such transactions could be distinguished from erroneous reports where collateral information is not populated by mistake. This could be addressed by having a specific value or a specific field identifying an uncollateralised SFT in the collateral section.

Q46. Do such securities lending transactions exist in practice?

Q47. Do you agree with the proposal to explicitly identify non-collateralised securities or commodities lending transactions in the reporting fields? Please elaborate.

Q48. Would it be possible that an initially unsecured securities or commodities lending or borrowing transaction becomes collateralised at a later stage? Please provide concrete examples.

4.2.4.4 SFTs involving commodities

169. The SFTR not only covers securities financing transactions but also commodities financing transactions. However, the practice of commodity financing is rather different to from securities financing. Commodity financing occurs mainly between banks financing the commodities of commodities traders and non-financial entities active in a particular commodities market such as producers and processing companies.

170. Three types of securities financing transactions are defined which also refer to commodities financing transactions:

- Commodities lending and borrowing under Article 3(7) SFTR;
- Buy-sell back and sell-buy back of commodities under Article 3(8) SFTR;
- Commodities repos and reverse repos under Article 3(9) SFTR.

171. ESMA's understanding is that commodities financing transactions subject to the SFTR are predominantly bilateral buy/-sell back transactions which are concluded in order to finance commodity inventories. However, there may be other scenarios as described in the previous section which are currently in use in commodities financing transactions.

Q49. Which of the scenarios described for securities lending (Section 4.2.4.2), repo and buy-sell back (Section 4.2.4.1) are currently applicable to commodities financing transactions? Please provide a short description of the commodity financing transactions that occur under each scenario and the involved actors.

Q50. Are you aware of commodity financing transactions that would fall in the scope of the Regulation but are not covered in the scenarios described for securities lending (Section 4.2.4.2), repo and buy-sell back (Section 4.2.4.1)? If yes, please describe the general characteristics of such a transaction.

172. The differences between the types of transactions introduced above relate primarily to market practices in the securities markets. For the correct reporting of commodity financing transactions, it is important that reporting counterparties agree on which type of transaction is to be reported. All counterparties in a commodity inventory finance transaction should classify the transactions identically (e.g. as a buy-sell back or repurchase transaction).

Q51. Are the types of transactions recognised sufficiently clear for unambiguous classification by both reporting counterparties of commodity financing transactions into one of the types?

Q52. What additional details may help to identify the type of transactions used?

Q53. What are the main types of commodities used in SFTs?

Q54. How often, in your experience, are other commodities used?

Q55. In your experience, what share of the transactions involves standardised commodity contracts, such as most traded gold and crude oil futures? Please provide concrete examples.

Q56. In your experience, what share of the transactions involve commodities that meet the contract specification for the underlying to derivative contracts traded on at least one [EU] exchange?? If yes, please elaborate and provide concrete examples.

173. Many developments have taken place in recent years which have changed the participants in securities financing transactions (e.g. the emergence of CCPs). Consequently new reporting scenarios have evolved over time. In addition, reporting of commodities can differ substantially from securities. For example, the nominal value of a commodity contract is often expressed in a range of units whereas securities are mostly expressed in monetary ones.

Q57. Do the proposed fields and attributes in Section 6.1 sufficiently recognize the characteristics of commodity financing transactions? Please describe any issues you may see and describe any reporting attributes that should be added in order to enable meaningful reporting of commodity financing transactions.

Q58. Could all scenarios described for securities lending, repo and buy-sell back theoretically apply to future forms of commodities financing transactions?

Q59. Should other scenarios be considered? If yes, please describe.

174. More specifically, a number of fields address the identification of the underlying security or commodity. For securities ISIN codes provide a standardized approach. Some commodities have ISINs. For example, a gold ounce would be identified by the ISIN XC0009655157. The objective would be to try to standardize the identification of commodities as much as possible and potentially also use ISIN as the unique identifier to identify commodities, where possible.

175. One alternative way to identify commodities is to use the classification as described in RTS 23: financial instruments reference data under Article 27 of MiFIR (classification of commodity derivatives, Table 3, Fields 35-37)

Q60. Would you agree that the ISIN could be used to uniquely identify some commodities used in SFTs? If yes, which one and what prerequisites would need to be fulfilled? If no, what alternative solution would use propose for a harmonised identification of commodities involved in SFTs?

Q61. Would the classification as described in RTS 23 of MiFIR be the most effective way to classify commodities for the purposes of transparency under SFTR?Q62.

Q62. Is there another classification that ESMA should consider?

176. Our understanding is that most commodity financing transactions concern a specific commodity. In securities financing we often see that a pool or basket of securities is financed.

Q63. Are there transactions in which a pool of commodities is financed that the reporting needs to take into account? Please provide concrete examples.

4.2.4.5 Margin lending

4.2.4.5.1 Scenario description and counterparty data

177. The SFT regulation defines margin lending transactions as “transactions in which an institution extends credit in connection with the purchase, sale, carrying or trading of securities”. This definition “does not include other loans that are secured by collateral in the form of securities”. Limited information is available on margin finance in Europe.

178. The relationship between financial entities involved in margin loans is relatively simple compared to other types of SFTs. The basic margin lending scenario involves the borrower and the lender as the two counterparties. Lenders are typically, but not exclusively, prime brokers, while borrowers are mainly investment funds. Margin lending does not require clearing. The margin lending scenario is illustrated as follows:

Margin lending scenario

- Counterparty 1 reports a margin lending transaction with Counterparty 2.
- Counterparty 2 reports a margin lending transaction with Counterparty 1.
- As the trade is bilateral, both counterparties would report that the trade is not cleared in a dedicated reporting field. They would not report a CCP, clearing member nor a broker in the respective reporting fields.

Q64: Do you agree with this basic scenario? If no, please explain what changes would need to be made to the scenario.

Q65: Are there other entities that do not act as counterparties but can be involved in the transaction chain (e.g. brokers or intermediaries)?

4.2.4.5.2 Transaction data

179. Margin lending transactions do not rely on standardised master agreements that govern most SFTs. Instead, margin lending is provided under bilateral margin agreements between the lender and the borrower that specify the terms and conditions of the margin account. These agreements may also be part of a broader prime brokerage agreement.

Q66: Are there standard margin agreements used in the market? If yes, which ones? If no, are there standard elements in margin agreements in the EU that are noteworthy from a financial stability perspective and not included in the list of questions or current data tables included in Section 6.1?

180. In the absence of standardised master agreements, there are several open questions regarding the terms and conditions of margin loans. These include mainly:

- Whether some margin loans can be “open term”, i.e. without a fixed maturity date;
- Conditions under which a transaction might be terminated early;
- The possible use of a floating interest rate based on a reference rate (e.g. Euribor).

Q67: Are there margin loans that do not have a fixed maturity or repayment date, or other conditions in the agreement on which full or partial repayment of the loan can be conditioned?

Q68: Are floating rates used in margin lending transactions? Are there specificities that ESMA should be aware of regarding interest rates in the context of margin lending transactions?

181. The Financial Stability Board recommends collecting some data elements specifically related to margin lending. These data elements include:

- Free credit balances, excluding short sale proceeds
- Market value of short position.
- Amount of outstanding loans

182. The FSB recognizes the potential difficulty in collecting information on net cash credit balances for jurisdictions (such as the EU) where TRs will collect data, and as a result this data element may eventually become more refined. Specifically, the market value of short position is used in some jurisdictions (such as the US) where there are margin requirements related to the value of the short position to cover for potential losses. In the EU, margining requirements under EMIR are the same for long and short positions.

Q69: What potential issues do reporting counterparties face regarding the reporting of margin account/credit balances?

Q70: How is information regarding the market value of short positions in the context of margin lending used by the lender (if at all)?

Q71. What kind of provisions do lenders have in place to limit or mitigate client losses from short positions?

4.2.5 Tri-party agents

183. All counterparties on the previously described scenarios can technically outsource the collateral management of their SFTs to a third agent, called a tri-party agent. The tri-party agent acts as a "back-office" agent and is not counterparty of any SFT. It is in charge of selecting of the necessary collateral (from a pre-agreed basket or pre-defined eligibility criteria) from the account of the lender and delivering it to the borrower against collateral. According to ISLA September 2015 report, 40% of securities lending are collateralised with cash collateral. For the remaining 60% (non-cash collateral), a vast majority is through one of four tri-party agents (Euroclear, Clearstream, BoNY Mellon and JP Morgan Chase). The tri-party agent is responsible for issuing settlement instructions to a CSD (Central Securities Depository), maintaining the value and quality of the collateral and managing collateral substitution.

184. Even though tri-party agents are not reporting entities, the information they provide to securities lenders and borrowers is crucial for the reporting to TR. They need to provide the collateral basket information in a timely manner so that reporting entities can report on T+1, i.e. the reporting deadline.

185. The involvement of a tri-party agent would mean that reporting entities have to provide the LEI of the tri-party agent in dedicated reporting field.

Q72. Do you foresee any issues with reporting information on SFT involving tri-party by the T+1 reporting deadline? If so, which ones – availability of collateral data, timeliness of the information, etc.? Please elaborate.

4.3 Content and structure of the SFT report

4.3.1 Structure of the report

4.3.1.1 Counterparty data and transaction data

186. Details of the SFTs to be reported can be grouped into two major categories:

- Data related to the parties involved in the SFT, such as counterparties, beneficiary, broker, clearing member, entity responsible for reporting and entity submitting the report, and
- Trade-related information on the economic terms of the loan and of the collateral.

187. While the data related to the parties to the SFT are specific to the given counterparty and should be provided from the reporting counterparty's perspective, the data related to the transaction is common for the two counterparties which are expected to report exactly the same information in that respect. This important difference between the two subsets of data is reflected in the proposed structure of the report that distinguishes between the

“Counterparty data” and “Transaction data”. This approach is consistent with the one adopted for EMIR reporting where the required details of derivative contracts are also grouped into two separate subsets: “Counterparty data” and “Common data” (the latter related to the transaction). An important practical implication of this approach is that in the case of the delegation of reporting or in the case where a financial counterparty reports also on behalf of the non-financial counterparty, the reporting counterparty will not need to submit twice the same data related to the transaction.

188. The exact data elements are defined in Section 6.1, however the following paragraphs of this section describe specific data elements and the rationale for reporting them.

Q73. Would you agree with the proposed split between the counterparty and transaction data?

4.3.2 Branches

189. Following the locational approach for data collection and data aggregation outlined in the FSB Report “Standards and processes for global securities financing data collection and aggregation”, SFTR has introduced SFT reporting also by the relevant EU branches of non-EU counterparties. Article 2(1)(a) SFTR provides that SFTR applies to “a counterparty to an SFT that is established:(i) in the Union, including all its branches irrespective of where they are located; (ii) in a third country, if the SFT is concluded in the course of the operations of a branch in the Union of that counterparty”. Furthermore, Article 3(6) SFTR define branch as “a place of business other than the head office which is part of a counterparty and which has no legal personality”.

4.3.2.1 Identification of branches

190. Fulfilling the requirement for reporting by EU branches of non-EU entities and enabling the accurate identification of all the relevant branches of the counterparties requires the provision of the geographical location of the branch when a counterpart concludes the SFT through one of its branches. The identification of the branches would allow fulfilling the following three aspects related to compliance with reporting obligation, the quality of data and the aggregation of data:

- Identification of the trades where both counterparties have reporting obligation and for which some type of reconciliation, intra-TR or inter-TR, should take place;
- Identification of the potential cases of over-reporting; and
- Aggregation of data by TRs, by relevant regulators and by FSB.

191. Given that the SFTR requires the counterparties to identify themselves through their LEI, ESMA understands that currently the ISO country code of the jurisdiction where the branch is located would be sufficient to identify the relevant branches for the purposes of complying with the above three aspects. In case the LEI ROC issues future guidance providing for separate identification of branches, ESMA might need to review the

identification of branches for SFTR. However, at this stage, the proposed approach, of using the ISO country code of the branch, is considered compatible with any such developments.

192. The identification of branches is important both in the case of EU counterparties and non-EU counterparties. It is worth mentioning that the identification of non-EU branches of EU entities is only relevant for the global aggregation by FSB, while the identification of the EU branches of non-EU counterparties is relevant for the three aspects listed under paragraph 190.

Q74. Is the reporting of the country code sufficient to identify branches? If no, what additional elements would SFT reporting need to include?

Q75. Do you foresee any costs in implementing such type of identification?

Q76. Would it be possible to establish a more granular identification of the branches? If yes, what additional elements would SFT reporting need to include and what would be the associated costs?

Q77. What are the potential benefits of more granular identification of branches? Please elaborate.

4.3.2.2 Reporting of trades concluded by branches

193. ESMA understands that the reporting of trades concluded by branches should not be different from the reporting of trades concluded by the headquarters (either registered office or head office) of the counterparty. As provided in SFTR, branches have no legal personality and, to that extent, the reporting obligation remains with the counterparty's headquarters.

194. In view of the above it is worth clarifying that there should be at least two counterparties for a SFT to exist[17]. Thus an SFT-like transfer of funds between the headquarters and the branch or between two branches of the same entity cannot be considered an SFT, hence it is not a reportable transaction under SFTR.

195. In compliance with the locational approach as well as the scope of SFTR, transactions concluded between non-EU branches or headquarters of non-EU entities should not be reported.

196. The following table illustrates the different situations and provides indication on which entity has reporting obligation under SFTR and whether the SFT is reportable under SFTR. Only when the SFT is reportable the relevant counterparties to the SFT with reporting obligation have to report it. This table is notwithstanding the additional reporting rules provided in Article 4(3) SFTR.

[17] ESMA is aware also of cases where more than two parties can be involved in a trade, for instance in the case of co-debtors, where they are jointly responding to the rights and the obligations of the contract. In that case, one of them should be consistently identified.

Table 3- Reporting by branches

	Reporting Counterparty	*Country of the reporting counterparty*	Country of the branch of the reporting counterparty	*Reporting obligation*	Other Counterparty	*Country of the other counterparty*	Country of the branch of the other counterparty	*Reporting obligation*	*Reportable under SFTR*
SFT1	LEI1	EU		YES	LEI1	EU	AT	YES	NO
SFT2	LEI1	EU		YES	LEI1	EU	US	YES	NO
SFT3	LEI1	EU	BE	YES	LEI1	EU	AT	YES	NO
SFT4	LEI1	EU	BE	YES	LEI1	EU	US	YES	NO
SFT5	LEI1	EU	CH	YES	LEI1	EU	US	YES	NO
SFT6	LEI1	EU		YES	LEI2	EU		YES	YES
SFT7	LEI1	EU		YES	LEI2	EU	AT	YES	YES
SFT8	LEI1	EU		YES	LEI2	EU	US	YES	YES
SFT9	LEI1	EU	BE	YES	LEI2	EU		YES	YES
SFT10	LEI1	EU	BE	YES	LEI2	EU	AT	YES	YES
SFT11	LEI1	EU	BE	YES	LEI2	EU	US	YES	YES
SFT12	LEI1	EU	US	YES	LEI2	EU		YES	YES
SFT13	LEI1	EU	US	YES	LEI2	EU	AT	YES	YES
SFT14	LEI1	EU	US	YES	LEI2	EU	US	YES	YES
SFT15	LEI1	EU		YES	LEI3	US		NO	YES
SFT16	LEI1	EU		YES	LEI3	US	CH	NO	YES
SFT17	LEI1	EU		YES	LEI3	US	AT	YES	YES
SFT18	LEI1	EU	BE	YES	LEI3	US		NO	YES
SFT19	LEI1	EU	BE	YES	LEI3	US	CH	NO	YES
SFT20	LEI1	EU	BE	YES	LEI3	US	AT	YES	YES
SFT21	LEI1	EU	US	YES	LEI3	US		NO	YES
SFT22	LEI1	EU	US	YES	LEI3	US	CH	NO	YES
SFT23	LEI1	EU	US	YES	LEI3	US	AT	YES	YES
SFT24	LEI4	US		NO	LEI3	US		NO	NO
SFT25	LEI4	US	AT	YES	LEI3	US		NO	YES
SFT26	LEI4	US	CH	NO	LEI3	US		NO	NO
SFT27	LEI4	US		NO	LEI3	US	AT	YES	YES
SFT28	LEI4	US	AT	YES	LEI3	US	AT	YES	YES
SFT29	LEI4	US	CH	NO	LEI3	US	AT	YES	YES
SFT30	LEI4	US		NO	LEI3	US	CH	NO	NO
SFT31	LEI4	US	AT	YES	LEI3	US	CH	NO	YES
SFT32	LEI4	US	CH	NO	LEI3	US	CH	NO	NO

Note: AT and BE are ISO 3166-1 Alpha-2 codes for EU member states, US and CH are ISO 3166-1 Alpha-2 codes for non-EU member states.

All codes are included for illustrative purposes.

If the country of the branch is nor provided it should be interpreted that the SFT was concluded by the headquarters

The reporting of the data elements in italics might not be required.

Q78. Are there any situations different from the described above where the actual transfers between headquarters and branches or between branches can be

considered transactions and therefore be reportable under SFTR? Please provide specific examples.

4.3.3 Beneficiary

197. Article 4(9(a) SFTR requires that the technical standards on reporting include at least "*the parties to the SFT and, where different, the beneficiary of the rights and obligations arising therefrom".* Stemming from this, it can be expected that there would be certain transactions in which the beneficiaries of the trade would be different from the counterparties.

198. Under EMIR RTS 148/2013, the reporting regime with which SFTR needs to keep consistency, beneficiary has been defined as "The party subject to the rights and obligations arising from the contract. Where the transaction is executed via a structure, such as a trust or fund, representing a number of beneficiaries, the beneficiary should be identified as that structure. If the beneficiary of the contract is not a counterparty to this contract, the reporting counterparty has to identify this beneficiary by a unique code or, in case of individuals, by a client code as assigned by the legal entity used by the individual." This definition is broadly the same as the one included in the amended RTS on reporting which was submitted to the EC in mid-November "The party subject to the rights and obligations arising from the contract. Where the transaction is executed via a structure, such as a trust or fund, representing a number of beneficiaries, the beneficiary should be identified as that structure. If the beneficiary of the contract is not a counterparty to this contract, the reporting counterparty has to identify this beneficiary by a unique code or, in case of a private individuals, by a client code used in a consistent manner as assigned by the legal entity used by the private individual."

199. The above descriptions should be considered in view of the involvement of the entity in the SFT. Therefore, it cannot be excluded that an entity is counterparty and beneficiary at the same time.

200. It is worth mentioning that the understanding for SFT included in section 4.2.1, might limit the usability of the beneficiary, since any entity participating to an SFT that is concluding it on own account has to be identified as counterparty to the SFT and therefore has a reporting obligation under Article 4 SFTR. This approach is consistent with EMIR reporting approach. In this respect ESMA EMIR General question 1 [18] indicates that sub-funds, which are not identifiable by LEI, can be typically considered as beneficiaries to the SFT. Furthermore, when an SFT is concluded in which one of the counterparties concluded the trade on behalf of another entity that other entity will also be considered as beneficiary to the trade.

Q79. Are there any other cases which are not identified above, where the beneficiaries and the counterparties will be different? Please elaborate.

[18] https://www.esma.europa.eu/sites/default/files/library/2015/11/2015-1485_qa_xiv_on_emir_implementation_october_2015.pdf, p.9

4.3.4 Linking of SFTs

201. The key objective of the SFTR is to increase the degree of transparency within the market for SFTs. By ensuring the information each SFT is as comprehensive as reasonably possible, competent authorities can engage in richer network analysis of the structure and dynamics of the SFT market.

202. SFTR will ensure that all SFTs are reported. However, sometimes a transaction evolves over time (e.g. it becomes cleared) and this has to be separately reported. In an event such as clearing, one single trade (as reported) could be replaced by many other trades, particularly if there are clients involved. In order to understand the evolution of the transaction and to ensure correct reporting, the possibility to link different reports that are related should be explored.

203. Linking different reports related to the same cleared SFT by a common identifier would be useful for a few reasons. Mainly, it would allow:

- identifying financial stability risks and the different roles that counterparties play in the SFT market;
- enabling the identification of related transactions;
- monitoring the evolution of transactions over time; and
- ensuring the quality of data reported.

204. This section focuses on clearing as it is a significant and common event in the lifecycle of SFTs and one in which new reports are required with the original report(s) being terminated. Other event types might also benefit from a similar approach to that described here, but further analysis would be needed, in particular to understand the circumstances in which one or more reports of SFTs have to be replaced by other reports, rather than the original reports just being updated.

205. The benefits of linking the reports also depend on the reporting logic of cleared SFTs, i.e. whether reports of the original trade before novation are required to be provided to the trade repositories or not. Under the reporting logic proposed in the Discussion Paper, the reports of the original trade conducted on a trading venue would not be required if the trade is cleared on the same day. However, if there is a bilateral trade or a trade conducted on a trading venue, but cleared on the next day or later, the reports of an original trade would have to be sent to the trade repositories and then subsequently terminated when the reports on the transactions post clearing are provided.

206. The different situations of clearing and trading, respective rationale and proposed methods of linking of reports are summarised in **Table 4.**

4.3.4.1 Identifying financial stability risks and the different roles that counterparties play in the SFT market

207. SFTR notes that the lack of transparency in the SFT market has prevented regulators from assessing the risks and interconnectedness in the financial system. This lack of

transparency arises from (among other things) the inability to determine which entities originally concluded an SFT trade before novating it to a CCP. This is important because if certain counterparties make up a large proportion of an SFT market, the functioning of the market may be impaired if said entity enters into difficulty (e.g. faces a liquidity crisis). It is not possible to monitor the build-up of these risks by monitoring the exposures between entities, clearing members, and CCPs alone, the regulators need to be able to link the exposures to underlying trades in order to measure the risks to the financial system more comprehensively. Linking different legs of a cleared trade (UTI1, UTI2, UTI3 and UTI 4 in the picture below) could help achieve this.

208. Linking the different legs of a cleared transaction would also allow the users to distinguish between inter-dealer trades performed on behalf of clients (with dealers acting as clearing members for client trades) and inter-dealer trades performed for the dealers' own purposes, e.g. to fund a given security or to raise liquidity to meet a payment shock. Linking the legs of cleared transactions is therefore necessary to distinguish the multiple roles that major dealers may play in the repo market. It would also help to understand the origin of shocks in the repo market – for example, is a sudden requirement for liquidity driven by client needs or by dealers' own needs?

209. Such linking of reports is most relevant to the principal clearing model (pictured below), which includes the creation of a distinct legal contract between the clearing member and its client (a 'back-to-back contract) in addition to the legal contract between the CCP and the clearing member.

210. Linking the reports would be relevant irrespective of when the clearing takes place and it would be useful in the open offer model, where only post-clearing transactions exist.

211. The reports could be linked by a common identifier similar to a transaction reference number[19] used in EMIR to group reports which relate to the same execution. For SFTs traded on trading venues such an identifier could be generated by the venue and passed onto the counterparties, although other generation approaches may also be possible.

212. For SFTs that are traded outside trading venues, the prior UTI (i.e. the UTI of the pre-novation report) could be included in the post-clearing reports. However, this would not work in the open offer clearing model where there would be no prior transaction and hence no prior UTI.

4.3.4.2 Monitoring the evolution of transaction over time

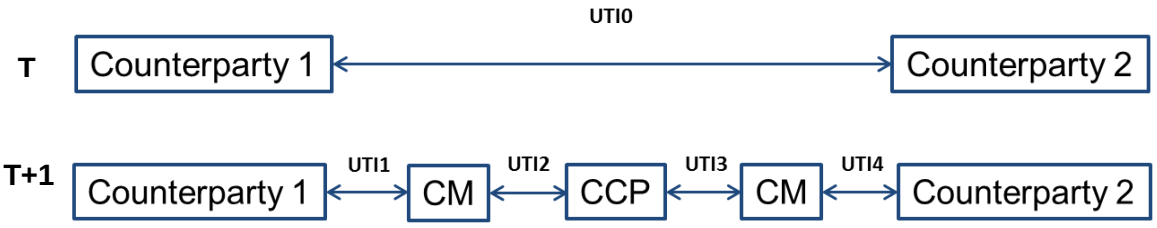
213. For transactions, which are cleared on T+1 or later, it is also relevant to track the evolution of the transaction over time and to link the original bilateral trade with the

[19] Renamed as "report tracking number" in the Article 9 technical standards review.

reports of post-clearing transactions. In order to achieve this, the value of the prior-UTI (i.e. the UTI of original bilateral trade before clearing) could be provided in the SFT reports of the transactions after novation. The picture below illustrates the case of a bilateral trade being replaced by four different transactions as a result of central clearing (principal clearing model). In such case, UTI0 could be identified in the common identifier field in the reports of transactions UTI1-UTI4.

