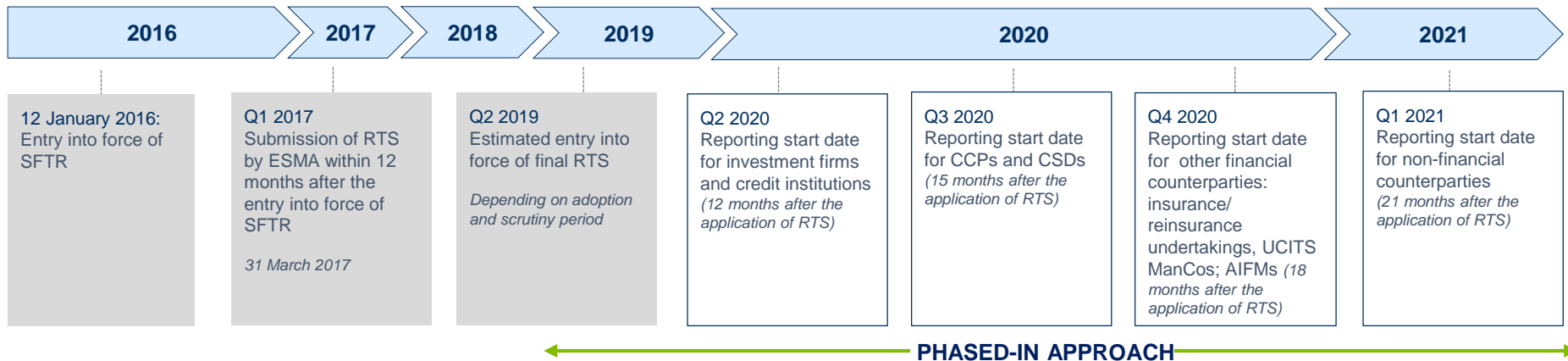




**SFTR: A Trade Repository view from REGIS-TR**

# SFTR regulatory reporting overview (1/2)

Trade repository reporting for SFTR is estimated to begin in **Q1 2020** with a **phased-in approach** depending on the counterparty classification



<b>What is SFTR?</b>	<ul style="list-style-type: none"> <li>▪ SFTR = <b>Securities Financing Transaction Regulation</b></li> <li>▪ Drawn on EMIR implementation infrastructure and supervised by ESMA</li> <li>▪ Aims at providing increased transparency on the use of securities financing transactions in the market</li> </ul>	<b>Entities in scope</b>	<ul style="list-style-type: none"> <li>▪ Investment firms</li> <li>▪ Credit institutions</li> <li>▪ Insurance companies</li> <li>▪ UCITS management companies and AIFMs</li> <li>▪ Institutions for occupational retirement provisions</li> <li>▪ Central counterparties</li> <li>▪ Central securities depository</li> <li>▪ Non – financial companies</li> </ul>
<b>Geographical scope</b>	<ul style="list-style-type: none"> <li>▪ Applies to all EU financial and non-financial counterparties</li> <li>▪ Including all branches irrespective of their location</li> <li>▪ Third country entities are also required to report, if the SFT is concluded by an EU branch</li> </ul>		<p>EXEMPTION: SFT transactions with the European System of Central Banks ('ESBC')</p>

## SFTR regulatory reporting overview (2/2)

### Reporting process

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

#### **EXCEPTION:**

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

### Product scope

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

### Details to report

- Parties to the SFT, principal amount, currency, assets used as collateral, quality and value etc.
- LEI, ISIN, UTI
- 4 tables; #153 fields
- Phased in number of reconcilable fields (62 fields at the beginning and additional 34 fields 2 years after the implementation)

# To outsource or not to outsource?

## One thing is sure: you remain responsible

### Counterparty delegation

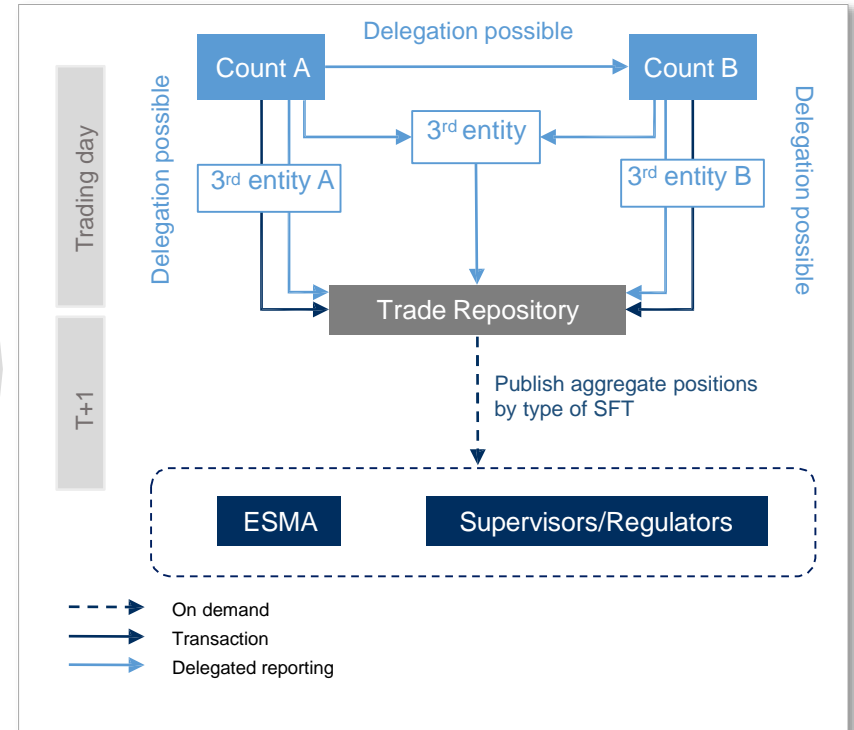
- Information is asynchronously distributed
- Clearers, Lenders and Brokers hold lion's share of information
- Need to demonstrate oversight on
  - Timeliness
  - Quality
  - Accuracy

### Third party delegation

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

### Hybrid Models

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



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

## Disclaimer

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## Contact details – Relationship Managers



Ana Ruxandra Iliescu

Region: Austria, Benelux,  
Switzerland,  
Liechtenstein,  
CEE & CIS  
**+352 2 43-3 65 41**  
Czech, English, French,  
German, Romanian,  
Slovak, Spanish



Katrin Grün

Region: Germany  
**+49 69 2 11-1 59 28**  
English, German,  
Spanish



Sandra Castro Lopez

Region: UK, Ireland,  
Nordics, America's  
**+44 207 8 62-71 71**  
English, Spanish



Massimo Vecchione

Region: Southern Europe,  
Benelux, France  
**+352 2 43-3 25 19**  
English, French, Italian



Website:  
<http://www.regis-tr.com>



LinkedIn:  
[REGIS-TR](https://www.linkedin.com/company/REGIS-TR)



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[@TradeRepository](https://www.linkedin.com/company/@TradeRepository)