214. The idea of linking the reports by using prior UTIs is discussed in the recent CPMI-IOSCO consultative report on Harmonisation of the Unique Transaction identifier[20]. This report suggests that there are some events – clearing is an example – where an original report has to be terminated and effectively replaced by new reports (with new UTIs) describing the resulting cleared transactions. In this situation:

- The termination of the original report is necessary to avoid double-counting.
- To an extent (depending on the analysis being carried out), linking the resulting reports is also necessary to avoid double-counting.
- Linking the resulting reports to the original report helps to ensure that the reporting has been carried out correctly and also aids in understanding how and when trades are cleared.



215. Using a prior-UTI (UTI0) for linking the transactions would also help achieve the first objective of identifying the different roles that counterparties play in the SFT market.

4.3.4.3 Ensuring the quality of data reported

216. Furthermore, linking of the reports would also help check the data quality and whether the counterparties populate the reporting fields correctly. For example, the common identifier would be important to make sure that the “counterparty – clearing member” and the “clearing member – CCP” legs are both reported as cleared and identifying the same CCP. If the information in the fields on central clearing is not correct, there is a risk of miscalculating the real volume of the SFTs in the market. For example, the regulators would not be able to distinguish between the trades generated because of central clearing and the SFTs entered into as part of CCPs treasury management functions.

[20] https://www.iosco.org/library/pubdocs/pdf/IOSCOPD500.pdf

Table 4: Summary of rationale and methods of linking transactions				
	Comment	**Rationale**	**Linking method**	
			Traded on trading venue	**Traded outside of a trading venue**
Cleared on the same day as traded	Reports of the original trade are not required for SFTs traded on trading venues, so prior-UTI remains unseen by the regulators	Identifying the different roles that counterparties play in the SFT market and ensuring data quality	Report tracking number (generated by the trading venue)	Prior-UTI
Cleared on T+1 and later	Reports of the original trade must be provided, so regulators can track the evolution of transaction over time	Monitoring the evolution of transaction over time, identifying the different roles that counterparties play in the SFT market, and ensuring data quality	Prior-UTI	Prior-UTI

217. Table 5 below illustrates how the common identifier field should be populated in the post clearing reports.

Table 5: Population of common identifier field in post-clearing reports				
Report Number	**Reporting counterparty**	**Other counterparty**	**UTI**	**Common identifier/Prior-UTI**
1	Counterparty 1	CM 1	UTI1	A/UTI0
2	CM 1	Counterparty 1	UTI1	A/UTI0
3	CM 1	CCP	UTI2	A/UTI0
4	CCP	CM 1	UTI2	A/UTI0
5	CCP	CM 2	UTI3	A/UTI0
6	CM 2	CCP	UTI3	A/UTI0
7	CM 2	Counterparty 2	UTI4	A/UTI0
8	Counterparty 2	CCP	UTI4	A/UTI0

Q80. Do you agree with the proposal to link the legs of a cleared transaction by using a common identifier?

Q81. Could you suggest robust alternative ways of linking SFT reports?

4.3.5 Collateral reporting and reporting of collateral re-use

4.3.5.1 Collateral reporting

218. Article 4(9)(b) SFTR specifies the requirement to report the assets used as collateral, including their type, quality, and value. Furthermore, the subsequent text at the end of Article 4(9)(b) SFTR states that the draft technical standards shall take into account the technical specificities of pools of assets and shall provide for the possibility of reporting position-level data for collateral where appropriate.

219. Under Article 4(1) SFTR, the details of the SFTs shall be reported no later than the working day following the conclusion, modification or termination of the SFT. As per recital 10 SFTR the substitution of the collateral should be reported only in its state at the end of the day. The value of the collateral (and each of its components) should be determined in accordance with the methodology defined in International Financial Reporting Standard 13, Fair Value Measurement, adopted by the Union and referred to in the Annex to Regulation (EC) No 1126/2008[21] Changes to collateral market value would require reporting on a daily basis even when the collateral composition for an SFT or several SFTs does not change.

220. A summary of all the situations regarding availability of data and collateralization which are described in this section is included in the next page.

[21] Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29.11.2008, p.1).

Table 6. Summary table regarding potential availability of information based on the typology of SFTs and collateral					
Trade type	**Relationship between SFTs and collateral**	**Elements to be provided in the initial report by T+1**	**Elements to be provided due to collateral changes (reported after T+1)**	**Linking between trade and collateral reporting**	**Information on collateral allocation**
Repo trade[22] not involving collateral pool or collateral basket	• One-to-one • One-to-many[23]	• Securities or Commodities Collateral Element	• Unique Transaction Identifier (UTI) • Securities or Commodities Collateral Element	• Unique Transaction Identifier (UTI)[24]	• Known at end of trade date
Repo trade involving collateral pool or collateral basket	• One-to-one[25] • One-to-many	• Securities or Commodities Collateral Element (if known by T+1) • Collateral Pool Identifier Element	• Securities or Commodities Collateral Element • Collateral Pool Identifier Element	• Collateral Pool Identifier Element	• Known at latest end of value date (intended settlement date of opening leg)
Securities lending not involving collateral pool or	• One-to-one	• Securities or Commodities Collateral Element	• Unique Transaction Identifier (UTI)	• Unique Transaction Identifier (UTI)	• Known at end of trade date

[22] ESMA understands that buy/sell-back are also covered in this scenario
[23] In this case, one-to-many relationship exists where a single SFT is collateralised by multiple securities (specific ISINs) agreed at the time of the trade.
[24] In ESMA's view each of the linking elements listed in the table (UTI / Collateral Pool Identifier Element / List of underlying UTIs) ensures the unique identification of relevant trade/collateral only for the given pair of the counterparties. Therefore, the complete linking between the trade and collateral reporting consists of one of the elements specified in the table and LEIs of the two counterparties to the trade.
[25] This is a possible but in ESMA's view unlikely scenario where only one ISIN is selected as collateral from all securities meeting the criteria of the basket to collateralise an SFT.

Table 6. Summary table regarding potential availability of information based on the typology of SFTs and collateral					
Trade type	**Relationship between SFTs and collateral**	**Elements to be provided in the initial report by T+1**	**Elements to be provided due to collateral changes (reported after T+1)**	**Linking between trade and collateral reporting**	**Information on collateral allocation**
collateral basket	• One-to-many[23]	(if securities/commodities are used as collateral) • Cash Collateral Element (if cash is used as collateral)	• Securities or Commodities Collateral Element • Cash Collateral Element		
Securities lending involving collateral pool or collateral basket	• One-to-one[25] • One-to-many	• Securities or Commodities Collateral Element (if known by T+1) • Collateral Pool Identifier Element	• Securities or Commodities Collateral Element • Collateral Pool Identifier Element	• Collateral Pool Identifier Element	• Known at latest end of value date (intended settlement date of opening leg)
Net exposure not involving collateral pool or collateral basket	• One-to-one[26] • One-to-many[27]	• Securities or Commodities Collateral Element if the transaction is	• Securities or Commodities Collateral Element	• Identifier of the portfolio of collateralised trades	• Known at end of trade date

[26] This situation may arise where there is a netting arrangement but at the end of the day there is only one SFT entered into between the two counterparties. It is collateralised by a single ISIN.
[27] This situation may arise where there is a netting arrangement but at the end of the day there is only one SFT entered into between the two counterparties. It is collateralised by multiple ISINs agreed at the time of the trade.

Table 6. Summary table regarding potential availability of information based on the typology of SFTs and collateral					
Trade type	**Relationship between SFTs and collateral**	**Elements to be provided in the initial report by T+1**	**Elements to be provided due to collateral changes (reported after T+1)**	**Linking between trade and collateral reporting**	**Information on collateral allocation**
	• Many-to-one • Many-to-many	included in the portfolio of collateralised trades on the trade date • Otherwise, not applicable (Securities or Commodities Collateral Element is reported for the initial trade for each SFT)	Identifier of the portfolio of collateralised trades or • List of Underlying UTIs	or • List of Underlying UTIs	

Table 6. Summary table regarding potential availability of information based on the typology of SFTs and collateral					
Trade type	**Relationship between SFTs and collateral**	**Elements to be provided in the initial report by T+1**	**Elements to be provided due to collateral changes (reported after T+1)**	**Linking between trade and collateral reporting**	**Information on collateral allocation**
Net exposure involving collateral pool or collateral basket	• One-to-one[28] • One-to-many[29] • Many-to-one[30] • Many-to-many	• Securities or Commodities Collateral Element (if known by T+1) • Collateral Pool Identifier Element	• Securities or Commodities Collateral Element • Collateral Pool Identifier Element	• Collateral Pool Identifier Element	• Known at latest end of value date (intended settlement date of opening leg)
Margin lending	• Many-to-one	• Collateral Pool Identifier Element • Securities or Commodities • Collateral Element • Margin lending element	• Collateral Pool Identifier Element • Securities or Commodities Collateral Element • Margin lending element	• Collateral Pool Identifier Element	• Known at end of trade date

[28] This situation may arise where there is a netting arrangement but at the end of the day there is only one SFT entered into between the two counterparties. Furthermore, this is a possible but in ESMA's view unlikely scenario where only one ISIN is selected as collateral from all securities meeting the criteria of the basket to collateralise an SFT.
[29] This situation may arise where there is a netting arrangement but at the end of the day there is only one SFT entered into between the two counterparties.
[30] This is a possible but in ESMA's view unlikely scenario where only one ISIN is selected as collateral from all securities meeting the criteria of the basket to collateralise an SFT

4.3.5.1.1 Trade-based collateral allocation or collateral allocation based on net exposure

221. ESMA understands that securities (or commodities) collateral allocation for SFTs can be trade-based or based on the net exposure of several SFTs between two counterparties.

222. In trade-based collateral allocation, collateral is explicitly linked to a specific SFT and results in a one-to-one or one-to-many relationship exists between the trade and the collateral. One-to-one relationship is where a single SFT is collateralised by a single security. A one-to-many relationship exists when an SFT is collateralised by a basket of securities (general collateral).

223. Alternatively, collateral allocation can be based on the net exposure. This may result in many-to-one or many-to-many relationship between SFTs and the corresponding collateral. Such an allocation of collateral also requires a mechanism for the reporting of SFTs to uniquely link multiple SFTs to the corresponding collateral. (See the section 4.3.5.2 on linking of collateral below).

224. In the context of this Discussion Paper, ESMA understands the term “collateral basket” as a list of securities agreed to be eligible for delivery against a given SFT (a schedule, e.g. CREST’s UBG basket). The term “collateral pool’ is understood as an arrangement whereby counterparties can deposit a range of securities that can then be used to collateralise any of a given set of current or future transactions. The term “collateral portfolio” means in margin lending the portfolio in which the lender holds the assets of the borrower that the borrower uses to collateralise the margin lending transactions. The term “portfolio of collateralised trades” means the set of trades on which the collateral is calculated on the basis of net positions

4.3.5.1.2 Trade-dated collateral allocation and value-dated collateral allocation

225. ESMA recognises that, for the purposes of the reporting of SFT collateral, it needs to consider trade-dated collateral allocation and value-dated collateral allocation. In a trade-dated collateral allocation, both counterparties will have agreed the collateral for an SFT at the time the SFT is concluded or at the latest at the end of the day on which the SFT is concluded. Therefore, the reporting counterparty will be able to include the explicit list of securities used as collateral for the initial reporting of the SFT as of T+1 (the elements to be reported are listed in securities and commodities collateral element section below).

226. In a value-dated (i.e. intended settlement date) collateral allocation, collateral is assigned to an SFT on the value date of the start (opening) leg of the SFT. In the case where an SFT or net exposure is collateralised by a basket of securities and intended settlement date is T+1 or later, the reporting counterparty may not be able to report the explicit collateral allocation at the level of the individual security (ISIN) by the reporting deadline, i.e. end of T+1. In such a situation the counterparties will have to report the information that is available by T+1 in the initial report and the actual collateral allocation as soon as it is available but no later than the next business day after the value date.

Q82. Are the different cases of collateral allocation accurately described in paragraphs 221-226? If not, please indicate the relevant differences with market practices and please describe the availability of information for each and every case?

4.3.5.1.3 Elements of collateral to be reported

227. Collateral reporting for SFTs is expected to consist of different optional reporting elements based on the type and characteristics of the trade as well as the type of collateral. The reporting of the original SFT and the reporting of subsequent changes to the composition of the collateral underlying one or more SFTs would include a mandatory SFT collateral element.

Table 7 - Collateral elements
SFT Collateral Element
Cash Collateral Element
Securities or Commodities Collateral Element
Collateral Pool Element
Margin Lending Element

Cash Collateral Element

228. The cash collateral element would define the attributes that require reporting for cash collateral, i.e. the currency and amount of funds provided as collateral. The use of this element would be limited to securities lending[31] trades that are collateralised against cash.

Table 8 - Cash Collateral element
Cash Collateral Element
Currency
Amount

[31] ESMA understands that the cash in the margin accounts in the case of margin lending might not be part of the relevant collateral for the respective margin lending SFT.

229. The currency and amount fields could be repetitive elements to allow the collateralisation of a transaction by several amounts in different currencies, if the practice to collateralise a transaction in several amounts in different currencies exists.

Q83. Is the assumption correct that manly securities lending would require the reporting of cash collateral? If no, for which other types of SFTs is the cash collateral element required? Please elaborate.

Q84. Does the practice to collateralise a transaction in several amounts in different currencies exist? Please elaborate.

Securities or Commodities Collateral Elements

230. When securities or commodities are used to collateralise an SFT, the counterparties will always have to report the information in the Securities or Commodities Collateral Element and, if applicable, also the Collateral Pool Identification Element.

231. The securities or commodities collateral element would specify the attributes that require reporting for securities or commodities provided as collateral. Not all the elements listed below would be applicable in the case of securities or commodities collateral, however they are listed for the purpose of completeness of the data elements to be reported.

Table 9 - Securities or Commodities Collateral element
Securities or Commodities Collateral Element
ISIN
Currency or Unit of Quotation
Quantity or Nominal Amount
Price Currency
Price Per Unit
Collateral Market Value
Collateral Quality
Haircut or Margin
Issuer LEI
Jurisdiction of Issuer

Table 9 - Securities or Commodities Collateral element	
	Maturity Date
	Availability of Collateral Re-use
	Base product
	Sub-product
	Further sub-product

232. If a basket of securities is used to collateralize an SFT, the Securities or Commodities Collateral Element will be repetitive (i.e. the counterparties will have to provide information on all securities used to collateralise an SFT).

233. This element will also be required in the case of reporting collateral for margin lending transactions.

Q85. Do you foresee any issues on reporting the specified information for individual securities or commodities provided as collateral? If yes, please elaborate.

Q86. Are there any situations in which there can be multiple haircuts (one per each collateral element) for a given SFT? Please elaborate.

Collateral Pool Identification Element

234. Where a basket or a pool of securities (or commodities) is used to collateralise an SFT or a net exposure, Collateral Pool Identification Element will have to be provided. It will uniquely identify a basket or a pool of securities and will also provide a link between SFTs and collateral in the cases where the counterparties are unable to provide explicit collateral allocations to individual SFTs by the T+1 reporting deadline. See section 4.3.5.2 on linking of collateral for more information.

235. In order to ensure that the list of collateral covering several SFTs between two counterparties can be uniquely linked when SFTs involve a collateral pool or a basket, the counterparties should include an identification of the pool in the initial report sent by T+1. As soon as exact allocation of collateral is known but no later than on the next business day after value date the counterparties should provide a modification to the report including the full details of collateral set out in Table 8 .

Table 10 - Collateral Pool Identification
Collateral Pool
Identifier Type
Identifier

236. The reporting of collateral should support the options for the identification of collateral pools or baskets by using an ISIN or a proprietary identifier.

237. The use of the ISIN to identify a collateral pool or collateral basket uniquely should be mandatory when an ISIN is assigned to a collateral pool or collateral basket.

Table 11 - Specification of ISIN
Collateral Pool Identification Element
Identifier Type: ISIN
Identifier: DE0000A0AE077

238. Only when there is no ISIN to identify a collateral pool or collateral basket should an alternative proprietary identifier be used (e.g. the proprietary identifier of the security account in which the eligible collateral is held). This would require a Collateral Pool Identification Element in the SFT reporting that consists of an indication of the type of collateral pool identifier and a reporting field that reports the actual identifier.

239. When the reporting of an SFT requires the use of a proprietary identifier, both counterparties to the SFT would need to report the same identifier. Therefore, the counterparty concluding an SFT against the collateral pool or collateral basket needs to know proprietary identifier.

Table 12 - Specification of proprietary identifier
Collateral Pool Identification Element
Identifier Type: Proprietary
Identifier: RT3458ERE55469X

240. In the reporting of the explicit collateral allocation for one or more SFTs transacted against a collateral pool, the reporting item would specify the collateral pool identification in the collateral pool element and the list of collateral in the securities or commodities collateral element.

Table 13 – SFT collateral element when reporting explicit collateral allocation
SFT Collateral Element
Collateral Pool Identification Element
Securities or Commodities Collateral Element

Q87. Would you agree that the reporting counterparties can provide a unique identification of the collateral pool in their initial reporting of an SFT? If no, please provide the reasons as to why this would not be the case.

Q88. Are there cases where a counterparties to a repo, including those executed against a collateral pool, would not be able to provide the collateral with the initial reporting of the repo trade? If yes, please explain.

Q89. Are there any issues to report the collateral allocation based on the aforementioned approach? Please elaborate.

Q90. In the case of collateral pool, which of the data elements included in Table 1 would be reported by the T+1 reporting deadline? Please elaborate.

4.3.5.1.4 Options to report collateral

241. There is a consideration as to whether the collateral information should be reported within trade-level data or in a separate collateral reporting. This is reflected in the Article 4(9) of the SFTR that explicitly requests ESMA to "provide for the possibility of reporting position-level collateral data where appropriate". In the case that the reporting counterparty is able to provide the explicit list of collateral in the initial reporting of the SFT as of trade date + 1, i.e. by the reporting deadline, the collateral information could be reported as an element in SFT transaction data (option 1) or could be reported in a separate collateral report (option 2).

242. The reason to consider the option 2 is (i) to ensure consistency with the EMIR reporting framework, where information on collateral is provided separately and (ii) to have a single mechanism to report collateral based on the fact that collateralisation of the SFTs is frequently performed at the level of portfolio of netted transactions rather than at the level of a single SFT. The rationale for option 1 is to reduce the initial reporting volume in terms of reporting items and ensuring completeness by reporting the initial trade and collateral together and to align with MMSR reporting.

Q91. Which option for reporting of collateral would be in your opinion easier to implement, i.e. always reporting of collateral in a separate message (option 2) or reporting of collateral together with other transaction data when the collateral is known by the reporting deadline (option 1)?

Q92. What are the benefits and potential challenges related to either approach? Please elaborate.

Updates to collateral information

243. Two options exist for reporting the changes in the composition of collateral for an SFT or for a net exposure. In the first option, the counterparties could report the change(s) by reporting the delta to the previous composition, i.e. documenting the collateral to be returned and those to be delivered as new collateral. In the second option, the counterparties could simply provide the new composition of collateral for an SFT or a net exposure. In order to ensure consistency with EMIR reporting, as per Articles 4(9) and 4(10 SFTR) and to simplify the reporting, ESMA is in favour of reporting the full snapshot of the total amount of allocated collateral at the end of the day rather than the change versus the previous day.

Q93. Do you foresee any challenges with the proposed approach for reporting updates to collateral? What alternatives would you propose? Please elaborate.

4.3.5.2 Linking of collateral data

244. When netting of SFT exposures takes place between two counterparties, it is important to establish an appropriate linking element between the SFT loan data and the relevant SFT collateral data. There would be several alternatives:

- Using collateral pool identifier
- Using an ID for the portfolio of collateralized trades
- Using the UTIs of the individual SFTs

245. It is highly probable that in the case of bilateral netting of SFT exposures between two counterparties, no collateral pool identification is available to link the collateral report to the underlying SFTs.

246. The only possible alternatives in that case seem to be that the counterparties to the SFTs ensure the unique linking of the collateral report to the underlying SFTs either (i) by specifying the unique transaction identifiers (UTIs) of the SFTs when reporting the collateral for those SFTs or (ii) by agreeing on a common identifier for the portfolio of collateralized SFTs. In the latter case, the counterparties would need to agree and consistently report this ID, however it is expected that it will facilitate the linking between multiple loans to a single collateral element or to a portfolio of collateral. In the former case, i.e. using the UTIs of the collateralized trades, it will not require the generation of new code, however it will require the repetition of all the UTIs for each of the collateral elements.

Q94. Is it possible to link the reports on changes in collateral resulting from the net exposure to the original SFT transactions via a unique portfolio identifier, which could be added to the original transactions when they are reported?

Q95. Do you foresee any difficulties related to the linking of the collateral report to the underlying SFTs by specifying UTIs of those SFTs in the collateral report?

Q96. Are there additional options to uniquely link a list of collateral to the exposure of several SFTs to those specified? If yes, please detail them.

Q97. What would you deem to be the appropriate option to uniquely link collateral to the exposure of several SFTs? Are you using any pro-rata allocation for internal purposes? What is the current market practice for linking a set of collateralised trades with a collateral portfolio? Please elaborate.

Q98. Do you foresee any issues between the logic for linking collateral data and the reporting of SFT loan data? Please elaborate.

4.3.5.3 Special case of commodities collateral and the use of ISIN

247. Article 4(10)(b) SFTR specifies that the draft technical standards specify the format of reporting with format including the international securities identification number (ISIN). The idiosyncrasy of the SFTs involving commodities is described in section 4.2.4.4

4.3.5.4 Special case of margin lending

248. Similarly to repos, margin loans are a form of secured lending where the lender (i.e. buyer of the collateral) extends credit to a borrowing counterparty against collateral. A key difference is that margin loans are collateralised using an existing portfolio of assets (possibly including cash) held by the lender. Haircuts or margin requirements take place at portfolio level, rather than the individual security level.

249. Typically, a financial institution will borrow money from the prime broker that conducts other transactions on its behalf (e.g. repos, derivatives, etc.). Some of the assets held by the prime brokerage firm (or collateral received from other transactions) are used as collateral to secure the margin loan.

250. The exposure of a prime broker from margin lending is collateralised by the securities that the prime broker holds in custody for this purpose. The prime broker does not allocate the specific collateral from the collateral portfolio based on the amount of the exposure. Therefore, this would predicate that when at least one margin lending transaction is open between a borrower and a prime broker, the prime broker and the borrower would need to report the full composition of the collateral portfolio regardless of the amount of exposure resulting from the margin lending transaction(s). Table 15 contains all the additional fields that are considered in the case of margin lending

Table 14. Margin Lending Collateral Element
Margin Lending Element
Loan-To-Value Ratio
Funding sources
Currency
Amount

251. The FSB also recommends collecting data on the funding sources of margin lending transactions. These funds may come from a variety of transactions, including repos, cash collateral from securities lending, proceeds from customer or broker short sales, unsecured borrowing and other sources (including liabilities subject to immediate cash payment). Where possible, the lender is to provide information regarding the specific sources used and their respective amounts (or at the minimum as pro-rata of the total). ESMA acknowledges that lenders might not be able to determine the specific funding sources attributed to each loan.

Q99: Do you agree with the description of funding sources mentioned above?

Q100: Are there other funding sources used in the context of margin lending?

Q101: What are the obstacles to lenders reporting the market value of funding sources?

Q102: Would reporting pro-rata amounts address some of the challenges or facilitate reporting?

Q103. Should the cash in the margin accounts be considered also as part of the collateral for a given margin lending transaction? Please elaborate.

252. Lastly, the total value of collateral used to secure margin loans will vary with the market value of these securities. Lenders monitor changes in collateral value using leverage metrics, such as the “Loan-to-Value” (LTV) ratio (i.e. loan principal amount divided by total collateral value).

253. The LTV ratio increases when the value of collateral declines. This will trigger a collateral action by the lender when the LTV exceeds a certain threshold. These actions may be related, for example, to the amount of collateral set aside in the margin account, or the amount of collateral reused.

Q104: What are the metrics used (other than LTV ratios) to monitor leverage from margin lending, and more broadly to address risks related to the value of collateral? How are these calculated?

Q105: Using these metrics, what are the current limits or thresholds used by margin lenders that will trigger a collateral action? How are these limits determined? Are there different thresholds triggering different actions? Can they vary over time, and for what reasons?

Q106: What kind of collateral actions can be triggered by crossing these limits or thresholds? Please describe the actions, their impact on the metrics described in Question 13, and the potential associated changes in limits or thresholds.

Q107: Are there any other important features, market practices or risks that you would like to bring to our attention in the context of margin lending?

Q108: Do you have any alternative proposals for reporting information related to funding sources that might reduce the burden on reporting entities?

Q109: Do you agree with the collateralisation and margin lending practices described above? Are there instances where margin loans are not provided (or haircuts applied) on a portfolio basis?

Q110: What are the potential obstacles to reporting information regarding the individual securities set aside in margin accounts by the lender?

Q111. Would you agree that in the context of margin lending the entire collateral portfolio, i.e. both cash and securities, would require reporting? If no, please explain.

254. We refer to reuse irrespective of how the transfer of collateral takes place, i.e. irrespective of whether title of transfer exists or not. Therefore, one of the main differences with other SFTs is that there is no transfer of collateral from seller to buyer, and therefore no transfer of title that would give an automatic right to the buyer of collateral to re-use it. However, under SFTR, the definition of collateral reuse also includes the practice of reusing assets for which there was no title transfer.

Q112: What are the obstacles to the reporting of reuse of collateral for transactions where there is no transfer of title? What are the current market practices aimed at mitigating risks from collateral re-use specifically in the context of margin lending?

4.3.5.5 Distinguishable assets

255. The securities in the collateral pools, baskets or portfolios are distinguishable through their ISIN, but a more precise distinction is not possible as securities are fungible instruments by their nature. However, the information about the amount of a security re-used at ISIN level to determine information about the type or security, the quality and the maturity. Thus the information about a re-use percentage by ISIN could be also used to

assess the asset encumbrance risk, the contribution of re-use to the build-up of leverage in the financial system and the extent to which re-use increases the interconnectedness of market participants.

4.3.5.6 Collateral Re-use

256. The SFT regulation defines re-use as “the use by a receiving counterparty, in its own name and on its own account or on the account of another counterparty, including any natural person, of financial instruments received under a collateral arrangement, such use comprising transfer of title or exercise of a right of use in accordance with Article 5 of Directive 2002/47/EC but not including the liquidation of a financial instrument in the event of default of the providing counterparty”.

257. That means that if the received collateral is eligible for re-use, it can be used for example in an outright sale or as collateral for another transaction (e.g. repos, securities borrowing or derivatives). The SFT regulation foresees the need to report collateral re-use in cases where the collateral is distinguishable from other assets.

258. In some cases, collateral re-use can be identified on the level of the individual SFT. However, collateral is often managed on a portfolio basis rather than at transaction-level, resulting in pooling the available assets and often without tracking their source. What is more important from reporting perspective however is that this information is not part of the common data of the collateral, but it is rather individual for the counterparty which is re-using collateral. Hence although the data elements are discussed in this section, for the purposes of reporting, the information on re-use, except the one referring to availability for re-use which stems from the type of collateral arrangement, will be included as part of the counterparty data.

259. The reporting of re-used collateral should therefore support two types of re-use measurements: one defined at SFT transaction level and one estimated amount.

Table 15. Re-used Collateral
Re-used Collateral
Defined Amount
Estimated Amount

260. When collateral re-use cannot be defined at SFT level, information about the overall re-use for a given security could be obtained by using the aggregated information on the total collateral posted for a given security for a given reporting counterparty and combining it with information on the amount of own assets encumbered in collateralised transactions for a given security.

261. This measure[32] would correspond to a measure calculated at the whole entity level for a given security (e.g. per ISIN) and be used as a proxy for SFT transactions for which there is no possibility to calculate this information at trade level. It is to be noted that regulatory reports are already requesting information from banks about their encumbered assets so that the information is available and only needs to be provided based on the individual security. Entities could calculate thereby a percentage of re-usability for a given security j and for a given reporting party as follows:

$$Re - used\ \% = (collateral_j^{posted} - assets_j^{own,encumbered})/collateral_j^{posted}$$

262. In the above formula, $\mathrm{collateral}_{\mathrm{j}}^{\mathrm{posted}}$ represents the market value of collateral posted for a given security j and $\mathrm{assets}_{\mathrm{j}}^{\mathrm{own,encumbered}}$ is the market value of own encumbered assets in the given security j that have been posted as collateral. Own assets are defined as on-balance sheet assets owned outright by the reporting entity, and encumbered assets are defined as own assets that have been posted as collateral for the relevant types of transactions (i.e. either SFTs, only, or including derivative transactions as well as short sales).

263. This percentage could be applied to the collateral amount of a given SFT and thereby determine the estimated re-used amount in those cases where the re-use cannot be defined at SFT level directly.

264. The above formula requires the possibility to identify own encumbered assets. A less accurate calculation could be based on an estimation of the re-used assets considering:

$$collateral_{ij}^{reused} = \frac{collateral_{ij}^{received,eligible\_for\_reuse}}{collateral_{ij}^{received,eligible\_for\_reuse} + assets_{ij}^{own}} \times \left(collateral_{ij}^{posted} + securities\_lent_{ij}\right)$$

where $\mathrm{collateral}_{\mathrm{ij}}^{\mathrm{received,eligible\_for\_reuse}}$ represents the market value of collateral of type *j* received by entity *i* that is eligible for re-use, $\mathrm{assets}_{\mathrm{ij}}^{\mathrm{own}}$ represents assets of the same type *j* owned by entity *i*, and $\mathrm{collateral}_{\mathrm{ij}}^{\mathrm{posted}}$ stands for posted collateral by entity *i*, again of type *j*.[33]

265. It is envisaged that information on the defined/estimated amount of collateral reused should be updated every time the figure changes. This information will be specific to the counterparty thus it is part of the counterparty data.

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[32] The proposed formula has been elaborated in considerations of the current discussions at FSB level about possible re-use measurements.

[33] Own assets are not included in the data elements required by the global securities financing data standards.

266. When defining the final rules, ESMA will also take to the account, to the extent possible, the relevant international developments and in particular the work of the FSB on collateral velocity.

Q113. What options exist to link collateral that is re-used to a given SFT or counterparty? Please document the potential issues.

Q114. In which cases can the re-use be defined at transaction level?

Q115. Do you see other ways to calculate the collateral re-use for a given SFT?

Q116. Are there any circumstances in which the re-use percentage applied at entity level could not be calculated for a given security (e.g. per ISIN)?

Q117. Which alternatives do you see to estimate the collateral re-use?

4.3.5.7 Availability for re-use

267. The SFT regulation also foresees the need to report "whether the collateral is available for re-use" which is what the reporting element "Availability of re-use" would provide based on a Boolean value (Yes/No).

268. Repo and reverse repo trades under GMRA and securities lending trades under GMSLA generally represent transfers of title and therefore securities that are provided as collateral would be available for re-use. Bilateral collateral agreements could though differ and margin lending would also only allow the re-use of some of the securities within the underlying collateral portfolio.

Q118. When the information on collateral availability for re-use becomes available? On trade date (T) or at the latest by T+1?

Q119. Is it possible to automatically derive the collateral re-use in some cases given the nature of the SFT (meaning based on the GMRA, GMSLA or other forms of legal agreements)? If yes, please describe these cases and how the information could be derived. Please explain if deviations could be drafted within legal agreements to deviate from the re-usability.

4.3.6 Clearing information

4.3.6.1 Rationale for clearing information in the SFTR reporting

269. ESMA notes that the inclusion of information on clearing the SFTR reporting data would be required to effectively monitor the following::

a. The shifts towards or away from central clearing agreements and trends in the clearing models used (principal or agency clearing, indirect clearing). This would provide insights into the trends in reporting entities' counterparty risk

protection and concentration of risks in different sectors (e.g. CCPs, clearing members).

b. The CCP's exposure, both in terms of its clearing activities and its own treasury activities (for example whether the CCP relies on certain counterparties for its own investments).

c. The market shares of clearing members and the concentration risks in clearing provision.

d. The examination of CCP's reliance on certain types of collateral. This is useful for CCP and wider banking supervision as risk could crystallise if the collateral issuer faces difficulty (for example in a default event).

e. The ex-post examination of SFT counterparties' behaviour during a crisis. For example, whether counterparties rush to clear all contracts when rumours of another counterparty's weakness emerge.

f. The examination of the time lag between the conclusion of the trade and clearing of a trade being concluded with the CCP (using the clearing timestamp).

g. The information related to the clearing of the trades of the relevant supervised entities.

h. The provision to the supervisor of the CCPs with the full set of the trades of the clearing members rather than only or mainly the netted positions.

270. The clearing information would also facilitate the reporting by the entities subject to reporting obligation under SFTR as they would continue to report similarly to EMIR (the central clearing fields are covered in EMIR).

271. In order to reduce the burden on reporting, but still have the complete picture, similar to provisions in the revised EMIR standards on reporting, for those trades concluded in a trading venue and cleared on the day of execution, ESMA intends to require the reporting only of its cleared form. However, for those bilateral trades which are cleared in the same day, counterparties would report the initial trade, subsequently terminated, as well as the resulting cleared transactions In order to provide the optimal information to the authorities.

4.3.6.2 Clearing-related fields in the technical standards

272. The following central clearing-related fields are necessary for SFTR reporting (they are also aligned with EMIR reporting fields):

a. Cleared (indicates whether the transaction was centrally cleared or not). This field is required by the FSB for the global aggregation of SFT data. It is not sufficient to just analyse reports where one counterparty is a CCP. Under this approach the client legs in a principal clearing model would be missed

(undercounting)[34], but the CCP's treasury operations which are not cleared trades, would be over counted.

b. CCP (in the case of a contract that has been cleared, identifies the CCP that has cleared the contract). The field is necessary to be able to identify which information is relevant for the CCP supervisors. In the client clearing model, this field is particularly useful to identify the CCP in the report of the trade between the client and the clearing member. In combination with other fields, the CCP field could be helpful to address CCP interoperability (there should be rules on how the reports would have to be populated in the case of CCP interoperability).

c. CCP clearing member. In all cases the field would identify the responsible clearing member. The field would be most relevant in the agency clearing model, where the clearing member would not be subject to the reporting obligation. However, even in the case of principal clearing, it would be valuable to be able to distinguish between (i) a client clearing a repo via a clearing member; and (ii) a client performing a repo with a clearing member, and separately the clearing member clearing an interdealer trade. The field is also relevant for capturing indirect clearing. Although it is not currently used to clear SFTs, it is important to design the reporting fields to address future proofing.

d. Clearing timestamp. The clearing timestamp should be reported as the time when the CCP confirms that the trade is registered for clearing and when the CCP takes on the risk of the transaction. The clearing timestamp is relevant to monitor the difference between execution time and clearing time and how it varies depending on the trading model (i.e. it is especially relevant for SFTs traded outside of electronic trading platforms) or clearing model (depending on the clearing model used, the clearing timestamp may or may not be the same as the trading timestamp).

4.3.7 Settlement section

4.3.7.1 Proposal for collection of settlement-related information

273. SFTR identifies interconnectedness and the lack of transparency as risks in the SFT market. One of the forms interconnectedness can take is when a small number of institutions are being relied on to carry out a range of functions in SFT markets. A high degree of interconnectedness, if undetected, can pose concentration risk to an SFT market as the failure of a highly interconnected entity can result in knock-on effects for its counterparties (such as inability for them to settle their SFTs).

[34] In line with ESMA's EMIR Q&A document, the client – clearing member leg is deemed to be cleared.

274. Against this background, by requiring entities to report the fields below, the regulators would be able to monitor the degree of interconnectedness within the SFT market and can spot risks building up before they pose more severe concentration risks.

275. The Central Securities Depositories Regulation (CSDR) will provide much information to the competent authorities of the CSDs in the EU. However, the CSDR does not provide all the necessary information from the perspective of the SFT counterparties and their supervisors. Therefore, any settlement-related data field to be reported under the SFTR should be for the purpose of identification and monitoring of financial stability risks that SFTs entail. As acknowledged in the FSB report of November 2015[35], data on securities financing markets might also be useful for prudential supervisors in comparing worldwide consolidated data reported by their GSIBs [36] with global aggregates and trends and in monitoring of systemic risks originating from FMIs that are involved in repos or related collateral activities. It is however important to note that the FSB report of November 2015 does not require the collection of settlement-related aggregate data for SFTs for identifying and assessing financial stability risk at global level.

276. The counterparties to an SFT could be required to identify the following three types of entities in the relevant fields described in sections 4.3.7.2 and 4.3.7.3:

- **the Central Securities Depository (CSD) 'or 'CSD'**, as defined under Regulation (EU) No 909/2014, operating the SSS to which the entity defined directly below is a direct or indirect participant and through which the reported SFT will be settled.
- **the "direct or indirect participant"**, as defined under Directive 98/26/EC, that settles the reported SFT on behalf of the reporting counterparty.
- **the settlement internaliser**, as defined under Regulation (EU) No 909/2014, in the case of internalised settlement.

277. Settlement internalisers would be in most cases CSD direct or indirect participants as mentioned above

4.3.7.2 Place of settlement field

278. The counterparties to an SFT could be required to report the place of settlement, which would provide the issuer or investor CSDs, where settlement takes place or the identifier of the settlement internaliser in the case of internalised settlement. This information could be useful for the regulators for the following key reasons:

- It would allow identifying concentrations at the level of settlement. It would facilitate the analysis of operational and legal risks when looking for weak links or dependencies on systemically important market infrastructure.

[35] See Report: Transforming Shadow Banking into Resilient Market-based Finance: Standards and processes for global securities financing data collection and aggregation 18 November 2015 http://www.fsb.org/wp-content/uploads/FSB-Standards-for-Global-Securities-Financing-Data-Collection.pdf

[36] Global Systemically Important Banks

- It would help to assess the dependencies between counterparties and market infrastructures. For example, it would allow the analysis of risks to a counterparty related with a failure of a CSD.
- The settlement information would also allow examining the places of settlement across different types of SFTs. For example, it could help to identify the extent to which different types of SFTs are settled domestically or abroad, or whether settlement takes place in a securities settlement system or is internalised.

4.3.7.3 Central Securities Depository (CSD) and participant fields

279. In this case the counterparty that provides securities as collateral for an SFT would report the CSD where the securities will be delivered from for settlement and the participant or indirect participant of the CSD that settles the transaction. The counterparty that receives securities as collateral for an SFT, would report the CSD where the securities will be received after settlement and the participant or indirect participant of the CSD that settles the transaction. In the specific case of securities lending against cash collateral, the counterparty that lends the securities would report the CSD where the securities will be delivered from for settlement and the participant or indirect participant of the CSD that settles the transaction. The counterparty that borrows the securities would report the CSD where the securities will be received after settlement and the participant or indirect participant of the CSD that settles the transaction.

280. Similarly to the Place of Settlement field, the two fields proposed above would allow identifying concentrations and the interplay for the various services that direct and indirect participants and CSDs as well as settlement internalisers offer to the SFT market and would help analysing the contagion risks, leverage building up and interconnectedness stemming from the re-use of collateral[37]. It is further explained in the bullet points below how CSDs and direct and indirect participants, by virtue of the fact that they are providers of settlement and safekeeping services, could have a role in exacerbating the risks above:

- CSDs offer securities & secured financing programs in connection to the settlement activities of their participants (e.g. automatic intraday securities lending programs or intraday credit in the form of repo as measures to reduce settlement fails). Such intraday securities/secured financing transactions can be converted into transactions with longer maturities (e.g. in case they are not reimbursed at the end of the day) and thus, CSDs offering such facilities act as a market driver for SFTs and contribute to building up leverage.
- CSDs (potentially also participants and indirect participants) offer a range of services which facilitate the use of less liquid assets as collateral:

[37] According to the FSB report "Strengthening Oversight and Regulation of Shadow Banking Policy Framework for Addressing Shadow Banking Risks in Securities Lending and Repos" securities lending cash collateral reinvestment is a large-scale activity which is largely facilitated by custodian banks (i.e. direct and indirect participants to an SSS) as agent lenders. The risk is that cash collateral reinvestment can involve maturity and liquidity transformation, which if left unchecked can present risks and negative externalities to firms beyond the beneficial owner or agent lender in a stress event

- collateral exchanges - swapping the asset class available and which do not meet eligibility criteria for securities that meet the criteria agreed in triparty transactions (e.g. replacing less liquid assets with more liquid assets);
- use of loans/credit claims (having low/no liquidity) as collateral.

These services can be used in conjunction with the SFT transactions and constitute a complex infrastructure which facilitates liquidity transformation and building up leverage.

- When CSDs/direct and indirect participants provide both safekeeping services and securities financing programs borrowed securities are deposited in accounts with the same CSD/participants and indirect participants and would eventually become again available for SFT programs. Thus, in their double capacity, they facilitate the reuse of collateral and contribute to creating long chains of dependencies (i.e. interconnectedness);
- The SFT programs offered by CSDs/direct and indirect participants are leveraging the infrastructures that are already in place for settlement and safekeeping and a number of services have been specifically designed for SFT transactions[38]; accordingly the SFT market relies on the robustness and efficiency of these infrastructures. Thus CSDs/direct and indirect participants act as contagion channels across market segments e.g. from/to the trading segment (where the respective CSD/ direct and indirect participants act as facilitator) to/from the post-trade segment where SFTs (together with other transactions) are settled. When SFTs are settled through chains involving several CSDs/ direct and indirect participants acting as "nodes" in a network of interconnected players, the respective entities could act as contagion channel across markets and geographical areas.

Q120. Do you agree with the rationale for collection of information on the settlement set out in this section?

Q121. Do you consider that information on settlement supports the identification and monitoring of financial stability risks entailed by SFTs?

Q122. Do you agree with the approach to identify the settlement information in the SFT reports?

Q123. Do you envisage any difficulties with identifying the place of settlement?

Q124. Are there any practical difficulties with identifying CSDs and indirect or direct participants as well as, if applicable, settlement internalisers in the SFT reports? Would this information be available by the reporting deadline? Please elaborate.

[38] CSDs have in place technical functionalities which are particularly relevant in the context of SFT: automatic generation of the settlement instructions for the second leg of an SFT, validation, matching for the second leg of SFTs, account segregation for collateralisation purposes, various collateralisation techniques which support/restrict reuse of collateral, "delivery vs delivery" used in the context of substitutions

4.3.8 Master agreements

281. ESMA intends also to gather some information on the master agreements. The type of information is similar to the data already reported under EMIR. From SFTR perspective this information is expected to enable to authorities

- to evaluate the degree of standardisation of the SFT market via the usage of common legal frameworks. Standardisation is one of the key parameters in the assessment of the liquidity of the market;
- to assess the observed SFT rates against the related agreements to evaluate possible deviations from a statistical mean and link them to bilateral contracts or deviations, for example agreed optionality. This will increase the understanding about drivers of the SFT rates.

Q125. Will this information be available by the reporting deadline? What are the costs of providing this information?

Q126. What other data elements are needed to achieve the required supervisory objectives? Please elaborate.

4.3.9 Method of trading

282. ESMA also intends to gather some additional information on the methods of trading an SFT. In alignment with EMIR, ESMA would require the reporting of the venue of execution of the SFT. However, in order to obtain a better understanding of how exactly SFTs are concluded, ESMA is considering including the following additional data for methods of trading as they are defined in ICMA market surveys:

a. Telephone

b. Automated trading systems - Systems where dealers can enter prices directly and the voice-brokers can enter transactions that have been negotiated by telephone into the systems. These systems are automated, but not automatic, in that transactions cannot be executed and settlement cannot be initiated and completed automatically by clicking on a screen. Additional action is required from the counterparties before transactions can be concluded, e.g. credit approval, further negotiation on terms such as collateral haircuts, and the dispatch of settlement and payment instructions.

c. Automatic trading systems - are dedicated networks of interactive screens, which display prices for repos of various tenors, amounts and types of collateral (individual issues or classes or special baskets of securities). ATS are automatic in that transactions can be executed and settlement can be initiated and completed automatically by clicking on an interactive screen (this straight-through processing is possible because of operational and legal links between the ATS and the entities in the next stages of the clearing and settlement process, i.e. clearing systems, collateral management agents, and CSDs or ICSDs.

283. A reason for gathering this information would be to analyse how the values of different fields depend on the method of trading. For example, how the difference between trading and clearing timestamps depends on method of trading?

Q127. Do you agree with the proposed categories of trading methods to be reported by SFT counterparties?

Q128. Are there any other methods of trading that are not covered?

5 Transparency and availability of data

5.1 Operational standards for data collection

5.1.1 Validation

284. A key element for the correct functioning of the reporting regime under SFTR and ensuring the quality of SFT reporting concerns the validations by the TRs of the data submissions made by the relevant counterparties. Although counterparties are expected to report accurate and correct information, with regards to the actual collection of the data SFTR puts certain emphasis on the TRs. In accordance with Article 5(6) SFTR, in order to be registered under SFTR, the TRs are required to have in place procedures "*in order to verify the completeness and correctness of the details reported to them under Article 4(1).*" The specific procedures are defined in paragraph 56 of section 3.

285. However, the RTS under article 12(3)(a) require ESMA to establish the operational standards to collect data and therefore the RTS need to detail the practical rules on what TRs need to undertake for each of those procedures. Listed below are the proposed practical rules for collection of data which are underpinned by the relevant TR procedures:

a. Authentication of participants - the TR should establish a secure data exchange protocol with the report submitting entities using (i) web identification for those using web upload, (ii) secure public/private key authentication for automated secure connections or (iii) other advanced authentication protocols.

b. Schema validation – All the submissions to the TRs should be in Extensible Mark-up Language (XML) template based on an ISO 20022 universal financial industry message schema for SFT reporting. The submission should be validated against and compliant with the XML Schema Definition (XSD) defined as the ISO 20022 reporting standard for SFTs[39]. The schema validation will not include business rules such as content dependencies between fields The TR should automatically reject submissions that are not compliant with the XSD. The XSD will be made available in advance of the reporting start date. The TR should provide a specific

[39] An XSD specifies the building blocks of the SFT reporting, including the number of (and order of) child elements, data types for elements and attributes and default and fixed values for elements and attributes

ISO-compliant response message to the report submitting entity describing the schema validation error.

c. Authorization / permission – the report submitting entities should clearly identify on behalf of which entity they have made the submission. This can be either (i) the reporting counterparty or (ii) the entity responsible for ensuring the reporting of the SFT[40]. The TR will have to check whether the reporting entity, i.e. the one submitting messages to the TR, is permissioned to report for the entities / parties to the contract which are indicated on the trade message. The relevant entities should be identified in the fields "reporting counterparty" and "entity responsible for the report". The TR has to create and update the relevant internal databases to verify that the LEI pertaining to the report submitting entity is permissioned to report on behalf of the LEI or code of the "reporting counterparty" and "entity responsible for the report. The TR should be able to reject those submissions made by report submitting entities not permissioned. There should be a specific feedback message to the report submitting entity describing the error.

d. Logical validation - the TR should check for each submission whether the report submitting entity is not intending to modify SFT which has not been reported or which has been cancelled[41]. The TR should use the UTI and the LEIs (or client codes) of the counterparties to determine the uniqueness of the SFT and should be able to reject those submissions made by report submitting entities when intending to amend UTIs, which are cancelled or not reported. There should be a specific feedback message to the report submitting entity describing the error.

e. Business rules or content validation[42] – the content validation will be based on the values included in the ITS on reporting and the additional validation rules. The additional validation rules will be made available to the TRs prior to the commencement of reporting under SFTR. At this stage, it is not yet clear whether the lack of compliance with content validations should give rise to automatic rejection or warning notification.

Q129. Do you agree with the proposed types of validations? Would you include any further validations? If so which ones? Please elaborate.

5.1.2 Reconciliation of data

5.1.2.1 Scope of the reconciliation process

286. As part of the procedures for collection of data, ESMA considers that the TRs should perform reconciliation of the SFT data reported. ESMA expects that:

[40] This is particularly important in the case of the submissions referred to in Article 4(3) SFTR
[41] Under the current reporting rules for EMIR, cancelling of trade would mean that the contract has not taken place and has been reported in mistake. Same is proposed for SFTR
[42] For the avoidance of doubt, these validations are additional to the ISO ones which will be embedded in the schema

- The reconciliation process should take place the earliest possible after the deadline for reporting by counterparties in accordance with Article 4(!) SFTR
- The reconciliation process should include all the SFTs submitted during the previous day or which, even submitted before, have not been reconciled. The amended SFTs, following the modifications made by the relevant parties to the SFT, should be included in the immediately following reconciliation cycle
- The SFTs that have expired or that have been terminated more than a month before the date on which the reconciliation process takes place should not be subject to reconciliation.
- The daily reconciliation cycle should follow the same time schedule across all the TRs and should be terminated the earliest possible.
- The format of data files which are exchanged for the purposes of the reconciliation between the TRs should be the same.
- The encoding of the data files should be the same.
- There should be a confirmation of common records between a pair of TRs
- There should be a comparison of the economic terms of the SFTs in accordance with section 5.1.2.3.
- Before the end of the day in which the reconciliation takes place, the TRs should notify the relevant parties to the SFT regarding any conflicting values reported by them in accordance with Section 5.1.3.

Q130. Do you agree with the proposed scope of the reconciliation process? Should trades expired or terminated more than a month before the day on which reconciliation takes place be included in the reconciliation process? Please elaborate.

Q131. What is the earliest time by which the reconciliation process can be completed? If not, please indicate what other characteristics need to be included? Please elaborate.

5.1.2.2 Framework of the reconciliation process

287. Under EMIR, the reconciliation process is established as a multistage process. During the first stage, called intra-TR reconciliation, the TRs intend to find in its own databases, whether both sides of each trade are reported to it. If so, the TR compares both reports and as a result notifies the counterparties about the reconciliation status of their trade. Only after the completion of the intra-TR reconciliation process, the TR should include to the second stage called Inter-TR reconciliation, those SFTs for which no other side has been found.

288. Once the TR has determined that it hasn't received both sides of a trade, it includes it in the inter-TR-reconciliation process, which is also a two-step process. During the first

the first phase, the TRs are seeking the peer that has the other side of the trade, while during the second phase they are exchanging the actual economic terms of the trade, i.e. the data elements, only with the TR that has claimed having the other side of the trade. Once the first phase is completed for a given trade, it is only the second one that is repeated, until reconciliation is achieved.

289. In a given business day, the full reconciliation process is completed - intra-TR reconciliation and both phases of the inter-TR reconciliation.

290. The obligation for TRs to reconcile SFTs when they are reported to different TRs automatically removes any potential confidentiality restrictions regarding the exchange of data between the relevant TRs and with the counterparties to the SFT or the entities reporting on their behalf. It is of utmost importance that any type of reconciliation break is made available to the relevant entities in a standardized way and harmonized fashion.

Q132. Do you foresee issues with following the EMIR approach on reconciliation of data for SFT? What other approaches for reconciliation of transactions exist? How many data elements are reconciled under those approaches? What is the timeframe of reconciliation under those approaches? Please elaborate.

5.1.2.3 Data elements to be compared during the reconciliation process

291. In principle, ESMA understands that in order to achieve high quality data under SFTR, it is important that all data fields are fully reconciled. Fully reconciled is understood as the lack of difference between the values reported for each field by the two counterparties in their respective submissions to the TRs. Still, in case this is not possible or technically feasible to be achieved, ESMA believes that at least the common data fields relevant for the SFT, which are referred in Article 4 (9) SFTR and those other data elements that are subject to data collection by FSB, should be reconciled.

292. Furthermore, ESMA understands that it might be that certain data fields cannot be 100% matched and for which some degree of tolerance should be applied. While determining the actual rules on this aspect, ESMA will take into account the potential trade-offs between quality of data and degrees of tolerance and between the degrees of tolerance and the completion of the reconciliation process.

Q133. What are the expected benefits from full reconciliation? What are the potential costs from TR and counterparty perspective to adopt a full reconciliation approach? In terms of the matching of data, which of the data fields included in Section 6.1 can be fully reconciled and for which ones certain degrees of tolerance has to be applied? Please provide concrete examples. Please elaborate.

293. Differently to EMIR, the reporting of collateral under SFTR should be agreed between the two counterparties. This would bring further transparency to the collateral data and it will ensure its high quality. It will allow also the correct monitoring of financial stability and systemic risks and it would allow the reporting of high quality data to the FSB.

294. It is worth recalling that the collateral data to be reported data under SFTR is much more granular than the collateral data reported under any other EU reporting regime. As

indicated in section 4.3.5, collateral data might be reported either at the level of individual SFT or at the level of a portfolio of collateralized SFTs. In the former case, there might be a need to establish a one-to-one or one-to-many relationship between the loan and the collateral data. In the latter case there will be many-to-one or many-to-many relationships between the loan and the collateral data. In the case where many loans are covered by either one or many collateral elements, it might be unnecessary, very costly and error-prone to repeat the reconciliation for all the collateral elements for each collateralized SFT.

295. In order to achieve the objectives of provision of data of sufficient quality for the monitoring of financial stability and systemic risks, and taking into account the logic for collateral reporting included in Section 4.3.5 and outlined above, it can be expected that the reconciliation of collateral data is performed separately from the reconciliation of the common loan data.

Q134. Do you foresee any potential issues with establishing a separate reconciliation process for collateral data? What data elements have to be included in the collateral reconciliation process? Alternatively, should collateral data be reconciled for each collateralised SFT individually? What would be the costs of each alternative? Please elaborate.

5.1.3 Common feedback to participants

296. As part of the use of the ISO 20022, standardised feedback messages should be sent by the TRs to the report submitting entities and, where relevant, reporting counterparties to the contract. Furthermore, the TRs should provide also standardised feedback information to the reporting submitting entities and the reporting counterparties.

297. In order to ensure the timely correction of data, the feedback messages should indicate at the latest one hour after the submission is received by the TR whether the submission

- is accepted by the TR
- is rejected, and if so, detail the reasons for rejection based on the type of failure schema, permission, logical, business?)

298. Furthermore, in case of rejection the following should be specified with regards to the level at which the rejection has taken place::

- The whole submission –the whole file has not been accepted, for instance because it is not complaint with the XSD.
- Specific transactions – even if the file as a whole is compliant with the schema, one may have content validations that will check each transaction within the file. It may happen that some transactions will be OK and will be accepted, and some will be rejected.

299. For all the accepted SFTs, by the end of the day in which the reconciliation process takes place, the TRS should provide to the reporting counterparties or the entities acting on their behalf feedback messages describing whether

- the SFT is reconciled or
- the SFT is not reconciled and if so, detail the relevant data elements where reconciliation breaks take place and providing both values reported

300. The exact content of the feedback messages and the establishment of "Error codes" will be discussed with ISO as part of the definition of the XSD.

301. The minimum set of feedback reports to the report submitting entities and reporting counterparties (end-of-day)

- Daily activity report – all submissions made during the day either by the participant or an entity to which it has delegated its SFT reporting
- Trade state report – the most update state of each outstanding SFT
- Rejection report – all submissions which have been rejected
- Reconciliation status report – the reconciliation status of all the trades reported so far, which are subject to reconciliation

Q135. What additional feedback information should be provided to the reporting counterparties? What should be the level of standardisations? What would be the benefits of potential standardisation of the feedback messages? Do you agree with the proposed timing for feedback messages?

5.2 Public data

302. Article 12(1) SFTR provides that "A trade repository shall regularly, and in an easily accessible way, publish aggregate positions by type of SFTs reported to it." Furthermore, the empowerment under Article 12(3)(a) SFTR refers to specifying the frequency and the details of the aggregate positions referred to in Article 12(1) SFTR. In addition, similar to EMIR, SFTR provides that the draft regulatory technical standards shall ensure that the information published under Article 12(1) SFTR does not enable the identification of a party to any SFT.

303. It is worth mentioning that identical provisions regarding the publication of aggregate data were included in EMIR. In order to ensure addressing the legal requirements, Article 1 of RTS 151/2013 established very high level requirements for flow and stock public data. These high level requirements ensured that no counterparty can be identified through the data published by the TRs. Nevertheless, this also led to different solutions offered by the TRs, for instance weekly or daily aggregations, and lack of consistency and standardization of the public data.

304. As discussed under section 2.2, the SFT data collected under SFTR will be used for the purposes of reporting aggregate data to the FSB. In this respect, it is worth considering the publication by TRs of more granular, but still aggregate SFT data. The

FSB November 2015 Report has established very granular requirements for data collection, which although doesn't include counterparty identification, have very granular sectorial identification. Given that some sectors might not have many representatives reporting to a TR, such sectorial aggregation might allow for the identification of some individual entities. This will be contrary to the intention of the legislators with respect to publication of aggregate SFT data.

305. Therefore, given the apparent contrast between both approaches, a third approach, which establishes the publication of a bit more granular aggregate data than the currently existing one for EMIR, but excluding some of the requirements established by the FSB, might need to be considered. This is expected to increase the quality and value of the aggregate data for the general public, but still preventing the identification of counterparties.

306. Irrespective of the granularity of the data to be published under SFTR, it is ESMA's intention that there are strict rules on:

- The frequency of publication of data
- The way aggregations should be performed and the details of the aggregated SFT positions, e.g. number of SFTs, nominal of SFTs, etc.
- The relevant reference periods, based on the frequency of provision of data
- The publication dates, etc.

307. Furthermore, in case a mixed approach is adopted, i.e. more granular than EMIR, but les granular than FSB, the aggregations to be performed would need to take into account some of the following characteristics of the SFTs:

- The location of the counterparties (EU vs. Non-EU)
- The type of SFT (repo, sec. lending, etc.)
- The status of the SFT at the TR (reconciled or not)
- The type of venue of execution
- Whether the SFT is cleared or not
- The way the collateral is transferred (tri-party, bilateral, etc.)

Q136. Would you be favourable of a more granular approach for public data than the one under EMIR? Would you be favourable of having public data as granular as suggested in the FSB November 2015 report? What are the potential costs and benefits of such granular information? Please elaborate.

Q137. In terms of criteria for aggregation, which of the following aspects ones are most important to be taken into account – venue of execution of the SFT, cleared or

not, way to transfer of collateral? What other aspects have to be taken into account for the purposes of the public aggregations? Please elaborate.

Q138. Do you foresee any issues with publishing aggregate data on a weekly basis? Please elaborate.

5.3 Data made available to authorities

5.3.1 Article 12 (2) on the SFTs data to be provided to the authorities

308. This section of the discussion paper deals with the details of the SFTs to be provided to the entities included in Article 12(2) SFTR (authorities, hereinafter). The technical standards developed under Article 12(3)(c) SFTR will specify levels access to the data.

309. Furthermore, the empowerment for operational standards describes the format and content of the SFT data that TRs are to make available to the authorities to allow timely, structured and comprehensive aggregation and comparison of data across repositories. Nevertheless, ESMA considers that TRs should provide SFT data to the authorities using the same ISO 20022 reporting standard through which reporting counterparties provide SFT data to the TRs.

310. The TRs have to provide the authorities at least all the data elements that they have received regarding the SFTs concluded by the counterparties. Further to this, ESMA understands that the reporting to authorities has to include some additional information as detailed in Section 5.3.2.

5.3.2 Additional fields to be generated by TRs

311. In order to allow the authorities have direct and immediate access to the SFT data, when making available the details of the SFTs, the TRs should ensure that they also are able to provide information regarding the reconciliation status of each SFT. ESMA intends to establish a defined list with the reconciliation statuses for SFTs, which comprises all the potential outcomes of the reconciliation process. Based on the feedback from reporting parties, authorities and TRs as well as the establishment of the inter-TR reconciliation process, the following list, containing the potential outcomes of the reconciliation process, might be further updated:

a. Not submitted to reconciliation – the SFT is subject to reconciliation, but the TR has not yet been able to include it in a reconciliation process.

b. Single-sided, non-EEA reporting obligation – the SFT was concluded with a counterparty without reporting obligation under SFTR and therefore the SFT is not expected to be reconciled

c. Single-sided, EEA reporting obligation, unmatched – the SFT was concluded with a counterparty with reporting obligation under SFTR, which does not report to the same TR and the SFT is not yet reconciled

d. Single-sided, EEA reporting obligation, matched – the SFT was concluded with a counterparty with reporting obligation under SFTR, which does not report to the same TR, and the SFT is reconciled

e. Dual-sided, unmatched – the SFT was concluded with a counterparty with reporting obligation under SFTR, which reports to the same TR, and the SFT is not reconciled

f. Dual-sided, matched – the SFT was concluded with a counterparty with reporting obligation under SFTR, which reports to the same TR, and the SFT is reconciled

312. Depending on how reporting of collateral will be organised and the way the reconciliation of collateral is performed, the reconciliation statuses of the SFTs should be enhanced to reflect also this information.

313. The information on the reconciliation status of the SFTs should be made available at least in the report showing the latest state of a given SFT. To the extent possible it has to be shown also in other relevant reports made available to the authorities, however delays in performing inter-TR reconciliation should not be a reason to delay the provision of data for authorities.

314. Further to the reconciliation status of an SFT, other information will be potentially useful for authorities, such as whether the SFT submission has been rejected before its acceptance by the TR or not. This information can be generated only in case the counterparties have used a consistent UTI identification for their submissions and the TRs are thus able to track the relevant submissions.

315. ESMA would expect that the above additional information is provided as granular as possible at SFT level.

Q139. At which point in time do you consider that the additional data elements regarding the reconciliation or rejection status of an SFT will be available? What are the potential costs of the inclusion of the above mentioned additional data elements? What other data elements could be generated by the TRs and provided to authorities? Please elaborate.

5.3.3 Types of transaction-level reports to be provided to authorities

316. The provision of transaction-level reporting will allow all the relevant authorities to better assess the risks related to integrity of the price formation and the orderly functioning of the SFT markets. The reports related to rejection of SFTs and reconciliation status of SFTs will ensure that the authorities accessing the SFT data can have timely and comprehensive view on the quality of the submissions of the relevant counterparties, as well as on the quality of the data that they will use for monitoring of the different risks to the financial system. A trade-state report will also allow the authorities to access the most granular trade-level data, i.e. the latest state on all the outstanding trades that is required for financial stability, market monitoring and surveillance of bank-like risks and level of interconnectedness in the financial system.

317. The access to SFT data will allow the authorities also to obtain comprehensive information regarding the evolution of the market practices and the technological developments which enable market participants to use transactions other than SFTs as a source of funding, for liquidity and collateral management, as a yield-enhancement strategy, to cover short sales or for dividend tax arbitrage. Such transactions could have an equivalent economic effect and pose risks similar to SFTs, including pro-cyclicality brought about by fluctuating asset values and volatility; maturity or liquidity transformation stemming from financing long-term or illiquid assets through short-term or liquid assets; and financial contagion arising from interconnectedness of chains of transactions involving collateral reuse. Hence, the compatibility and integration of SFT data with the data reported under other reporting regimes existing in the EU is considered as crucial for building the complete picture of the financial system.

318. Given that the transaction data will be provided in the same exact format and based on very similar XML schema definition (XSD), ESMA expects that, with regards to the content of the relevant data fields reported by the counterparties, no technical or other transformation is performed or undertaken by the TRs when making the data it available to regulators. The compliance with this requirement is included as part of the requirements for registration under SFTR.

319. When providing access to the regulators, the TRs should ensure that at least the following types of transaction data reports are provided to the authorities:

a. All SFT submissions made by the counterparties on the previous working day.

b. The latest trade state of the outstanding trades as of the close of the previous working day.

c. All SFT submissions made by the counterparties in accordance with certain criteria made as of the day of the request by the authority.

d. Daily report detailing all the rejected SFTs and the reasons for rejection.

e. Daily report detailing the reconciliation status of all the accepted SFTs and the reasons for lack of reconciliation

Q140. Do you consider that all the relevant data elements for generation of the above reports will be available on time? What are the potential costs of the generation of above mentioned transaction reports? What are the benefits of the above mentioned transaction reports? What other transaction reports would you suggest to be provided by the TRs? Please elaborate.

5.3.4 Types of position-level reports to be provided to authorities

320. The position-level data information is highly important for the EU authorities, which are mandated to monitor the financial stability and the systemic risks of the financial system.

321. In addition to the transaction data reports furnished by the TRs, stemming from the requirement for TRs to calculate position in SFTs under Article 5(5) SFTR, ESMA

expects that the TRs provide the position reports as per the criteria indicated below. ESMA expects that all the position reports are provided in a XML files based on an ISO 20022 standard. The relevant reporting schema definitions (XSDs), as well as the specifications on aggregating the data will be made available to TRs in advance of the reporting start date. The position-level reports to be provided to the authorities, depending on their access levels determined in accordance with the technical standards under Article 12(3)(c) SFTR, should contain the following details:

a. Gross and net exposure between the counterparties, based on the relevant principal amounts
b. Jurisdiction of the reporting counterparty
c. Jurisdiction of the other counterparty
d. Sector of the counterparty
e. Type of SFT (repo, securities lending, etc.)
f. Indication of cleared or not
g. Type of asset class of the collateral (cash, equities, corporate bonds, government bonds, etc.)
h. Currency of the cash leg
i. Maturity bucket
j. Haircuts applied

322. The frequency and timing of these reports have yet to be determined. In terms of the frequency of the generation of position reports, ESMA is assessing to what extent having frequency lower than daily provision is going to be adverse to the objectives of monitoring of financial stability and improving the transparency of the SFTs. Ideally, position reports would be sent to regulators as early as possible (T+2). However, delaying these reports would likely allow TRs to increase the number of matched transactions, which are essential for analysis. This trade-off will be carefully assessed by ESMA.

323. These position reports would be required for all matched transactions. Useful information may also be contained in unmatched transactions, which would then be reported separately. With regards to the position reports, ESMA is considering to what extent they should include reconciled and non-reconciled data in the same report or reconciled and non-reconciled data in two separate position reports.

324. Based on the international developments in this area, ESMA might further define additional position-level reports for TRs to provide to the authorities.

Q141. Do you consider that all the relevant data elements for calculation of the above reports will be available on time?

Q142. What are the potential costs of the generation of above mentioned position reports? other reports would you suggest to be provided by the TRs? Please elaborate.

Q143. Do you consider that there should be one position report including both reconciled and non-reconciled data or that there should be two position reports, one containing only reconciled data and the other - one only non-reconciled data? What are the potential costs of the separation of above mentioned position reports? What are the benefits of the separation above mentioned position reports? Please elaborate.

5.3.5 Types of standardised aggregated SFT reports for authorities

325. In accordance with the FSB final report on "standards and processes for global securities financing data collection and aggregation", anonymised aggregate data should be submitted to FSB on a monthly basis by national/regional authorities. In order to allow EU authorities to submit such aggregate data to the FSB, the TRs should provide the EU authorities with aggregate data as per the FSB November 2015 report with the same frequency as established in the FSB November report.

326. Furthermore, EU authorities may require additional aggregate reports that differ from the public data to be made available by TRs.

5.4 Operational standards to aggregate and compare data across repositories

5.4.1 Use of ISO 20022

327. The experience under other reporting regimes, such as EMIR, has demonstrated a clear need to strictly specify the format and content of the data to be made available by the TRs to the authorities.

328. SFTR is a reporting regime under which more than 100 authorities would have access to the SFT data reported to the registered TRs. Therefore, it is of utmost importance to ensure the standardisation of the data made available to authorities in order to allow the timely aggregation and comparison of data across TRs. Potential lack of standardisation would introduce significant delays will hamper the access to data, but also the correct aggregation and comparison of data across TRs. When an authority requires TR data for a specific day they would need to send requests to the different TRs, they would receive different files in potentially different formats. Performing any sufficient analysis on TR data in this manner is both time-inefficient, due to the file types, size and access, and also costly.

329. The reporting from TRs to authorities would use the same standards as the reporting from reporting counterparties to TRs, although there would be some deviations in the XSD to cater for the some specificities of the data provision from TRs to authorities. Therefore, it is considered that the cost of providing the data to regulators will be marginal.

330. The aggregation and analysis of the non-public SFT data of TRs should take the following aspects into account:

a. The TR should make available the details of the SFTs in an output format in accordance with XSD based on an agreed ISO 20022 standard.

b. A uniform cut-off time should apply to all TRs for the inclusion of reports submissions in the reporting to authorities. This will ensure that the scope of the data made available by the TRs is comparable for the data aggregation, thus improving the quality of the data analysis.

c. The TR should make available the SFT data as soon as possible and no later than 7 hours Coordinated Universal Time on the day following its reporting by the counterparties to the TR. The TRs should not delay the provision of data to authorities due to the performance of the reconciliation process.

Q144: Do you foresee any technical issues with the implementation of XSD in accordance with ISO 20022? Do you foresee any potential issues related to the use of same cut-off time across TRs? Do you foresee any drawbacks from establishing standardised xml template in accordance with ISO 20022 methodology for the aggregation and comparison of data? Please elaborate.

5.4.2 Avoidance of double counting

331. It is essential that when providing data to the authorities, irrespective of whether it is made at transaction, position or even aggregate level, the TRs avoid, to the extent possible, any internal (at the level of the TR) and external (with other TRs) double counting. Further to the correct performance of recordkeeping functions by the TR, which is one of the conditions for registration of TRs, ESMA has defined the reconciliation statuses included in paragraph 311.

Q145. Further to the aforementioned aspects, are there any other measures that have to be taken to avoid double counting? Please elaborate.

5.5 Empowerments under Articles 12(3)(c) and 12(3)(d)

332. ESMA intends to conduct only one round of consultations on the draft technical standards to be developed with respect to the empowerments under Articles 12(3)(c) and 12(3)(d) SFTR.

6 Annexes

6.1 Annex I Tables of fields and questions on tables of fields

6.1.1 Repurchase agreements and reverse repurchase agreements

6.1.1.1 Counterparty data

Table 1

Counterparty data

	Field	Details to be reported	Format
1	Reporting timestamp	Date and time of submission of the report to the trade repository.	ISO 8601 date in the format and UTC time format, i.e. YYYY-MM-DDThh:mm:ssZ
2	Report submitting entity	Unique code identifying the entity which submits the report. In the case where submission of the report has been delegated to a third party or to the other counterparty, a unique code identifying that entity. Otherwise, a unique code identifying the reporting counterparty or, where relevant, the entity responsible for reporting)	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
3	Reporting Counterparty	Unique code identifying the reporting counterparty	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
4	Sector of the reporting counterparty	Nature of the reporting counterparty's company activities.	Taxonomy for Financial Counterparties: C= Credit institution authorised in accordance with Directive 2013/36/EU

	Field	Details to be reported	Format
		If the reporting counterparty is a Financial Counterparty, all necessary codes included in the Taxonomy for Financial Counterparties and applying to that Counterparty shall be reported. If the reporting counterparty is a Non-Financial Counterparty, all necessary codes included in the Taxonomy for Non-Financial Counterparties and applying to that Counterparty shall be reported.	or Regulation (EU) No 1024/2013 F= Investment firm authorised in accordance with Directive 2014/65/EU I= Insurance undertaking authorised in accordance with Directive 2009/138/EC L = AIF managed by AIFMs authorised or registered in accordance with Directive 2011/61/EU O = Institution for occupational retirement provision authorised or registered in accordance with Directive 2003/41/EC P= Central counterparty authorised in accordance with Regulation (EU) No 648/2012 R= Reinsurance undertaking authorised in accordance with Directive 2009/138/EC S= Central securities depository authorised in accordance with Regulation (EU) No 909/2014 U= UCITS and its management company, authorised in accordance with Directive 2009/65/EC T=entity specified in the Article 3(3)(d)(i) of [SFTR] Taxonomy for Non-Financial Counterparties. The categories below correspond to the main sections of NACE classification as defined in Regulation (EC) No 1893/2006

	Field	Details to be reported	Format
			1 = Agriculture, forestry and fishing 2 = Mining and quarrying 3 =Manufacturing 4 = Electricity, gas, steam and air conditioning supply 5 = Water supply, sewerage, waste management and remediation activities 6 = Construction 7 = Wholesale and retail trade, repair of motor vehicles and motorcycles 8 = Transportation and storage 9 = Accommodation and food service activities 10 = Information and communication 11 = Financial and insurance activities 12 = Real estate activities 13 = Professional, scientific and technical activities 14 = Administrative and support service activities 15 = Public administration and defence; compulsory social security 16 = Education 17 = Human health and social work activities 18 = Arts, entertainment and recreation 19 = Other service activities 20 = Activities of households as employers; undifferentiated goods – and services –producing activities of

	Field	Details to be reported	Format
			households for own use 21 = Activities of extraterritorial organisations and bodies
5	Country of the branch of the reporting counterparty	The code of country where the branch through which the SFT was concluded is located.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
6	Country of the branch of the other counterparty	The code of country where the branch through which the SFT was concluded is located.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
7	Counterparty side	Identifies whether the reporting counterparty is a buyer or a seller. In the case of repurchase transactions and sell-buy back / buy-sell back transactions, the counterparty that buys securities, commodities, or guaranteed rights relating to title to securities or commodities on the opening or spot leg of the trade and agreeing to sell them at a specified price on a future date (closing or forward leg of the trade), shall be identified as the buyer. The other counterparty shall be identified as the seller.	'BUYI' = Buyer 'SELL' = Seller
8	Entity responsible for the report	In the case where a financial counterparty is responsible for reporting on behalf of both counterparties in accordance with Article 4(3) of SFTR, the unique code identifying that	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.

	Field	Details to be reported	Format
		counterparty. In the case where a management company is responsible for reporting on behalf of a UCITS in accordance with Article 4(3) of SFTR, the unique code identifying that management company. In the case where an AIFM is responsible for reporting on behalf of an AIF in accordance with Article 4(3) of SFTR, the unique code identifying that AIFM.	
9	Other counterparty	Unique code identifying the entity with which the reporting counterparty concluded the SFT In case of a private individual a client code shall be used in a consistent manner.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code. Client code (up to 50 alphanumeric characters).
10	Beneficiary	If the beneficiary of the contract is not a counterparty to this contract, the reporting counterparty has to identify this beneficiary by a unique code or, in case of a private individual, by a client code used in a consistent manner as assigned by the legal entity used by the private	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code. Client code (up to 50 alphanumeric characters).

	Field	Details to be reported	Format
		individual.	
11	Tri-party agent identifier	Unique code identifying the third party that administers the SFT. When no tri-party agent is used, this information shall not be provided.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
12	Broker	The unique code of the entity that acts as intermediary for the reporting counterparty without becoming a counterparty to the SFT itself.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
13	Clearing Member	In the case where the trade is cleared, the responsible clearing member shall be identified in this field by a unique code	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
14	CSD	The unique code of the: - deliverer's CSD i.e. the CSD where the securities sold are held before the settlement (in case of transactions reported by the seller) or - receiver's CSD i.e. the CSD where the securities will be held after the settlement (in case of transactions reported by the buyer), in case the SFT settles through a CSDs link	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
15	CSD participant or indirect participant	The unique code of the - CSD participant or indirect participant that settles on behalf of the deliverer; or - CSD participant or indirect participant that settles on behalf of the receiver when the reporting;	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
The fields 16-19 shall be populated for each security provided as a collateral in the given			

	Field	Details to be reported	Format
transaction.			
16	Collateral component	Identifier of the security or used as collateral.	ISO 6166 ISIN 12 character alphanumeric code
17	Collateral Re-Use	Indication whether collateral has been re-used.	‘true’ ‘false’
18	Value of re-used collateral	Value of the collateral re-used	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
19	Estimated re-use of collateral	In the case when the collateral re-use cannot be defined at SFT transaction level, an estimate percentage of re-use for a given security.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as “100”. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.

6.1.1.2 Transaction data

Table 2

Transaction data

	Field	Details to be reported	Format
1	Unique Transaction Identifier (UTI)	The global unique reference assigned to the SFT.	52 alphanumeric character code including four special characters:. - _. Special characters are not

	Field	Details to be reported	Format
			allowed at the beginning and at the end of the code. No space allowed.
2	Report tracking number	In the case of transactions resulting from clearing, UTI of original bilateral transaction. Where an SFT was executed on a trading venue and cleared on the same day, a number generated by the trading venue and unique to that execution.	52 alphanumeric character code including four special characters:. - _. Special characters are not allowed at the beginning and at the end of the code. No space allowed.
3	Reporting business day	Business day for which the report was submitted to the trade repository	ISO 8601 date in the format YYYY-MMDD
4	Cleared	Indicates, whether central clearing has taken place.	'true' 'false'
5	Clearing timestamp	Time and date when clearing took place.	ISO 8601 date in the UTC time format YYYY-MM-DDThh:mm:ssZ
6	CCP	In the case of a contract that has been cleared, the unique code for the CCP that has cleared the contract	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
7	Method of trading	Indication of the method of trading.	Telephone Automated traded systems Automatic traded systems
8	Trading venue	The venue of execution shall be identified by a unique code for this venue. Where a transaction was concluded OTC and the respective instrument is admitted to trading but traded	ISO 10383 Market Identifier Code (MIC), 4 alphanumeric characters. Where segmental MICs exist for a trading venue, the segmental MIC shall be used.

	Field	Details to be reported	Format
		OTC, MIC code ' XOFF' shall be used. Where a transaction was concluded OTC and the respective instrument is not admitted to trading and traded OTC, MIC code 'XXXX' shall be used.	
9	Place of settlement	In case of settlement in securities settlement system, the unique code of the CSD where the settlement is agreed to take place. In case of internalised settlement, the unique code of the settlement internaliser	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
10	Master agreement type	Reference to master agreement under which the counterparties concluded a documented SFT.	???? - MRA ???? – GMRA Or up to 50 alphanumeric characters if the master agreement type is not included in the above list
11	Master agreement version	Reference to the year of the master agreement version used for the reported trade, if applicable (e.g. 1992, 2002, etc.).	ISO 8601 date in the format YYYY
12	Applicable annexes to the master agreement	Reference to applicable annexes to the master agreement	Up to 50 alphanumeric characters
13	Bilateral Amendment	Indication whether the SFT was concluded under additional terms that modify or complement the underlying legal agreement under which the counterparties concluded a documented SFT.	'true' 'false'
14	Execution	Date and time when the SFT was executed.	ISO 8601 date in the UTC time

	Field	Details to be reported	Format
	timestamp		format YYYY-MM-DDThh:mm:ssZ
15	Value Date (Start Date)	Date on which the counterparties contractually agree the exchange of securities or commodities versus collateral for the opening leg (spot leg) of the secured financing transaction. In the case of rollover of open term repurchase transactions, this is the date on which the rollover settles, even if no exchange of cash takes place.	ISO 8601 date in the format YYYY-MM-DD
16	Maturity Date (End Date)	Date on which the counterparties contractually agree the exchange of securities or commodities versus collateral for the closing leg (forward leg) of the secured financing transaction. This information shall not be reported for open term repos.	ISO 8601 date in the format YYYY-MM-DD
17	Termination date	Termination date in the case of a full early termination of the reported SFT.	ISO 8601 date in the format YYYY-MM-DD
18	Minimum notice period	The minimum number of business days that one of the counterparties has to inform about the termination of the transaction.	Integer field up to 3 digits
19	Earliest call-back date	The earliest date that the cash lender has the right to call back a portion of the funds or to terminate the transaction.	ISO 8601 date in the format YYYY-MM-DD
20	General collateral Indicator	Indication whether the secured financing transaction is subject to a general collateral arrangement. -'true' shall be populated for general collateral. General collateral specifies a collateral arrangement for a repurchase transaction in which the security lender may choose the security to provide as collateral with the cash provider amongst a relatively wide range of securities meeting predefined criteria.	'true' 'false'

	Field	Details to be reported	Format
		-'false' shall be populated for specific collateral. Specific collateral specifies a collateral arrangement for a repurchase transaction in which the buyer requests a specific security or commodity (individual ISIN) to be provided by the seller	
21	DBV indicator	This field specifies whether the transaction was settled using the CREST Delivery-by-Value (DBV) mechanism	'true' 'false'
22	Method used to provide collateral	Indication whether the collateral is subject to a title transfer collateral arrangement, a securities interest collateral arrangement, or a securities interest with the right of use.	????= title transfer collateral arrangement ????= securities interest collateral arrangement ????= securities interest with the right of use
23	Open term	Indication whether the transaction is open term or, i.e. has no fixed maturity date, or fixed term with a contractually agreed maturity date. 'true' shall be populated for open term transactions, and 'false' for fixed term.	'true' 'false'
24	Termination Optionality	Indication whether the counterparties to the transaction have agreed to an evergreen or extendible repo when the repo is open term.	???? – evergreen ???? – extendible ???? – evergreen and extendible
25	Fixed repo rate	Annualised interest rate on the principal amount of the repurchase transaction in accordance with the day count convention s	Up to 10 numeric characters including decimals expressed as percentage where 100% is represented as "100". The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.

	Field	Details to be reported	Format
26	Day count convention	The method for calculating the accrued interest on the principal amount for a fixed repo rate	The code representing day count convention: 'A001' - IC30360ISDAor30360AmericanBasicRule 'A002' - IC30365 'A003' - IC30Actual 'A004' - Actual360 'A005' - Actual365Fixed 'A006' - ActualActualICMA 'A007' - IC30E360orEuroBondBasismodel1 'A008' - ActualActualISDA 'A009' - Actual365LorActuActubasisRule 'A010' - ActualActualAFB 'A011' - IC30360ICMAor30360basicrule 'A012' - IC30E2360orEurobondbasismodel2 'A013' - IC30E3360orEurobondbasismodel3 'A014' - Actual365NL Or up to 35 alphanumeric characters if the day count convention is not included in the above list.

	Field	Details to be reported	Format
27	Floating repo rate	An indication of the reference interest rate used which is reset at predetermined intervals by reference to a market reference rate, if applicable.	The code representing the floating rate index 'EONA' - EONIA 'EONS' - EONIA SWAP 'EURI' - EURIBOR 'EUUS' – EURODOLLAR 'EUCH' - EuroSwiss 'GCFR' - GCF REPO 'ISDA' - ISDAFIX 'LIBI' - LIBID 'LIBO' - LIBOR 'MAAA' – Muni AAA 'PFAN' - Pfandbriefe 'TIBO' - TIBOR 'STBO' - STIBOR 'BBSW' - BBSW 'JIBA' - JIBAR 'BUBO' - BUBOR 'CDOR' - CDOR 'CIBO' - CIBOR 'MOSP' - MOSPRIM 'NIBO' - NIBOR 'PRBO' - PRIBOR 'TLBO' - TELBOR 'WIBO' – WIBOR 'TREA' – Treasury 'SWAP' – SWAP 'FUSW' – Future SWAP Or up to 25 alphanumeric

	Field	Details to be reported	Format
			characters if the reference rate is not included in the above list
28	Floating repo rate reference period- time period	Time period describing reference period of floating repo rate	Time period describing reference period, whereby the following abbreviations apply: Y = Year M = Month W = Week D = Day
29	Floating rate reference period- multipier	Multiplier of the time period describing reference period of the floating repo rate	Integer multiplier of the time period describing reference period of the floating repo rate. Up to 3 numeric characters.
30	Floating rate payment frequency – time period	Time period describing frequency of payments for the floating repo rate	Time period describing how often the counterparties exchange payments, whereby the following abbreviations apply: Y = Year M = Month W = Week D = Day
31	Floating rate payment frequency – multiplier	Multiplier of the time period describing frequency of payments for the floating repo rate	Integer multiplier of the time period describing how often the counterparties exchange payments. Up to 3 numeric characters.
32	Floating rate reset frequency – time period	Time period describing frequency of floating repo rate resets.	Time period describing how often the counterparties reset the floating repo rate, whereby the following abbreviations apply:

	Field	Details to be reported	Format
			Y = Year M = Month W = Week D = Day
33	Floating rate reset frequency – multiplier	Multiplier of the time period describing frequency of floating rate resets	Integer multiplier of the time period describing how often the counterparties reset the floating repo rate. Up to 3 numeric characters.
34	Spread	Spread for the floating repo rate	Up to 10 numeric characters including decimals expressed as percentage where 100% is represented as “100”.
Fields 35-36 shall be populated for each floating rate adjustment			
35	Adjusted rate	This reporting attribute specifies the rate as determined by the rate *schedule*	To be defined
36	Rate Date	This reporting attribute specifies date as of which the rate is effective.	ISO 8601 date in the format YYYY-MM-DD
37	Principal amount on value date	Cash value to be settled as of the value date of the transaction.	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
38	Principal amount on maturity date	Cash value to be settled as of the maturity date of the transaction.	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If

	Field	Details to be reported	Format
			populated, it shall be represented with a dot.
39	Principal amount currency	Currency of the principal amount	ISO 4217 Currency Code, 3 alphabetic characters

6.1.1.3 Collateral data

Table 3

Collateral data

	Field	Details to be reported	Format
Where specific collateral was used, the attributes listed in fields 1-16 shall be repeated for each component of collateral, if applicable			
1	Type of collateral component	Indication of the type of collateral component	???? – Securities ???? - Commodities
2	Collateral component	Identifier of the security or commodity used as collateral. In the case of security, this field shall always be populated.	ISO 6166 ISIN 12 character alphanumeric code ….
Where a commodity was used as a collateral it shall be classified in fields 3-5			
3	Base product	Base product as specified in the classification of commodities table.	Only values in the 'Base product' column of the classification of commodities derivatives table are allowed.
4	Sub product	The Sub Product as specified in the classification of commodities table.	Only values in the 'Sub product' column of the classification of commodities derivatives table are

	Field	Details to be reported	Format
		Field requires a Base product.	allowed are allowed.
5	Further sub product	The Further sub product as specified in the classification of commodities table. Field requires a Sub product.	Only values in the 'Further sub product' of the classification of commodities derivatives table are allowed.
6	Collateral quantity or nominal amount	Quantity or nominal amount of the security or commodity used as collateral In the case of bond a total nominal amount should be reported in this field (number of bonds multiplied by the face value) In the case of other securities or commodities, a quantity shall be specified in this field	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
7	Currency of collateral nominal amount	In the case where collateral nominal amount is provided, the currency of the nominal amount shall be populated in this field.	ISO 4217 Currency Code, 3 alphabetic characters
8	Price currency	Currency of the price of the collateral component	ISO 4217 Currency Code, 3 alphabetic characters
9	Price per unit	Price of unit of collateral component, including accrued interest for interest-bearing securities, used to value the security or commodity .	Up to 18 numeric characters including up to 5 decimals in case the price is expressed in units. Up to 11 numeric characters including up to 10 decimals in case the price is expressed as percentage or yield The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
10	Collateral market value	Fair value of the individual collateral component..	Up to 18 numeric characters including up to 5decimals.

	Field	Details to be reported	Format
			The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
11	Haircut or margin	Collateral haircut, a risk control measure applied to underlying collateral whereby the value of that underlying collateral is calculated as the market value of the assets reduced by a certain percentage. Only actual values, as opposed to estimated or default values are to be reported for this attribute.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as “100”.
12	Collateral quality	Code that classifies the risk of the security used as collateral	????-Investment grade ???? - Non-investment grade ???? - Non-rated
13	Maturity of the security	Maturity of the security used as collateral	ISO 8601 date in the format YYYY-MM-DD
214	Jurisdiction of the issuer	Jurisdiction of the issuer of the security used as collateral. In case of securities issued by a foreign subsidiary, the jurisdiction of the ultimate parent company shall be reported or, if not known, jurisdiction of the subsidiary.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
15	LEI of the issuer	LEI of the issuer of the security used as collateral.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
16	Availability for collateral Re-Use	Indication whether the buyer can re-use the collateral	‘true’ ‘false’
Field 17 shall be populated in the case where collateral pool was used. The explicit collateral allocation for SFTs transacted against a collateral pool should be reported in fields 1-16			

	Field	Details to be reported	Format
17	Collateral pool identifier	If the collateral pool can be identified with an ISIN, the ISIN of the collateral pool. If the collateral pool cannot be identified with an ISIN, the proprietary identification code of the collateral pool.	ISO 6166 ISIN 12 character alphanumeric code, or in the case of the proprietary code: 52 alphanumeric character code including four special characters : . - _. Special characters are not allowed at the beginning and at the end of the code. No space allowed.

6.1.2 Sell-buy back and buy-sell back transactions

6.1.2.1 Counterparty data

Table 4

Counterparty data

	Field	Details to be reported	Format
1	Reporting timestamp	Date and time of submission of the report to the trade repository.	ISO 8601 date in the format and UTC time format, i.e. YYYY-MM-DDThh:mm:ssZ
2	Report submitting entity	Unique code identifying the entity which submits the report. In the case where submission of the report has been delegated to a third party or to the other counterparty, a unique code	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.

	Field	Details to be reported	Format
		identifying that entity. Otherwise, a unique code identifying the reporting counterparty or, where relevant, the entity responsible for reporting)	
3	Reporting Counterparty	Unique code identifying the reporting counterparty	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
4	Sector of the reporting counterparty	Nature of the reporting counterparty's company activities. If the reporting counterparty is a Financial Counterparty, all necessary codes included in the Taxonomy for Financial Counterparties and applying to that Counterparty shall be reported. If the reporting counterparty is a Non-Financial Counterparty, all necessary codes included in the Taxonomy for Non-Financial Counterparties and applying to that Counterparty shall be reported.	Taxonomy for Financial Counterparties: C= Credit institution authorised in accordance with Directive 2013/36/EU or Regulation (EU) No 1024/2013 F= Investment firm authorised in accordance with Directive 2014/65/EU I= Insurance undertaking authorised in accordance with Directive 2009/138/EC L = AIF managed by AIFMs authorised or registered in accordance with Directive 2011/61/EU O = Institution for occupational retirement provision authorised or registered in accordance with Directive 2003/41/EC P= Central counterparty authorised in accordance with Regulation (EU) No 648/2012 R= Reinsurance undertaking authorised in accordance with Directive 2009/138/EC S= Central securities depository

	Field	Details to be reported	Format
			authorised in accordance with Regulation (EU) No 909/2014 U= UCITS and its management company, authorised in accordance with Directive 2009/65/EC T=entity specified in the Article 3(3)(d)(i) of [SFTR] Taxonomy for Non-Financial Counterparties. The categories below correspond to the main sections of NACE classification as defined in Regulation (EC) No 1893/2006 1 = Agriculture, forestry and fishing 2 = Mining and quarrying 3 =Manufacturing 4 = Electricity, gas, steam and air conditioning supply 5 = Water supply, sewerage, waste management and remediation activities 6 = Construction 7 = Wholesale and retail trade, repair of motor vehicles and motorcycles 8 = Transportation and storage 9 = Accommodation and food service activities 10 = Information and communication 11 = Financial and insurance activities 12 = Real estate activities 13 = Professional, scientific and technical activities

	Field	Details to be reported	Format
			14 = Administrative and support service activities 15 = Public administration and defence; compulsory social security 16 = Education 17 = Human health and social work activities 18 = Arts, entertainment and recreation 19 = Other service activities 20 = Activities of households as employers; undifferentiated goods – and services –producing activities of households for own use 21 = Activities of extraterritorial organisations and bodies
5	Country of the branch of the reporting counterparty	The code of country where the branch through which the SFT was concluded is located.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
6	Country of the branch of the other counterparty	The code of country where the branch through which the SFT was concluded is located.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
7	Counterparty side	Identifies whether the reporting counterparty is a buyer or a seller. In the case of repurchase transactions and sell-buy back / buy-sell back transactions, the counterparty that buys securities, commodities, or guaranteed rights relating to title to securities or commodities on the opening or spot leg of the	'BUYI' = Buyer 'SELL' = Seller

	Field	Details to be reported	Format
		trade and agreeing to sell them at a specified price on a future date (closing or forward leg of the trade), shall be identified as the buyer. The other counterparty shall be identified as the seller.	
8	Entity responsible for the report	In the case where a financial counterparty is responsible for reporting on behalf of both counterparties in accordance with Article 4(3) of SFTR, the unique code identifying that counterparty. In the case where a management company is responsible for reporting on behalf of a UCITS in accordance with Article 4(3) of SFTR, the unique code identifying that management company. In the case where an AIFM is responsible for reporting on behalf of an AIF in accordance with Article 4(3) of SFTR, the unique code identifying that AIFM.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
9	Other counterparty	Unique code identifying the entity with which the reporting counterparty concluded the SFT In case of a private individual a client code shall	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code. Client code (up to 50 alphanumeric characters).

	Field	Details to be reported	Format
		be used in a consistent manner.	
10	Beneficiary	If the beneficiary of the contract is not a counterparty to this contract, the reporting counterparty has to identify this beneficiary by a unique code or, in case of a private individual, by a client code used in a consistent manner as assigned by the legal entity used by the private individual.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code. Client code (up to 50 alphanumeric characters).
11	Tri-party agent identifier	Unique code identifying the third party that administers the SFT. When no tri-party agent is used, this information shall not be provided.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
12	Broker	The unique code of the entity that acts as intermediary for the reporting counterparty without becoming a counterparty to the SFT itself.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
13	Clearing Member	In the case where the trade is cleared, the responsible clearing member shall be identified in this field by a unique code	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
14	CSD	The unique code of the: - deliverer's CSD i.e. the CSD where the securities sold are held before the settlement (in case of transactions reported by the seller) or - receiver's CSD i.e. the CSD where the securities will be held after the settlement (in	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.

	Field	Details to be reported	Format
		case of transactions reported by the buyer), in case the SFT settles through a CSDs link	
15	CSD participant or indirect participant	The unique code of the - CSD participant or indirect participant that settles on behalf of the deliverer; or - CSD participant or indirect participant that settles on behalf of the receiver when the reporting;	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
The fields 16-19 shall be populated for each security provided as a collateral in the given transaction.			
16	Collateral component	Identifier of the security or used as collateral.	ISO 6166 ISIN 12 character alphanumeric code
17	Collateral Re-Use	Indication whether collateral has been re-used.	'true' 'false'
18	Value of re-used collateral	Value of the collateral re-used	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
19	Estimated re-use of collateral	In the case when the collateral re-use cannot be defined at SFT transaction level, an estimate percentage of re-use for a given security.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as "100". The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.

6.1.2.2 Transaction data

Table 5

Transaction data

	Field	Details to be reported	Format
1	Unique Transaction Identifier (UTI)	The global unique reference assigned to the SFT.	52 alphanumeric character code including four special characters : . - _. Special characters are not allowed at the beginning and at the end of the code. No space allowed.
2	Report tracking number	In the case of transactions resulting from clearing, UTI of original bilateral transaction. Where an SFT was executed on a trading venue and cleared on the same day, a number generated by the trading venue and unique to that execution.	52 alphanumeric character code including four special characters : . - _. Special characters are not allowed at the beginning and at the end of the code. No space allowed.
3	Reporting business day	Business day for which the report was submitted to the trade repository	ISO 8601 date in the format YYYY-MMDD
4	Cleared	Indicates, whether central clearing has taken place.	'true' 'false'
5	Clearing timestamp	Time and date when clearing took place.	ISO 8601 date in the UTC time format YYYY-MM-DDThh:mm:ssZ
6	CCP	In the case of a contract that has been cleared, the unique code for the CCP that has cleared the contract	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.

	Field	Details to be reported	Format
7	Method of trading	Indication of the method of trading.	Telephone Automated trading systems Automatic trading systems
8	Trading venue	The venue of execution shall be identified by a unique code for this venue. Where a transaction was concluded OTC and the respective instrument is admitted to trading but traded OTC, MIC code ' XOFF' shall be used. Where a transaction was concluded OTC and the respective instrument is not admitted to trading and traded OTC, MIC code 'XXXX' shall be used.	ISO 10383 Market Identifier Code (MIC), 4 alphanumeric characters. Where segmental MICs exist for a trading venue, the segmental MIC shall be used.
9	Place of settlement	In case of settlement in securities settlement system, the unique code of the CSD where the settlement is agreed to take place. In case of internalised settlement, the unique code of the settlement internaliser	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
10	Master agreement type	Reference to master agreement under which the counterparties concluded a documented SFT.	???? - MRA ???? – GMRA Or up to 50 alphanumeric characters if the master agreement type is not included in the above list
11	Master agreement version	Reference to the year of the master agreement version used for the reported trade, if applicable (e.g. 1992, 2002, etc.).	ISO 8601 date in the format YYYY

	Field	Details to be reported	Format
12	Applicable annexes to the master agreement	Reference to applicable annexes to the master agreement	Up to 50 alphanumeric characters
13	Bilateral Amendment	Indication whether the SFT was concluded under additional terms that modify or complement the underlying legal agreement under which the counterparties concluded a documented SFT.	'true' 'false'
14	Execution timestamp	Date and time when the SFT was executed.	ISO 8601 date in the UTC time format YYYY-MM-DDThh:mm:ssZ
15	Value Date (Start Date)	Date on which the counterparties contractually agree the exchange of securities or commodities versus collateral for the opening leg (spot leg) of the secured financing transaction. In the case of rollover of open term repurchase transactions, this is the date on which the rollover settles, even if no exchange of cash takes place.	ISO 8601 date in the format YYYY-MM-DD
16	Maturity Date (End Date)	Date on which the counterparties contractually agree the exchange of securities or commodities versus collateral for the closing leg (forward leg) of the secured financing transaction. This information shall not be reported for open term repos.	ISO 8601 date in the format YYYY-MM-DD
17	Termination date	Termination date in the case of a full early termination of the reported SFT.	ISO 8601 date in the format YYYY-MM-DD
18	Minimum notice period	The minimum number of business days that one of the counterparties has to inform about the termination of the transaction.	Integer field up to 3 digits
19	Earliest call-back date	The earliest date that the cash lender has the right to call back a portion of the funds or to terminate the transaction.	ISO 8601 date in the format YYYY-MM-DD
20	General collateral	Indication whether the secured financing transaction is subject to a	'true'

	Field	Details to be reported	Format
	Indicator	general collateral agreement. -'true' shall be populated for general collateral. General collateral specifies a collateral arrangement for a repurchase transaction in which the security lender may choose the security to provide as collateral with the cash provider amongst a relatively wide range of securities meeting predefined criteria. -'false' shall be populated for specific collateral. Specific collateral specifies a collateral arrangement for a repurchase transaction in which the buyer requests a specific security or commodity (individual ISIN) to be provided by the seller.	'false'
21	DBV indicator	This field specifies whether the transaction was settled using the CREST Delivery-by-Value (DBV) mechanism	'true' 'false'
22	Method used to provide collateral	Indication whether the collateral is subject to a title transfer collateral arrangement, a securities interest collateral arrangement, or a securities interest with the right of use.	????= title transfer collateral arrangement ????= securities interest collateral arrangement ????= securities interest with the right of use
23	Type of asset	Indication of the type of asset transferred in the transaction	???? – Securities ???? - Commodities
24	Security or commodity identifier	Identifier of the security or commodity subject of the buy-sell back. In the case of security this field shall always be populated	ISO 6166 ISIN 12 character alphanumeric code
Where a commodity was subject of the buy-sell back it shall be classified in fields 25-27			
25	Base product	Base product as specified in the classification of commodities table.	Only values in the 'Base product' column of the classification of

	Field	Details to be reported	Format
			commodities derivatives table are allowed.
26	Sub product	The Sub Product as specified in the classification of commodities table. Field requires a Base product.	Only values in the 'Sub product' column of the classification of commodities derivatives table are allowed are allowed.
27	Further sub product	The Further sub product as specified in the classification of commodities table. Field requires a Sub product.	Only values in the 'Further sub product' of the classification of commodities derivatives table are allowed.
28	Quantity or nominal amount	Quantity or nominal amount of the security or commodity subject of the buy-sell back In the case of bond a total nominal amount should be reported in this field (number of bonds multiplied by the face value) In the case of other securities or commodities, a quantity shall be specified in this field	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
29	Currency of nominal account	In the case where nominal amount is provided, the currency of the nominal amount shall be populated in this field.	ISO 4217 Currency Code, 3 alphabetic characters
30	Spot price	Price of the security or commodity used to calculate the trade amount for the spot leg of the buy-sell back.	Up to 20 numeric characters including up to 5 decimals in case the price is expressed units. Up to 11 numeric characters including up to 10 decimals in case the price is expressed as percentage or yield The decimal mark is not counted as a numeric character. If populated, it shall be represented

	Field	Details to be reported	Format
			with a dot.
31	Forward price	Price of the security or commodity used to calculate the trade amount for the forward leg of the buy-sell back.	Up to 20 numeric characters including up to 5 decimals in case the price is expressed units Up to 11 numeric characters including up to 10 decimals in case the price is expressed as percentage or yield The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
32	Price currency	The currency in which the security or commodity price is denominated.	ISO 4217 Currency Code, 3 alphabetic characters
33	Trade amount on value date (spot leg)	Cash value to be settled as of the value date of the transaction. The assumption is that the trade amount is equal to the settlement amount.	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
34	Trade amount on maturity date (forward leg)	Cash value to be settled as of the maturity date of the transaction. The assumption is that the trade amount is equal to the settlement amount.	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
35	Trade amount currency	Currency of trade amount	ISO 4217 Currency Code, 3 alphabetic characters

6.1.2.3 Collateral data

Table 6

Collateral data

	Field	Details to be reported	Format
Where specific collateral was used, the attributes listed in fields 1-19 shall be repeated for each component of collateral, if applicable			
1	Type of collateral component	Indication of the type of collateral component	???? – Securities ???? - Commodities
2	Collateral component	Identifier of the security or commodity used as collateral. In the case of security, this field shall always be populated.	ISO 6166 ISIN 12 character alphanumeric code ….
Where a commodity was used as a collateral it shall be classified in fields 3-5			
3	Base product	Base product as specified in the classification of commodities table.	Only values in the 'Base product' column of the classification of commodities derivatives table are allowed.
4	Sub product	The Sub Product as specified in the classification of commodities table. Field requires a Base product.	Only values in the 'Sub product' column of the classification of commodities derivatives table are allowed are allowed.
5	Further sub product	The Further sub product as specified in the classification of commodities table. Field requires a Sub product.	Only values in the 'Further sub product' of the classification of commodities derivatives table are allowed.
6	Collateral quantity or nominal	Quantity or nominal amount of the security or commodity used as collateral In the case of bond a total nominal	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted

	Field	Details to be reported	Format
	amount	amount should be reported in this field (number of bonds multiplied by the face value) In the case of other securities or commodities, a quantity shall be specified in this field	as a numeric character. If populated, it shall be represented with a dot.
7	Currency of collateral nominal amount	In the case where collateral nominal amount is provided, the currency of the nominal amount shall be populated in this field.	ISO 4217 Currency Code, 3 alphabetic characters
8	Price currency	Currency of the price of the collateral component	ISO 4217 Currency Code, 3 alphabetic characters
9	Price per unit	Price of unit of collateral component, including accrued interest for interest-bearing securities, used to value the security or commodity	Up to 18 numeric characters including up to 5 decimals in case the price is expressed in units. Up to 11 numeric characters including up to 10 decimals in case the price is expressed as percentage or yield. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
10	Collateral market value	Fair value of the individual collateral component	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
11	Haircut or margin	Collateral haircut, a risk control measure applied to underlying collateral whereby the value of that underlying collateral is calculated as the market value of the assets reduced by a certain percentage.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as “100”.

	Field	Details to be reported	Format
		Only actual values, as opposed to estimated or default values are to be reported for this attribute.	
12	Collateral quality	Code that classifies the risk of the security used as collateral	[????-Investment grade ???? - Non-investment grade ???? - Non-rated]
13	Maturity of the security	Maturity of the security used as collateral	ISO 8601 date in the format YYYY-MM-DD
14	Jurisdiction of the issuer	Jurisdiction of the issuer of the security used as collateral. In case of securities issued by a foreign subsidiary, the jurisdiction of the ultimate parent company shall be reported or, if not known, jurisdiction of the subsidiary.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
15	LEI of the issuer	LEI of the issuer of the security used as collateral.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
16	Availability for collateral Re-Use	Indication whether the buyer can re-use the collateral	'true' 'false'
Field 17 shall be populated in the case where collateral pool was used. The explicit collateral allocation for SFTs transacted against a collateral pool should be reported in fields 1-16			
17	Collateral pool identifier	If the collateral pool can be identified with an ISIN, the ISIN of the collateral pool. If the collateral pool cannot be identified with an ISIN, the proprietary identification code of the collateral pool.	ISO 6166 ISIN 12 character alphanumeric code, or in the case of the proprietary code: 52 alphanumeric character code including four special characters : . - _. Special characters are not allowed at the beginning and at the end of the code. No space

	Field	Details to be reported	Format
			allowed.

6.1.3 Securities and commodities lending and borrowing

6.1.3.1 Counterparty data

Table 7

Counterparty data

	Field	Details to be reported	Format
1	Reporting timestamp	Date and time of submission of the report to the trade repository.	ISO 8601 date in the format and UTC time format, i.e. YYYY-MM-DDThh:mm:ssZ
2	Report submitting entity	Unique code identifying the entity which submits the report.In the case where submission of the report has been delegated to a third party or to the other counterparty, a unique code identifying that entity. Otherwise, a unique code identifying the reporting counterparty or, where relevant, the entity responsible for reporting)	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.

	Field	Details to be reported	Format
3	Reporting Counterparty	Unique code identifying the reporting counterparty	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
4	Sector of the reporting counterparty	Nature of the reporting counterparty's company activities. If the reporting counterparty is a Financial Counterparty, all necessary codes included in the Taxonomy for Financial Counterparties and applying to that Counterparty shall be reported. If the reporting counterparty is a Non-Financial Counterparty, all necessary codes included in the Taxonomy for Non-Financial Counterparties and applying to that Counterparty shall be reported.	Taxonomy for Financial Counterparties: C= Credit institution authorised in accordance with Directive 2013/36/EU or Regulation (EU) No 1024/2013 F= Investment firm authorised in accordance with Directive 2014/65/EU I= Insurance undertaking authorised in accordance with Directive 2009/138/EC L = AIF managed by AIFMs authorised or registered in accordance with Directive 2011/61/EU O = Institution for occupational retirement provision authorised or registered in accordance with Directive 2003/41/EC P= Central counterparty authorised in accordance with Regulation (EU) No 648/2012 R= Reinsurance undertaking authorised in accordance with Directive 2009/138/EC S= Central securities depository authorised in accordance with Regulation (EU) No 909/2014 U= UCITS and its management company, authorised in accordance with Directive 2009/65/EC T=entity specified in the Article

	Field	Details to be reported	Format
			3(3)(d)(i) of [SFTR] Taxonomy for Non-Financial Counterparties. The categories below correspond to the main sections of NACE classification as defined in Regulation (EC) No 1893/2006 1 = Agriculture, forestry and fishing 2 = Mining and quarrying 3 =Manufacturing 4 = Electricity, gas, steam and air conditioning supply 5 = Water supply, sewerage, waste management and remediation activities 6 = Construction 7 = Wholesale and retail trade, repair of motor vehicles and motorcycles 8 = Transportation and storage 9 = Accommodation and food service activities 10 = Information and communication 11 = Financial and insurance activities 12 = Real estate activities 13 = Professional, scientific and technical activities 14 = Administrative and support service activities 15 = Public administration and defence; compulsory social security 16 = Education 17 = Human health and social work

	Field	Details to be reported	Format
			activities 18 = Arts, entertainment and recreation 19 = Other service activities 20 = Activities of households as employers; undifferentiated goods – and services –producing activities of households for own use 21 = Activities of extraterritorial organisations and bodies
5	Country of the branch of the reporting counterparty	The code of country where the branch through which the SFT was concluded is located.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
6	Country of the branch of the other counterparty	The code of country where the branch through which the SFT was concluded is located.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
7	Counterparty side	Identifies whether the reporting counterparty is a buyer or a seller. In the case of securities or commodities borrowing and securities or commodities lending, the counterparty that lends the securities or commodities, subject to a commitment that equivalent securities or commodities will be returned on a future date or on request, shall be identified as the buyer. The other counterparty shall be identified as the seller.	'BUYI' = Buyer 'SELL' = Seller
8	Entity responsible for	In the case where a financial counterparty is responsible	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.

	Field	Details to be reported	Format
	the report	for reporting on behalf of both counterparties in accordance with Article 4(3) of SFTR, the unique code identifying that counterparty. In the case where a management company is responsible for reporting on behalf of a UCITS in accordance with Article 4(3) of SFTR, the unique code identifying that management company. In the case where an AIFM is responsible for reporting on behalf of an AIF in accordance with Article 4(3) of SFTR, the unique code identifying that AIFM.	
9	Other counterparty	Unique code identifying the entity with which the reporting counterparty concluded the SFT In case of a private individual a client code shall be used in a consistent manner.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code. Client code (up to 50 alphanumeric characters).
10	Beneficiary	If the beneficiary of the contract is not a counterparty to this contract, the reporting counterparty has to identify this beneficiary by a unique code or, in case of a private	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code. Client code (up to 50 alphanumeric characters).

	Field	Details to be reported	Format
		individual, by a client code used in a consistent manner as assigned by the legal entity used by the private individual.	
11	Tri-party agent identifier	Unique code identifying the third party that administers the SFT. When no tri-party agent is used, this information shall not be provided.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
12	Broker	The unique code of the entity that acts as intermediary for the reporting counterparty without becoming a counterparty to the SFT itself.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
13	Clearing Member	In the case where the trade is cleared, the responsible clearing member shall be identified in this field by a unique code	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
14	CSD	The unique code of the: - deliverer's CSD i.e. the CSD where the securities sold are held before the settlement (in case of transactions reported by the seller) or - receiver's CSD i.e. the CSD where the securities will be held after the settlement (in case of transactions reported by the buyer), in case the SFT settles through a CSDs link	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
15	CSD participant or indirect participant	The unique code of the - CSD participant or indirect participant that settles on behalf of the deliverer; or - CSD participant or indirect participant that settles on behalf of the receiver when	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.

	Field	Details to be reported	Format
		the reporting;	
16	Agent lender	The unique code of the agent lender involved in the securities lending transaction	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
The fields 17-20 shall be populated for each security provided as a collateral in the given transaction.			
17	Collateral component	Identifier of the security or used as collateral.	ISO 6166 ISIN 12 character alphanumeric code
18	Collateral Re-Use	Indication whether collateral has been re-used.	'true' 'false'
19	Value of re-used collateral	Value of the collateral re-used	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
20	Estimated re-use of collateral	In the case when the collateral re-use cannot be defined at SFT transaction level, an estimate percentage of re-use for a given security.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as "100". The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.

6.1.3.2 Transaction data

Table 8

Transaction data

	Field	Details to be reported	Format
1	Unique Transaction Identifier (UTI)	The global unique reference assigned to the SFT.	52 alphanumeric character code including four special characters : . - _. Special characters are not allowed at the beginning and at the end of the code. No space allowed.
2	Report tracking number	In the case of transactions resulting from clearing, UTI of original bilateral transaction. Where an SFT was executed on a trading venue and cleared on the same day, a number generated by the trading venue and unique to that execution.	52 alphanumeric character code including four special characters : . - _. Special characters are not allowed at the beginning and at the end of the code. No space allowed.
3	Reporting business day	Business day for which the report was submitted to the trade repository	ISO 8601 date in the format YYYY-MMDD
4	Cleared	Indicates, whether central clearing has taken place.	'true' 'false'
5	Clearing timestamp	Time and date when clearing took place.	ISO 8601 date in the UTC time format YYYY-MM-DDThh:mm:ssZ
6	CCP	In the case of a contract that has been cleared, the unique code for the CCP that has cleared the contract	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
7	Method of trading	Indication of the method of trading.	Telephone Automated traded systems Automatic trading systems
8	Trading venue	The venue of execution shall be identified by a unique code for this	ISO 10383 Market Identifier Code

	Field	Details to be reported	Format
		venue. Where a transaction was concluded OTC and the respective instrument is admitted to trading but traded OTC, MIC code ' XOFF' shall be used. Where a transaction was concluded OTC and the respective instrument is not admitted to trading and traded OTC, MIC code 'XXXX' shall be used.	(MIC), 4 alphanumeric characters. Where segmental MICs exist for a trading venue, the segmental MIC shall be used.
9	Place of settlement	In case of settlement in securities settlement system, the unique code of the CSD where the settlement is agreed to take place. In case of internalised settlement, the unique code of the settlement internaliser	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
10	Master agreement type	Reference to master agreement under which the counterparties concluded a documented SFT.	???? - MSLA ???? – GMSLA ???? – OSLA ???? - MEFISLA Or up to 50 alphanumeric characters if the master agreement type is not included in the above list
11	Master agreement version	Reference to the year of the master agreement version used for the reported trade, if applicable (e.g. 1992, 2002, etc.).	ISO 8601 date in the format YYYY
12	Applicable annexes to the master	Reference to applicable annexes to the master agreement	Up to 50 alphanumeric characters

	Field	Details to be reported	Format
	agreement		
13	Bilateral Amendment	Indication whether the SFT was concluded under additional terms that modify or complement the underlying legal agreement under which the counterparties concluded a documented SFT.	'true' 'false'
14	Execution timestamp	Date and time when the SFT was executed.	ISO 8601 date in the UTC time format YYYY-MM-DDThh:mm:ssZ
15	Value Date (Start Date)	Date on which the counterparties contractually agree the exchange of securities or commodities versus collateral for the opening leg (spot leg) of the secured financing transaction. In the case of rollover of open term repurchase transactions, this is the date on which the rollover settles, even if no exchange of cash takes place.	ISO 8601 date in the format YYYY-MM-DD
16	Maturity Date (End Date)	Date on which the counterparties contractually agree the exchange of securities or commodities versus collateral for the closing leg (forward leg) of the secured financing transaction. This information shall not be reported for open term repos.	ISO 8601 date in the format YYYY-MM-DD
17	Termination date	Termination date in the case of a full early termination of the reported SFT.	ISO 8601 date in the format YYYY-MM-DD
18	Minimum notice period	The minimum number of business days that one of the counterparties has to inform about the termination of the transaction.	Integer field up to 3 digits
19	Earliest call-back date	The earliest date that the cash lender has the right to call back a portion of the funds or to terminate the transaction.	ISO 8601 date in the format YYYY-MM-DD
20	Collateral Indicator	Indication whether the secured financing transaction is subject to a general collateral agreement. -'true' shall be populated for general collateral. General	'true' 'false'

	Field	Details to be reported	Format
		collateral specifies a collateral arrangement for a repurchase transaction in which the security lender may choose the security to provide as collateral with the cash provider amongst a relatively wide range of securities meeting predefined criteria. - 'false' shall be populated for specific collateral. Specific collateral specifies a collateral arrangement for a repurchase transaction in which the buyer requests a specific security (individual ISIN) to be provided by the seller.	
21	DBV indicator	This field specifies whether the transaction was settled using the CREST Delivery-by-Value (DBV) mechanism	'true' 'false'
22	Method used to provide collateral	Indication whether the collateral is subject to a title transfer collateral arrangement, a securities interest collateral arrangement, or a securities interest with the right of use.	????= title transfer collateral arrangement ????= securities interest collateral arrangement ????= securities interest with the right of use
23	Open term	Indication whether the transaction is open term or, i.e. has no fixed maturity date, or fixed term with a contractually agreed maturity date. 'true' shall be populated for open term transactions, and 'false' for fixed term.	'true' 'false'
24	Type of asset	Indication of type of asset subject to the loan	???? – Security ???? - Commodity
25	Security or commodity identifier	Identifier of the security or commodity subject of the loan. In the case of security this field shall always be populated	ISO 6166 ISIN 12 character alphanumeric code

	Field	Details to be reported	Format
Where a commodity was subject of the loan it shall be classified in fields 26-28			
26	Base product	Base product as specified in the classification of commodities table.	Only values in the 'Base product' column of the classification of commodities derivatives table are allowed.
27	Sub product	The Sub Product as specified in the classification of commodities table. Field requires a Base product.	Only values in the 'Sub product' column of the classification of commodities derivatives table are allowed are allowed.
28	Further sub product	The Further sub product as specified in the classification of commodities table. Field requires a Sub product.	Only values in the 'Further sub product' of the classification of commodities derivatives table are allowed.
29	Quantity or nominal amount	Quantity or nominal amount of the security or commodity subject of the loan In the case of bond a total nominal amount should be reported in this field (number of bonds multiplied by the face value) In the case of other securities or commodities, a quantity shall be specified in this field	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
30	Currency of nominal account	In the case where nominal amount is provided, the currency of the nominal amount shall be populated in this field.	ISO 4217 Currency Code, 3 alphabetic characters
31	Security or commodity price	Price of the security or commodity used to calculate the loan value.	Up to 18 numeric characters including up to 5 decimals in case the price is expressed in units . Up to 11 numeric characters including up to 10 decimals in case the price is expressed as

	Field	Details to be reported	Format
			percentage or yield The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
32	Price currency	The currency in which the security or commodity price is denominated.	ISO 4217 Currency Code, 3 alphabetic characters
33	Loan value	This reporting attribute specifies loan value, i.e. the quantity or nominal amount multiplied by the price	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
34	Market value	Market value of the securities or commodiies on loan or borrowed	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
35	Rebate Rate	Interest rate (cash reinvestment rate minus lending fee) paid by the lender of the security or commodity to the borrower (positive rebate rate) or by the borrower to the lender (negative rebate rate) on the balance of the provided cash collateral.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as “100”.
36	Reinvestment Rate	Rate agreed to be paid by the lender for the reinvestment of the cash collateral when the borrower secures the transaction with cash collateral.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as “100”.
37	Lending Fee	Fee that the borrower of the security or commodity pays to the lender.	Up to 11 numeric characters including up to 10 decimals

	Field	Details to be reported	Format
			expressed as percentage where 100% is represented as “100”.
38	Type of contract	Indication whether the borrower has exclusive access to borrow from the lender’s securities portfolio	‘true’ ‘false’

6.1.3.3 Collateral data

Table 9

Collateral data

	Field	Details to be reported	Format
Where specific collateral was used, the attributes listed in fields 1-30 shall be repeated for each component of collateral, if applicable			
1	Type of collateral component	Indication of the type of collateral component	???? – Securities ???? – Commodities ???? - Cash
2	Cash collateral amount	Amount of funds provided as collateral for borrowing the securities or commodities.	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
3	Cash collateral currency	Currency of the cash collateral	ISO 4217 Currency Code, 3 alphabetic characters
4	Collateral component	Identifier of the security or commodity used as collateral. In the case of security, this field shall always be populated.. 1.1.1.1.	ISO 6166 ISIN 12 character alphanumeric code

	Field	Details to be reported	Format
Where a commodity was used as a collateral it shall be classified in fields 5-7			
5	Base product	Base product as specified in the classification of commodities table.	Only values in the 'Base product' column of the classification of commodities derivatives table are allowed.
6	Sub product	The Sub Product as specified in the classification of commodities table. Field requires a Base product.	Only values in the 'Sub product' column of the classification of commodities derivatives table are allowed are allowed.
7	Further sub product	The Further sub product as specified in the classification of commodities table. Field requires a Sub product.	Only values in the 'Further sub product' of the classification of commodities derivatives table are allowed.
8	Collateral quantity or nominal amount	Quantity or nominal amount of the security or commodity used as collateral In the case of bond a total nominal amount should be reported in this field (number of bonds multiplied by the face value) In the case of other securities or commodities, a quantity shall be specified in this field	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
9	Currency of collateral nominal amount	In the case where collateral nominal amount is provided, the currency of the nominal amount shall be populated in this field.	ISO 4217 Currency Code, 3 alphabetic characters
10	Price currency	Currency of the price of the collateral component	ISO 4217 Currency Code, 3 alphabetic characters
11	Price per unit	Price of unit of collateral component, including accrued interest for interest-bearing securities, used to value the security or commodity	Up to 18 numeric characters including up to 5 decimals. Up to 11 numeric characters including up to 10 decimals in

	Field	Details to be reported	Format
			case the price is expressed as percentage or yield. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
12	Collateral market value	Fair value of the individual collateral component	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
13	Haircut or margin	Collateral haircut, a risk control measure applied to underlying collateral whereby the value of that underlying collateral is calculated as the market value of the assets reduced by a certain percentage. Only actual values, as opposed to estimated or default values are to be reported for this attribute.	Up to 11 numeric characters including up to 5 decimals expressed as percentage where 100% is represented as “100”.
14	Collateral quality	Code that classifies the risk of the security used as collateral	[????-Investment grade ???? - Non-investment grade ???? - Non-rated]
15	Maturity of the security	Maturity of the security used as collateral	ISO 8601 date in the format YYYY-MM-DD
16	Jurisdiction of the issuer	Jurisdiction of the issuer of the security used as collateral. In case of securities issued by a foreign subsidiary, the jurisdiction of the ultimate parent company shall be reported or, if not known, jurisdiction of the subsidiary.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
17	LEI of the issuer	LEI of the issuer of the security used as collateral.	ISO 3166-1 alpha-2 country code

	Field	Details to be reported	Format
			2 alphabetic characters
18	Availability for collateral Re-Use	Indication whether the buyer can re-use the collateral	'true' 'false'
Field 19 shall be populated in the case where collateral pool was used. The explicit collateral allocation for SFTs transacted against a collateral pool should be reported in fields 1-18			
19	Collateral pool identifier	If the collateral pool can be identified with an ISIN, the ISIN of the collateral pool. If the collateral pool cannot be identified with an ISIN, the proprietary identification code of the collateral pool.	ISO 6166 ISIN 12 character alphanumeric code, or in the case of proprietary code: 52 alphanumeric character code including four special characters : . - _. Special characters are not allowed at the beginning and at the end of the code. No space allowed.

6.1.4 Margin lending and borrowing

6.1.4.1 Counterparty data

Table 10

Counterparty data

	Field	Details to be reported	Format
1	Reporting timestamp	Date and time of submission of the report to the trade	ISO 8601 date in the format and UTC time format, i.e. YYYY-MM-

	Field	Details to be reported	Format
		repository.	DDThh:mm:ssZ
2	Report submitting entity	Unique code identifying the entity which submits the report.In the case where submission of the report has been delegated to a third party or to the other counterparty, a unique code identifying that entity. Otherwise, a unique code identifying the reporting counterparty or, where relevant, the entity responsible for reporting)	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
1	Reporting Counterparty	Unique code identifying the reporting counterparty	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
2	Sector of the reporting counterparty	Nature of the reporting counterparty's company activities. If the reporting counterparty is a Financial Counterparty, all necessary codes included in the Taxonomy for Financial Counterparties and applying to that Counterparty shall be reported. If the reporting counterparty is a Non-Financial Counterparty, all necessary codes included in the	Taxonomy for Financial Counterparties: C= Credit institution authorised in accordance with Directive 2013/36/EU or Regulation (EU) No 1024/2013 F= Investment firm authorised in accordance with Directive 2014/65/EU I= Insurance undertaking authorised in accordance with Directive 2009/138/EC L = AIF managed by AIFMs authorised or registered in accordance with Directive 2011/61/EU O = Institution for occupational retirement provision authorised or

	Field	Details to be reported	Format
		Taxonomy for Non-Financial Counterparties and applying to that Counterparty shall be reported.	registered in accordance with Directive 2003/41/EC P= Central counterparty authorised in accordance with Regulation (EU) No 648/2012 R= Reinsurance undertaking authorised in accordance with Directive 2009/138/EC S= Central securities depository authorised in accordance with Regulation (EU) No 909/2014 U= UCITS and its management company, authorised in accordance with Directive 2009/65/EC T=entity specified in the Article 3(3)(d)(i) of [SFTR] Taxonomy for Non-Financial Counterparties. The categories below correspond to the main sections of NACE classification as defined in Regulation (EC) No 1893/2006 1 = Agriculture, forestry and fishing 2 = Mining and quarrying 3 =Manufacturing 4 = Electricity, gas, steam and air conditioning supply 5 = Water supply, sewerage, waste management and remediation activities 6 = Construction 7 = Wholesale and retail trade, repair of motor vehicles and motorcycles

	Field	Details to be reported	Format
			8 = Transportation and storage 9 = Accommodation and food service activities 10 = Information and communication 11 = Financial and insurance activities 12 = Real estate activities 13 = Professional, scientific and technical activities 14 = Administrative and support service activities 15 = Public administration and defence; compulsory social security 16 = Education 17 = Human health and social work activities 18 = Arts, entertainment and recreation 19 = Other service activities 20 = Activities of households as employers; undifferentiated goods – and services –producing activities of households for own use 21 = Activities of extraterritorial organisations and bodies
3	Country of the branch of the other counterparty	The code of country where the branch through which the SFT was concluded is located.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
4	Country of the branch of the reporting	The code of country where the branch through which the SFT was concluded is	ISO 3166-1 alpha-2 country code 2 alphabetic characters

	Field	Details to be reported	Format
	counterparty	located.	
5	Counterparty side	Identifies whether the reporting counterparty is a buyer or a seller. In the case of margin lending, the counterparty to which credit is extended in exchange for collateral, shall be identified as the buyer. The counterparty that provides the credit in exchange for collateral shall be identified as the seller.	'BUYI' = Buyer 'SELL' = Seller
6	Entity responsible for the report	In the case where a financial counterparty is responsible for reporting on behalf of both counterparties in accordance with Article 4(3) of SFTR, the unique code identifying that counterparty. In the case where a management company is responsible for reporting on behalf of a UCITS in accordance with Article 4(3) of SFTR, the unique code identifying that management company. In the case where an AIFM is responsible for reporting on behalf of an AIF in accordance with Article 4(3) of SFTR, the unique code identifying that AIFM.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.

	Field	Details to be reported	Format
7	Other counterparty	Unique code identifying the entity with which the reporting counterparty concluded the SFT In case of a private individual a client code shall be used in a consistent manner.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code. Client code (up to 50 alphanumeric characters).
9	Beneficiary	If the beneficiary of the contract is not a counterparty to this contract, the reporting counterparty has to identify this beneficiary by a unique code or, in case of a private individual, by a client code used in a consistent manner as assigned by the legal entity used by the private individual.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code. Client code (up to 50 alphanumeric characters).
11	Broker	The unique code of the entity that acts as intermediary for the reporting counterparty without becoming a counterparty to the SFT itself.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
12	CSD	The unique code of the: - deliverer's CSD i.e. the CSD where the securities sold are held before the settlement (in case of transactions reported by the seller) or - receiver's CSD i.e. the CSD where the securities will be held after the settlement (in case of transactions reported by the buyer), in case the SFT settles through a CSDs link	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.

	Field	Details to be reported	Format
13	CSD participant or indirect participant	The unique code of the - CSD participant or indirect participant that settles on behalf of the deliverer; or - CSD participant or indirect participant that settles on behalf of the receiver when the reporting;	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
The fields 14-17 shall be populated for each security provided as a collateral in the given transaction.			
14	Collateral component	Identifier of the security or used as collateral.	ISO 6166 ISIN 12 character alphanumeric code
15	Collateral Re-Use	Indication whether collateral has been re-used.	'true' 'false'
16	Value of re-used collateral	Value of the collateral re-used	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
17	Estimated re-use of collateral	In the case when the collateral re-use cannot be defined at SFT transaction level, an estimate percentage of re-use for a given security.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as "100". The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.

6.1.4.2 Transaction data

Table 11

Transaction data

	Field	Details to be reported	Format
1	Unique Transaction Identifier (UTI)	The global unique reference assigned to the SFT.	52 alphanumeric character code including four special characters : . - _. Special characters are not allowed at the beginning and at the end of the code. No space allowed.
2	Report tracking number	In the case of transactions resulting from clearing, UTI of original bilateral transaction. Where an SFT was executed on a trading venue and cleared on the same day, a number generated by the trading venue and unique to that execution.	52 alphanumeric character code including four special characters : . - _. Special characters are not allowed at the beginning and at the end of the code. No space allowed.
3	Reporting business day	Business day for which the report was submitted to the trade repository	ISO 8601 date in the format YYYY-MMDD
4	Trading venue	The venue of execution shall be identified by a unique code for this venue. Where a transaction was concluded OTC and the respective instrument is admitted to trading but traded OTC, MIC code ' XOFF' shall be used. Where a transaction was concluded OTC and the respective instrument is not admitted to trading and traded OTC, MIC code 'XXXX' shall be used.	ISO 10383 Market Identifier Code (MIC), 4 alphanumeric characters. Where segmental MICs exist for a trading venue, the segmental MIC shall be used.

	Field	Details to be reported	Format
9	Place of settlement	In case of settlement in securities settlement system, the unique code of the CSD where the settlement is agreed to take place. In case of internalised settlement, the unique code of the settlement internaliser	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
6	Margin agreement	Specification of any bilateral agreement under which the counterparties concluded a documented SFT.	Up to 50 alphanumeric characters
7	Execution timestamp	Date and time when the SFT was executed.	ISO 8601 date in the UTC time format YYYY-MM-DDThh:mm:ssZ
8	Value Date (Start Date)	Date on which the counterparties contractually agree the exchange of securities versus collateral for the opening leg (spot leg) of the secured financing transaction. In the case of rollover of open term repurchase transactions, this is the date on which the rollover settles, even if no exchange of cash takes place.	ISO 8601 date in the format YYYY-MM-DD
9	Maturity Date (End Date)	Date on which the counterparties contractually agree the exchange of securities versus collateral for the closing leg (forward leg) of the secured financing transaction. This information shall not be reported for open term repos.	ISO 8601 date in the format YYYY-MM-DD
10	Termination date	Termination date in the case of a full early termination of the reported SFT.	ISO 8601 date in the format YYYY-MM-DD
111	Minimum notice period	The minimum number of business days that one of the counterparties has to inform about the termination of the transaction.	Integer field up to 3 digits
12	Earliest call-back date	The earliest date that the cash lender has the right to call back a portion of the funds or to terminate the transaction.	ISO 8601 date in the format YYYY-MM-DD

	Field	Details to be reported	Format
13	Method used to provide collateral	Indication whether the collateral is subject to a title transfer collateral arrangement, a securities interest collateral arrangement, or a securities interest with the right of use.	????= title transfer collateral arrangement ????= securities interest collateral arrangement ????= securities interest with the right of use
14	Principal amount	Amount that the buyer of the securities is to pay to the seller of the securities	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
15	Loan currency	Currency of the principal amount	ISO 4217 Currency Code, 3 alphabetic characters
16	Open term	Indication whether the transaction is open term or, i.e. has no fixed maturity date, or fixed term with a contractually agreed maturity date. 'true' shall be populated for open term transactions, and 'false' for fixed term.	'true' 'false'
17	Fixed lending rate	This reporting attribute specifies the annualised interest rate on the loan value that the borrower pays to the lender.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as "100".
18	Day count convention	The method for calculating the accrued interest on the principal amount for a fixed lending rate	The code representing day count convention: 'A001' - IC30360ISDAor30360AmericanBasicRule 'A002' - IC30365 'A003' - IC30Actual

	Field	Details to be reported	Format
			‘A004’ - Actual360 ‘A005’ - Actual365Fixed ‘A006’ - ActualActualICMA ‘A007’ - IC30E360orEuroBondBasismodel 1 ‘A008’ - ActualActualISDA ‘A009’ - Actual365LorActuActubasisRule ‘A010’ - ActualActualAFB ‘A011’ - IC30360ICMAor30360basicrule ‘A012’ - IC30E2360orEurobondbasismodel2 ‘A013’ - IC30E3360orEurobondbasismodel3 ‘A014’ - Actual365NL Or up to 35 alphanumeric characters if the day count convention is not included in the above list.
19	Floating lending rate	An indication of the reference interest rate used which is reset at predetermined intervals by reference to a market reference rate, if applicable.	The name of the floating rate index ‘EONA’ - EONIA ‘EONS’ - EONIA SWAP ‘EURI’ - EURIBOR ‘EUUS’ – EURODOLLAR ‘EUCH’ - EuroSwiss

	Field	Details to be reported	Format
			‘GCFR’ - GCF REPO ‘ISDA’ - ISDAFIX ’LIBI’ - LIBID ‘LIBO’ - LIBOR ‘MAAA’ – Muni AAA ‘PFAN’ - Pfandbriefe ‘TIBO’ - TIBOR ‘STBO’ - STIBOR ‘BBSW’ - BBSW ‘JIBA’ - JIBAR ‘BUBO’ - BUBOR ‘CDOR’ - CDOR ‘CIBO’ - CIBOR ‘MOSP’ - MOSPRIM ‘NIBO’ - NIBOR ‘PRBO’ - PRIBOR ‘TLBO’ - TELBOR ‘WIBO’ – WIBOR ‘TREA’ – Treasury ‘SWAP’ – SWAP ‘FUSW’ – Future SWAP Or up to 25 alphanumeric characters if the reference rate is not included in the above list
20	Floating lending rate reference period- time period	Time period describing reference period of floating lending rate	Time period describing reference period, whereby the following abbreviations apply: Y = Year M = Month

	Field	Details to be reported	Format
			W = Week D = Day
21	Floating lending reference period- multipier	Multiplier of the time period describing reference period of the floating lending rate	Integer multiplier of the time period describing reference period of the floating lending rate. Up to 3 numeric characters.
22	Floating rate payment frequency – time period	Time period describing frequency of payments for the floating lending rate	Time period describing how often the counterparties exchange payments, whereby the following abbreviations apply: Y = Year M = Month W = Week D = Day
23	Floating rate payment frequency – multiplier	Multiplier of the time period describing frequency of payments for the floating lending rate	Integer multiplier of the time period describing how often the counterparties exchange payments. Up to 3 numeric characters.
24	Floating rate reset frequency – time period	Time period describing frequency of floating lending rate resets.	Time period describing how often the counterparties reset the floating lending rate, whereby the following abbreviations apply: Y = Year M = Month W = Week D = Day
25	Floating rate reset frequency –	Multiplier of the time period describing frequency of floating	Integer multiplier of the time period describing how often the counterparties reset the floating

	Field	Details to be reported	Format
	multiplier	rate resets	lending rate. Up to 3 numeric characters.
26	Spread	Spread for the floating lending rate	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as “100”.
27	Outstanding loan	Total amount of loans (excluding short sale proceeds)	Up to 18 numerical characters including up to 5 decimals. The decimal mark is not counted as a numerical character. If populated, it shall be represented with a dot.
28	Currency of outstanding loan	The currency of outstanding loan	ISO 4217 Currency Code, 3 alphabetic characters
29	Free credit balances	Total amount of net cash credit balance, excluding short sale proceeds (if any).	Up to 18 numerical characters including up to 5 decimals. The decimal mark is not counted as a numerical character. If populated, it shall be represented with a dot.
30	Free credit balances currency	The currency of free credit balances	ISO 4217 Currency Code, 3 alphabetic characters
31	Short market value	Market value of short position, if any.	Up to 18 numerical characters including up to 5decimals. The decimal mark is not counted as a numerical character. If populated, it shall be represented with a dot.

	Field	Details to be reported	Format
32	Short market value currency	The currency of short market value	ISO 4217 Currency Code, 3 alphabetic characters

6.1.4.3 Collateral data

Table 12

Collateral data

	Field	Details to be reported	Format
The attributes listed in fields 1- 16 shall be repeated for each component of collateral			
1	Type of collateral component	Indication of the type of collateral component	???? – Securities ???? - Cash
2	Cash collateral amount	Amount of funds provided as collateral for borrowing the securities or commodities.	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
3	Cash collateral currency	Currency of the cash collateral	ISO 4217 Currency Code, 3 alphabetic characters
4	Collateral component	Identifier of the security used as collateral.	ISO 6166 ISIN 12 character alphanumeric code
5	Collateral quantity or nominal amount	Quantity or nominal amount of the security used as collateral In the case of bond a total nominal amount should be reported in this field (number of bonds multiplied by the face value) In the case of other securities, a quantity shall be specified in this	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.

	Field	Details to be reported	Format
		field	
6	Currency of collateral nominal amount	In the case where collateral nominal amount is provided, the currency of the nominal amount shall be populated in this field.	ISO 4217 Currency Code, 3 alphabetic characters
7	Price currency	Currency of the price of the collateral component	ISO 4217 Currency Code, 3 alphabetic characters
8	Price per unit	Price of unit of collateral component, including accrued interest for interest-bearing securities, used to value the security	Up to 18 numeric characters including up to 5 decimals in case the price is expressed in units. Up to 11 numeric characters including up to 10 decimals in case the price is expressed as percentage or yield. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
9	Collateral market value	Fair value of the individual collateral component	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
10	Portfolio haircut /margin requirement	Collateral haircut or margin requirement, a risk control measure applied to the entire collateral portfoio whereby the value of that underlying collateral is calculated as the market value of the assets reduced by a certain percentage. Only actual values, as opposed to estimated or default values are to	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as “100”.

	Field	Details to be reported	Format
		be reported for this variable.	
11	Collateral quality	Code that classifies the risk of the security used as collateral	????-Investment grade ???? - Non-investment grade ???? - Non-rated
12	Maturity of the security	Maturity of the security used as collateral	ISO 8601 date in the format YYYY-MM-DD
13	Jurisdiction of the issuer	Jurisdiction of the issuer of the security used as collateral. In case of securities issued by a foreign subsidiary, the jurisdiction of the ultimate parent company shall be reported or, if not known, jurisdiction of the subsidiary.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
14	LEI of the issuer	LEI of the issuer of the security used as collateral.	ISO 3166-1 alpha-2 country code 2 alphabetic characters
15	Leverage Ratio	This reporting attribute specifies the existing leverage limit(s), such as LTV thresholds.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as “100”.
16	Availability for collateral Re-Use	Indication whether the buyer can re-use the collateral	‘true’ ‘false’
17	Collateral pool identifier	If the collateral pool can be identified with an ISIN, the ISIN of the collateral pool. If the collateral pool cannot be identified with an ISIN, the proprietary identification code of the collateral pool.	ISO 6166 ISIN 12 character alphanumeric code, or in the case of proprietary code: 52 alphanumeric character code including four special characters : . - _. Special characters are not allowed at the beginning and at the end of the code. No space allowed.

	Field	Details to be reported	Format
18	Funding sources	Funding sources used to finance margin loans. Possible sources include repos, sell-buy backs, cash collateral from securities lending, free credits, proceeds from customer short sales or broker short sales, unsecured borrowing and other sources.	Taxonomy to be defined
19	Market value of funding sources	Market value of funding sources referenced above.	Up to 18 numerical characters including up to 5 decimals. If not possible, pro rata amounts.
20	Currency of market value of funding sources	The currency of market value of funding sources	ISO 4217 Currency Code, 3 alphabetic characters

6.1.5 Commodities classification

Table 13

Commodities classification for fields 3-5 in Table 3, 25-27 in Table 5, 3-5 in Table 6, 26-28 in Table 8 and 5-7 in Table 9.

Base product	Sub product	Further sub product
‘AGRI’ -Agricultural	'GROS’ -Grains Oil Seeds	'FWHT’ -Feed Wheat 'SOYB’ - Soybeans 'CORN’ - Corn ‘RPSD’ - Rapeseed ‘OTHR’ -Other

	'SOFT' –Softs	'CCOA' - Cocoa 'ROBU' - Robusta Coffee 'WHSG' - White Sugar 'BRWN' -Brown Sugar 'POTA' - Potatoe 'RICE' - Rice 'OTHR' - Other
	'OOLI'-Olive oil	'LAMP' - Lampante'
	'DIRY'- Dairy	
	'FRST' – Forestry	
	'SEAF' – Seafood	
	'LSTK' –Livestock	
	'GRIN' – Grain	'MWHT' - Milling Wheat
'NRGY' –'Energy	'ELEC' –Electricity	'BSLD' -Base load 'FITR' - Financial Transmission Rights 'PKLD' - Peak load 'OFFP' - Off-peak 'OTHR' - Other
	'NGAS' - Natural Gas	'GASP' - GASPOOL 'LNGG' - LNG 'NBPG' - NBP 'NCGG' - NCG 'TTFG' - TTF

	'OILP' –Oil	‘BAKK’ - Bakken 'BDSL’ - Biodiesel 'BRNT’ - Brent 'BRNX’ - Brent NX 'CNDA’ - Canadian 'COND’ - Condensate 'DSEL’ - Diesel 'DUBA’ - Dubai 'ESPO’ - ESPO ''ETHA’ - Ethanol 'FUEL’ - Fuel 'FOIL’ - Fuel Oil 'GOIL’ - Gasoil 'GSLN’ - Gasoline 'HEAT’ - Heating Oil 'JTFL’ - Jet Fuel 'KERO’ - Kerosene 'LLSO’ - Light Louisiana Sweet (LLS) 'MARS’ - Mars 'NAPH’ - Naptha 'NGLO’ - NGL 'TAPI’ - Tapis 'URAL’ - Urals 'WTIO’ - WTI

	'COAL' - Coal 'INRG' -Inter Energy 'RNNG' - Renewable energy 'LGHT' - Light ends 'DIST' – Distillates	
'ENVR' -Environmental	'EMIS' – Emissions	'CERE' - CER 'ERUE' - ERU 'EUAE' - EUA 'EUAA' – EUAA
	'WTHR' - Weather 'CRBR' - Carbon related'	
'FRGT' –'Freight'	'WETF' – Wet	'TNKR' -Tankers 'CSHP' - Containerships
	'DRYF' – Dry	'DBCR' -Dry bulk carriers 'CSHP' - Containerships
'FRTL' –'Fertilizer'	'AMMO' - Ammonia 'DAPH' -DAP (Diammonium Phosphate) 'PTSH' - Potash 'SLPH' -Sulphur 'UREA' -Urea 'UAAN' - UAN (urea and ammonium nitrate)	
'INDP' - Industrial products'	'CSTR' - Construction 'MFTG' – Manufacturing	
'METL' - Metals'	'NPRM' - Non Precious	'ALUM' - Aluminium 'ALUA' - Aluminium Alloy 'CBLT' - Cobalt 'COPR' - Copper 'IRON' - Iron ore

		'LEAD' - Lead 'MOLY' - Molybdenum 'NASC' - NASAAC 'NICK' - Nickel 'STEL' - Steel 'TINN' - Tin 'ZINC' - Zinc 'OTHR' - Other
	'PRME' – Precious	'GOLD' - Gold 'SLVR' - Silver 'PTNM' - Platinum 'PLDM' - Palladium 'OTHR' - Other
'MCEX' - Multi Commodity Exotic'		
'PAPR' - Paper'	'CBRD' - Containerboard 'NSPT' - Newsprint 'PULP' - Pulp 'RCVP' - Recovered paper	
'POLY' - Polypropylene'	'PLST' – Plastic	
'INFL' - Inflation'		
'OEST' - Official economic statistics'		
'OTHC' - Other C10 'as defined in Table 10.1 Section 10 of Annex III to [RTS 2 on transparency		

requirements in respect of bonds, structured finance products, emissison allowances and derivatives]		
‘OTHR’ - Other		

6.2 Annex II

Summary of questions

Q1. Are these amendments to the provisions included in EMIR RTS 150/2013 sufficient to strengthen the registration framework of TRs under SFTR? If not, what additional provisions should be envisaged? What are the cost implications of the establishment of the provisions referred to in paragraphs 41-53? What are the benefits of the establishment of the provisions referred to in paragraphs 41-53? Please elaborate.

Q2. Are these procedures sufficient to ensure the completeness and correctness of the data reported under Article 4(1) SFTR? If not, what additional provisions should be envisaged?

Q3. What are the cost implications of the establishment of the provisions referred to in paragraph 56 to ensure the completeness and correctness of the data reported under Article 4(1) SFTR? Please elaborate and provide quantitative information to justify the cost implications.

Q4. Are these additional procedures sufficient to strengthen the registration framework of TRs under SFTR? If not, what additional provisions should be envisaged?

Q5. What are the cost implications of the establishment of the provisions referred to in paragraphs 58-65?

Q6. What are the benefits of the establishment of the provisions referred to in paragraphs 58-65? Please elaborate.

Q7. Do you agree with the information that should not be provided in the case of extension of registration? Please elaborate.

Q8. Are there additional provisions that should be removed / included? Please elaborate.

Q9. What are the benefits of providing less documentation? Please elaborate.

Q10. Do you agree with the proposed format of the application for registration and the application for extension of registration? If not, do you consider that the format of the application for extension of registration should be different? What are the costs and benefits of the proposed approach? Please elaborate.

Q11: Do you agree with the proposed technical format, ISO 20022, as the format for reporting? If not, what other reporting format you would propose and what would be the benefits of the alternative approach?

Q12. How would the proposed format comply with the governance requirements in paragraph 75? Please elaborate.

Q13: Do you foresee any difficulties related to reporting using an ISO 20022 technical format that uses XML? If yes, please elaborate.

Q14. Do you foresee issues in identifying the counterparties of an SFT trade following the above-mentioned definitions?

Q15. Are there cases for which these definitions leave room for interpretation? Please elaborate.

Q16. Is it possible to report comprehensive information at transaction level for all types of SFTs and irrespective of whether they are cleared or not?

Q17. Is there any need to establish complementary position-level reporting for SFTs? If yes, should we consider it for particular types of SFTs, such as repo, or for all types?

Q18. Is there any need to differentiate between transaction-level data and position-level data on loans from financial stability perspective? Please elaborate.

Q19. Would the data elements included in section 6.1 be sufficient to support reporting of transactions and positions?

Q20. Would the data elements differ between position-level data and transaction-level data? If so, which ones?

Q21. Would the proposed approach for collateral reporting in section 4.3.5 be sufficient to accurately report collateral data of SFT positions? Please elaborate.

Q22. From reporting perspective, do you foresee any significant benefits or drawbacks in keeping consistency with EMIR, i.e. applying Approach A? What are the expected costs and benefits from adopting a different approach on reporting of lifecycle events under SFTR with respect to EMIR? Please provide a justification in terms of cost, implementation effort and operational efficiency. Please provide concrete examples.

Q23. Do you agree with the proposed list of “Action Types”? If not, which action types should be included or excluded from the above list to better describe the SFT? Please elaborate.

Q24. Do you foresee any benefits or drawbacks of implementing the proposed reporting logic of event types and technical actions (Approach B)? Please elaborate.

Q25. Do you agree with the proposed list of event types and technical actions? If not, which ones should be included or excluded?

Q26. Do you foresee any need to introduce a unique reference identifier for the lifecycle events or for technical actions? Please elaborate.

Q27. From reporting perspective, do you foresee any drawbacks in keeping consistency with EMIR? If so, please indicate which ones?

Q28: Are the proposed rules for determination of buyer and seller sufficient? If not, in which scenarios it might not be clear what is the direction of the trade? Which rules can be proposed to accommodate for such scenarios?

Q29: Are the proposed rules consistent with the existing market conventions for determination of buyer and seller? If not, please provide alternative proposals.

Q30. Are you aware of any other bilateral repo trade scenario? With the exception of tri-party agents that are documented in section 4.2.5, are there any other actors missing which is not a broker or counterparty? Please elaborate.

Q31. Do you consider that the above scenarios also accurately capture the conclusion of buy/sell-back and sell/buy back trades? If not, what additional aspect should be included? Please elaborate.

Q32. Do you agree with the description of the repo scenarios?

Q33. Are you aware of any other repo scenarios involving CCPs?

Q34. Are there any other scenarios that should be discussed? Please elaborate.

Q35. Do you consider that the documented scenarios capture accurately the conclusion of buy/sell-back trades? If not, what additional aspects should be considered?

Q36. According to market practices, can buy/sell-back and sell/buy back trades involve a CCP?

Q37. Are there any other actors missing which are not mentioned above, considering that tri-party agents are be covered in section 4.2.5? Please elaborate.

Q38. Are there any differences in the parties involved according to the different agency lending models?

Q39. When would the both counterparties know the other's identity in an undisclosed lending agreement?

Q40. What other solution would you foresee for the reporting of trades involving the agent lender? Please elaborate.

Q41. Would an open offer clearing model possibly apply to securities lending too?

Q42. Would a broker be involved in addition to lending agent in such a transaction?

Q43. Would it be possible to link the 8 trade reports to constitute the "principal clearing model" picture? If yes, would the method for linking proposed in section 4.3.4 be suitable?

Q44. In the case of securities lending transactions are there any other actors missing, considering that tri-party agents will be covered in section 4.2.5?

Q45. What potential issues do reporting counterparties face regarding the reporting of the market value of the securities on loan or borrowed?

Q46. Do such securities lending transactions exist in practice?

Q47. Do you agree with the proposal to explicitly identify non-collateralised securities or commodities lending transactions in the reporting fields? Please elaborate.

Q48. Would it be possible that an initially unsecured securities or commodities lending or borrowing transaction becomes collateralised at a later stage? Please provide concrete examples.

Q49. Which of the scenarios described for securities lending (Section 4.2.4.2), repo and buy-sell back (Section 4.2.4.1) are currently applicable to commodities financing transactions? Please provide a short description of the commodity financing transactions that occur under each scenario and the involved actors.

Q50. Are you aware of commodity financing transactions that would fall in the scope of the Regulation but are not covered in the scenarios described for securities lending (Section 4.2.4.2), repo and buy-sell back (Section 4.2.4.1)? If yes, please describe the general characteristics of such a transaction.

Q51. Are the types of transactions recognised sufficiently clear for unambiguous classification by both reporting counterparties of commodity financing transactions into one of the types?

Q52. What additional details may help to identify the type of transactions used?

Q53. What are the main types of commodities used in SFTs?

Q54. How often, in your experience, are other commodities used?

Q55. In your experience, what share of the transactions involves standardised commodity contracts, such as most traded gold and crude oil futures? Please provide concrete examples.

Q56. In your experience, what share of the transactions involve commodities that meet the contract specification for the underlying to derivative contracts traded on at least one [EU] exchange?? If yes, please elaborate and provide concrete examples.

Q57. Do the proposed fields and attributes in Section 6.1 sufficiently recognize the characteristics of commodity financing transactions? Please describe any issues you may see and describe any reporting attributes that should be added in order to enable meaningful reporting of commodity financing transactions.

Q58. Could all scenarios described for securities lending, repo and buy-sell back theoretically apply to future forms of commodities financing transactions?

Q59. Should other scenarios be considered? If yes, please describe.

Q60. Would you agree that the ISIN could be used to uniquely identify some commodities used in SFTs? If yes, which one and what prerequisites would need to be fulfilled? If no, what alternative solution would use propose for a harmonised identification of commodities involved in SFTs?

Q61. Would the classification as described in RTS 23 of MiFIR be the most effective way to classify commodities for the purposes of transparency under SFTR?Q62.

Q62. Is there another classification that ESMA should consider?

Q63. Are there transactions in which a pool of commodities is financed that the reporting needs to take into account? Please provide concrete examples.

Q64: Do you agree with this basic scenario? If no, please explain what changes would need to be made to the scenario.

Q65: Are there other entities that do not act as counterparties but can be involved in the transaction chain (e.g. brokers or intermediaries)?

Q66: Are there standard margin agreements used in the market? If yes, which ones? If no, are there standard elements in margin agreements in the EU that are noteworthy from a

financial stability perspective and not included in the list of questions or current data tables included in Section 6.1?

Q67: Are there margin loans that do not have a fixed maturity or repayment date, or other conditions in the agreement on which full or partial repayment of the loan can be conditioned?

Q68: Are floating rates used in margin lending transactions? Are there specificities that ESMA should be aware of regarding interest rates in the context of margin lending transactions?

Q69: What potential issues do reporting counterparties face regarding the reporting of margin account/credit balances?

Q70: How is information regarding the market value of short positions in the context of margin lending used by the lender (if at all)?

Q71. What kind of provisions do lenders have in place to limit or mitigate client losses from short positions?

Q72. Do you foresee any issues with reporting information on SFT involving tri-party by the T+1 reporting deadline? If so, which ones – availability of collateral data, timeliness of the information, etc.? Please elaborate.

Q73. Would you agree with the proposed split between the counterparty and transaction data?

Q74. Is the reporting of the country code sufficient to identify branches? If no, what additional elements would SFT reporting need to include?

Q75. Do you foresee any costs in implementing such type of identification?

Q76. Would it be possible to establish a more granular identification of the branches? If yes, what additional elements would SFT reporting need to include and what would be the associated costs?

Q77. What are the potential benefits of more granular identification of branches? Please elaborate.

Q78. Are there any situations different from the described above where the actual transfers between headquarters and branches or between branches can be considered transactions and therefore be reportable under SFTR? Please provide specific examples.

Q79. Are there any other cases which are not identified above, where the beneficiaries and the counterparties will be different? Please elaborate.

Q80. Do you agree with the proposal to link the legs of a cleared transaction by using a common identifier?

Q81. Could you suggest robust alternative ways of linking SFT reports?

Q82. Are the different cases of collateral allocation accurately described in paragraphs 221-226? If not, please indicate the relevant differences with market practices and please describe the availability of information for each and every case?

Q83. Is the assumption correct that manly securities lending would require the reporting of cash collateral? If no, for which other types of SFTs is the cash collateral element required? Please elaborate.

Q84. Does the practice to collateralise a transaction in several amounts in different currencies exist? Please elaborate.

Q85. Do you foresee any issues on reporting the specified information for individual securities or commodities provided as collateral? If yes, please elaborate.

Q86. Are there any situations in which there can be multiple haircuts (one per each collateral element) for a given SFT? Please elaborate.

Q87. Would you agree that the reporting counterparties can provide a unique identification of the collateral pool in their initial reporting of an SFT? If no, please provide the reasons as to why this would not be the case.

Q88. Are there cases where a counterparties to a repo, including those executed against a collateral pool, would not be able to provide the collateral with the initial reporting of the repo trade? If yes, please explain.

Q89. Are there any issues to report the collateral allocation based on the aforementioned approach? Please elaborate.

Q90. In the case of collateral pool, which of the data elements included in Table 1 would be reported by the T+1 reporting deadline? Please elaborate.

Q91. Which option for reporting of collateral would be in your opinion easier to implement, i.e. always reporting of collateral in a separate message (option 2) or reporting of collateral together with other transaction data when the collateral is known by the reporting deadline (option 1)?

Q92. What are the benefits and potential challenges related to either approach? Please elaborate.

Q93. Do you foresee any challenges with the proposed approach for reporting updates to collateral? What alternatives would you propose? Please elaborate.

Q94. Is it possible to link the reports on changes in collateral resulting from the net exposure to the original SFT transactions via a unique portfolio identifier, which could be added to the original transactions when they are reported?

Q95. Do you foresee any difficulties related to the linking of the collateral report to the underlying SFTs by specifying UTIs of those SFTs in the collateral report?

Q96. Are there additional options to uniquely link a list of collateral to the exposure of several SFTs to those specified? If yes, please detail them.

Q97. What would you deem to be the appropriate option to uniquely link collateral to the exposure of several SFTs? Are you using any pro-rata allocation for internal purposes? What is the current market practice for linking a set of collateralised trades with a collateral portfolio? Please elaborate.

Q98. Do you foresee any issues between the logic for linking collateral data and the reporting of SFT loan data? Please elaborate.

Q99: Do you agree with the description of funding sources mentioned above?

Q100: Are there other funding sources used in the context of margin lending?

Q101: What are the obstacles to lenders reporting the market value of funding sources?

Q102: Would reporting pro-rata amounts address some of the challenges or facilitate reporting?

Q103. Should the cash in the margin accounts be considered also as part of the collateral for a given margin lending transaction? Please elaborate.

Q104: What are the metrics used (other than LTV ratios) to monitor leverage from margin lending, and more broadly to address risks related to the value of collateral? How are these calculated?

Q105: Using these metrics, what are the current limits or thresholds used by margin lenders that will trigger a collateral action? How are these limits determined? Are there different thresholds triggering different actions? Can they vary over time, and for what reasons?

Q106: What kind of collateral actions can be triggered by crossing these limits or thresholds? Please describe the actions, their impact on the metrics described in Question 13, and the potential associated changes in limits or thresholds.

Q107: Are there any other important features, market practices or risks that you would like to bring to our attention in the context of margin lending?

Q108: Do you have any alternative proposals for reporting information related to funding sources that might reduce the burden on reporting entities?

Q109: Do you agree with the collateralisation and margin lending practices described above? Are there instances where margin loans are not provided (or haircuts applied) on a portfolio basis?

Q110: What are the potential obstacles to reporting information regarding the individual securities set aside in margin accounts by the lender?

Q111. Would you agree that in the context of margin lending the entire collateral portfolio, i.e. both cash and securities, would require reporting? If no, please explain.

Q112: What are the obstacles to the reporting of reuse of collateral for transactions where there is no transfer of title? What are the current market practices aimed at mitigating risks from collateral re-use specifically in the context of margin lending?

Q113. What options exist to link collateral that is re-used to a given SFT or counterparty? Please document the potential issues.

Q114. In which cases can the re-use be defined at transaction level?

Q115. Do you see other ways to calculate the collateral re-use for a given SFT?

Q116. Are there any circumstances in which the re-use percentage applied at entity level could not be calculated for a given security (e.g. per ISIN)?

Q117. Which alternatives do you see to estimate the collateral re-use?

Q118. When the information on collateral availability for re-use becomes available? On trade date (T) or at the latest by T+1?

Q119. Is it possible to automatically derive the collateral re-use in some cases given the nature of the SFT (meaning based on the GMRA, GMSLA or other forms of legal agreements)? If yes, please describe these cases and how the information could be derived. Please explain if deviations could be drafted within legal agreements to deviate from the re-usability.

Q120. Do you agree with the rationale for collection of information on the settlement set out in this section?

Q121. Do you consider that information on settlement supports the identification and monitoring of financial stability risks entailed by SFTs?

Q122. Do you agree with the approach to identify the settlement information in the SFT reports?

Q123. Do you envisage any difficulties with identifying the place of settlement?

Q124. Are there any practical difficulties with identifying CSDs and indirect or direct participants as well as, if applicable, settlement internalisers in the SFT reports? Would this information be available by the reporting deadline? Please elaborate.

Q125. Will this information be available by the reporting deadline? What are the costs of providing this information?

Q126. What other data elements are needed to achieve the required supervisory objectives? Please elaborate.

Q127. Do you agree with the proposed categories of trading methods to be reported by SFT counterparties?

Q128. Are there any other methods of trading that are not covered?

Q129. Do you agree with the proposed types of validations? Would you include any further validations? If so which ones? Please elaborate.

Q130. Do you agree with the proposed scope of the reconciliation process? Should trades expired or terminated more than a month before the day on which reconciliation takes place be included in the reconciliation process? Please elaborate.

Q131. What is the earliest time by which the reconciliation process can be completed? If not, please indicate what other characteristics need to be included? Please elaborate.

Q132. Do you foresee issues with following the EMIR approach on reconciliation of data for SFT? What other approaches for reconciliation of transactions exist? How many data elements are reconciled under those approaches? What is the timeframe of reconciliation under those approaches? Please elaborate.

Q133. What are the expected benefits from full reconciliation? What are the potential costs from TR and counterparty perspective to adopt a full reconciliation approach? In terms of the matching of data, which of the data fields included in Section 6.1 can be fully reconciled and

for which ones certain degrees of tolerance has to be applied? Please provide concrete examples. Please elaborate.

Q134. Do you foresee any potential issues with establishing a separate reconciliation process for collateral data? What data elements have to be included in the collateral reconciliation process? Alternatively, should collateral data be reconciled for each collateralised SFT individually? What would be the costs of each alternative? Please elaborate.

Q135. What additional feedback information should be provided to the reporting counterparties? What should be the level of standardisations? What would be the benefits of potential standardisation of the feedback messages? Do you agree with the proposed timing for feedback messages?

Q136. Would you be favourable of a more granular approach for public data than the one under EMIR? Would you be favourable of having public data as granular as suggested in the FSB November 2015 report? What are the potential costs and benefits of such granular information? Please elaborate.

Q137. In terms of criteria for aggregation, which of the following aspects ones are most important to be taken into account – venue of execution of the SFT, cleared or not, way to transfer of collateral? What other aspects have to be taken into account for the purposes of the public aggregations? Please elaborate.

Q138. Do you foresee any issues with publishing aggregate data on a weekly basis? Please elaborate.

Q139. At which point in time do you consider that the additional data elements regarding the reconciliation or rejection status of an SFT will be available? What are the potential costs of the inclusion of the above mentioned additional data elements? What other data elements could be generated by the TRs and provided to authorities? Please elaborate.

Q140. Do you consider that all the relevant data elements for generation of the above reports will be available on time? What are the potential costs of the generation of above mentioned transaction reports? What are the benefits of the above mentioned transaction reports? What other transaction reports would you suggest to be provided by the TRs? Please elaborate.

Q141. Do you consider that all the relevant data elements for calculation of the above reports will be available on time?

Q142. What are the potential costs of the generation of above mentioned position reports? other reports would you suggest to be provided by the TRs? Please elaborate.

Q143. Do you consider that there should be one position report including both reconciled and non-reconciled data or that there should be two position reports, one containing only reconciled data and the other - one only non-reconciled data? What are the potential costs of the separation of above mentioned position reports? What are the benefits of the separation above mentioned position reports? Please elaborate.

Q144: Do you foresee any technical issues with the implementation of XSD in accordance with ISO 20022? Do you foresee any potential issues related to the use of same cut-off time across TRs? Do you foresee any drawbacks from establishing standardised xml template in

accordance with ISO 20022 methodology for the aggregation and comparison of data? Please elaborate.

Q145. Further to the aforementioned aspects, are there any other measures that have to be taken to avoid double counting? Please elaborate.

6.3 Annex III

Legislative mandate to develop technical standards

Article 4(9) SFTR establishes that "*In order to ensure consistent application of this Article and in order to ensure consistency with the reporting made under Article 9 of Regulation (EU) No 648/2012 and internationally agreed standards, ESMA shall, in close cooperation with, and taking into account the needs of, the ESCB, develop draft regulatory technical standards specifying the details of the reports referred to in paragraphs 1 and 5 of this Article for the different types of SFTs that shall include at least:*

> *(a) the parties to the SFT and, where different, the beneficiary of the rights and obligations arising therefrom;*
>
> *(b) the principal amount; the currency; the assets used as collateral and their type, quality, and value; the method used to provide collateral; whether collateral is available for reuse; in cases where the collateral is distinguishable from other assets, whether it has been reused; any substitution of the collateral; the repurchase rate, lending fee or margin lending rate; any haircut; the value date; the maturity date; the first callable date; and the market segment;*
>
> *(c) depending on the SFT, details of the following:*
>
> > *(i) cash collateral reinvestment;*
> >
> > *(ii) securities or commodities being lent or borrowed.*

In developing those draft technical standards, ESMA shall take into account the technical specificities of pools of assets and shall provide for the possibility of reporting position level collateral data where appropriate.

ESMA shall submit those draft regulatory technical standards to the Commission by 13 January 2017.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010."

Article 4(10) SFTR provides that *"In order to ensure uniform conditions of application of paragraph 1 of this Article and, to the extent feasible, consistency with the reporting pursuant to Article 9 of Regulation (EU) No 648/2012 and harmonisation of formats between trade repositories, ESMA shall, in close cooperation with, and taking into account the needs of, the ESCB, develop draft implementing technical standards specifying the format and frequency of the reports referred to in paragraphs 1 and 5 of this Article for the different types of SFTs.*

The format shall include, in particular:

(a) global legal entity identifiers (LEIs), or pre-LEIs until the global legal entity identifier system is fully implemented;

(b) international securities identification numbers (ISINs); and

(c) unique trade identifiers.

In developing those draft technical standards, ESMA shall take into account international developments and standards agreed at Union or global level.

ESMA shall submit those draft implementing technical standards to the Commission by 13 January 2017.

Power is conferred on the Commission to adopt the implementing technical standards referred to in the first subparagraph in accordance with Article 15 of Regulation (EU) No 1095/2010.“

Article 5(7) SFTR establishes that *“In order to ensure consistent application of this Article, ESMA shall develop draft regulatory technical standards specifying the details of all of the following:*

(a) the procedures referred to in paragraph 2 of this Article and which are to be applied by trade repositories in order to verify the completeness and correctness of the details reported to them under Article 4(1);

(b) the application for registration referred to in point (a) of paragraph 5;

(c) a simplified application for an extension of registration referred to in point (b) of paragraph 5 in order to avoid duplicate requirements.

ESMA shall submit those draft regulatory technical standards to the Commission by 13 January 2017.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

Article 5(8) SFTR provides that “*In order to ensure uniform conditions of application of paragraphs 1 and 2, ESMA shall develop draft implementing technical standards specifying the format of both of the following:*

(a) the application for registration referred to in point (a) of paragraph 5;

(b) the application for an extension of registration referred to in point (b) of paragraph 5.

With regard to point (b) of the first subparagraph, ESMA shall develop a simplified format to avoid duplicate procedures.

ESMA shall submit those draft implementing technical standards to the Commission by 13 January 2017.

Power is conferred on the Commission to adopt the implementing technical standards referred to in the first subparagraph in accordance with Article 15 of Regulation (EU) No 1095/2010."

Article 12(3) SFTR establishes that "*In order to ensure consistent application of this Article, ESMA shall, in close cooperation with the ESCB and taking into account the needs of the entities referred to in paragraph 2, develop draft regulatory technical standards specifying:*

> *(a) the frequency and the details of the aggregate positions referred to in paragraph 1 and the details of SFTs referred to in paragraph 2;*
>
> *(b) the operational standards required, to allow the timely, structured and comprehensive:*
>
> > *(i) collection of data by trade repositories;*
> >
> > *(ii) aggregation and comparison of data across repositories;*
>
> *(c) the details of the information to which the entities referred to in paragraph 2 are to have access, taking into account their mandate and their specific needs;*
>
> *(d) the terms and conditions under which the entities referred to in paragraph 2 are to have direct and immediate access to data held in trade repositories.*

Those draft regulatory technical standards shall ensure that the information published under paragraph 1 does not enable the identification of a party to any SFT.

ESMA shall submit those draft regulatory technical standards to the Commission by 13 January 2017.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010."

6.4 Annex IV

Cost-benefit analysis

ESMA's choices in this review are of a pure technical nature and do not imply strategic decisions or policy choices.

ESMA's options are limited to the approach it took to drafting these particular regulatory and implementing technical standards and the need to ensure compliance with the objectives set out in SFTR.

The main policy decisions taken under the secondary legislation, i.e. SFTR, have already been analysed and published by the European Commission http://eur-lex.europa.eu/resource.html?uri=cellar:e186dd0b-89b3-11e3-87da-01aa75ed71a1.0001.01/DOC_3&format=PDF

ESMA is looking forward to the information provided in response to this Discussion Paper to further inform its cost-benefit analysis which will accompany the submission of the technical standards to the European Commission.