

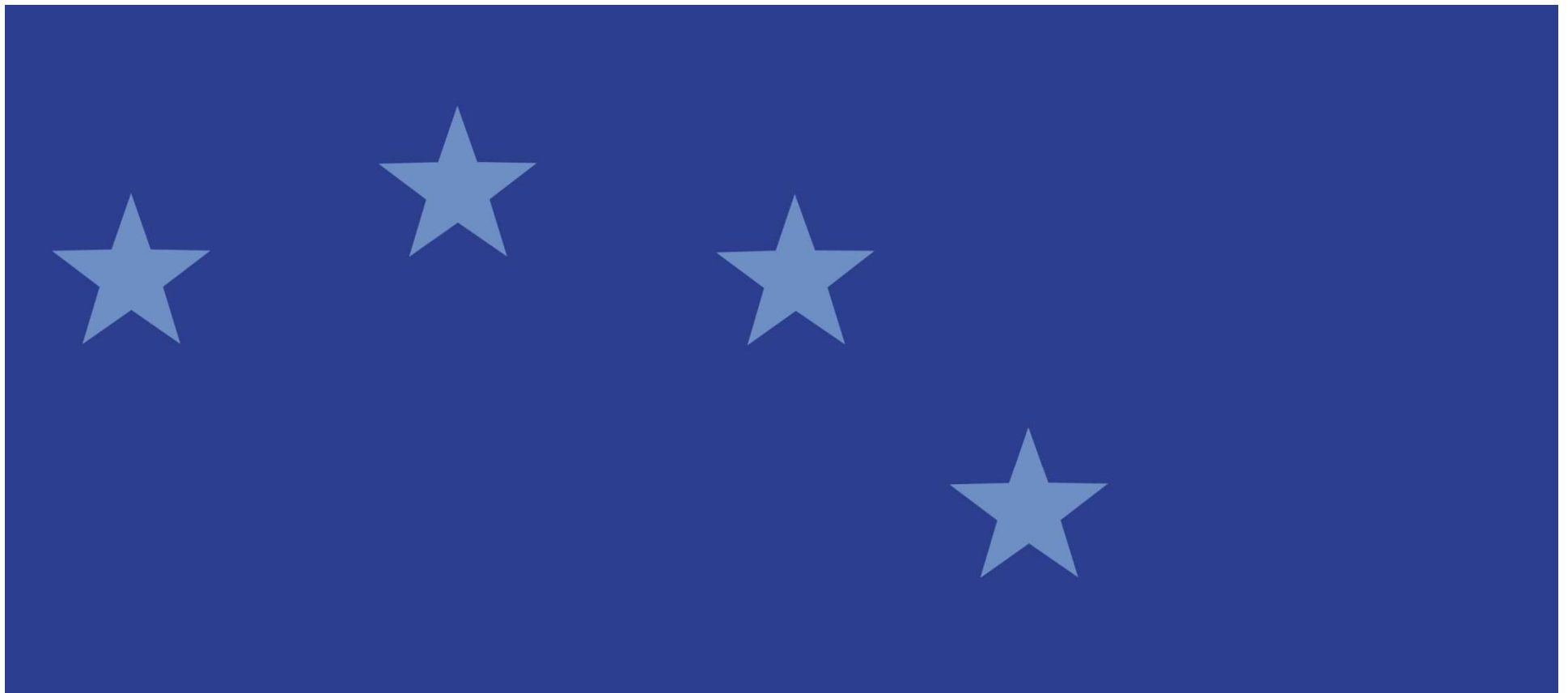


European Securities and
Markets Authority

ESMA REGULAR USE

SFTR Key aspects, timeline and challenges

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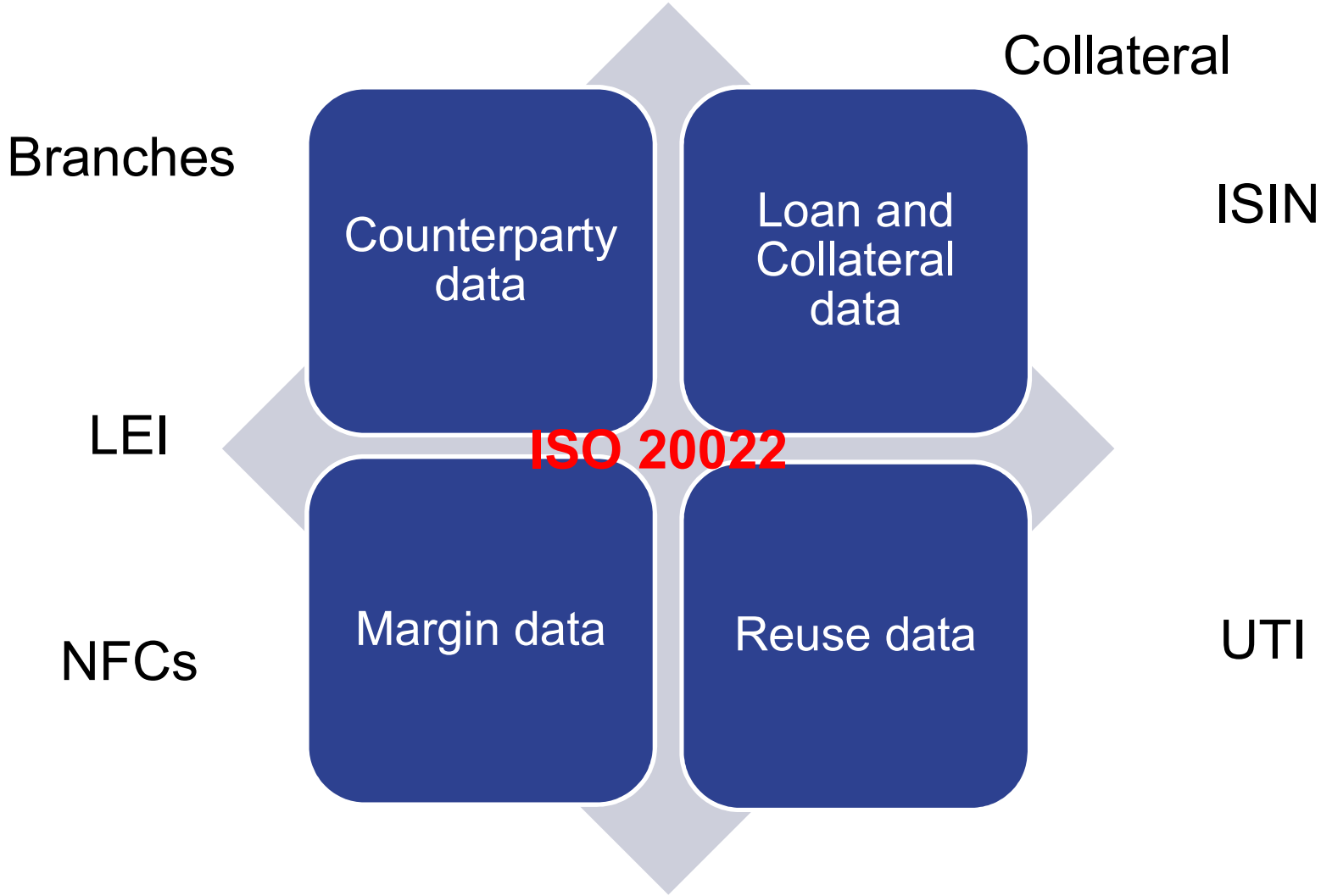


Background

- SFTR responds to the need to enhance the transparency of securities financing markets and thus of the financial system
- SFTs are transactions such as repo, securities lending and margin lending
- ESMA produced a total of 7 technical standards under SFTR
 - RTS and ITS on SFT reporting
 - RTS on data collection
 - RTS on data availability and access levels
 - RTS and ITS on registration and extension of registration of TRs
 - ITS on exchange of data between authorities
- ESMA submitted the Final report to EC on 30 March 2017
- ESMA submitted an opinion on the EC's intended amendments on 4 September 2018

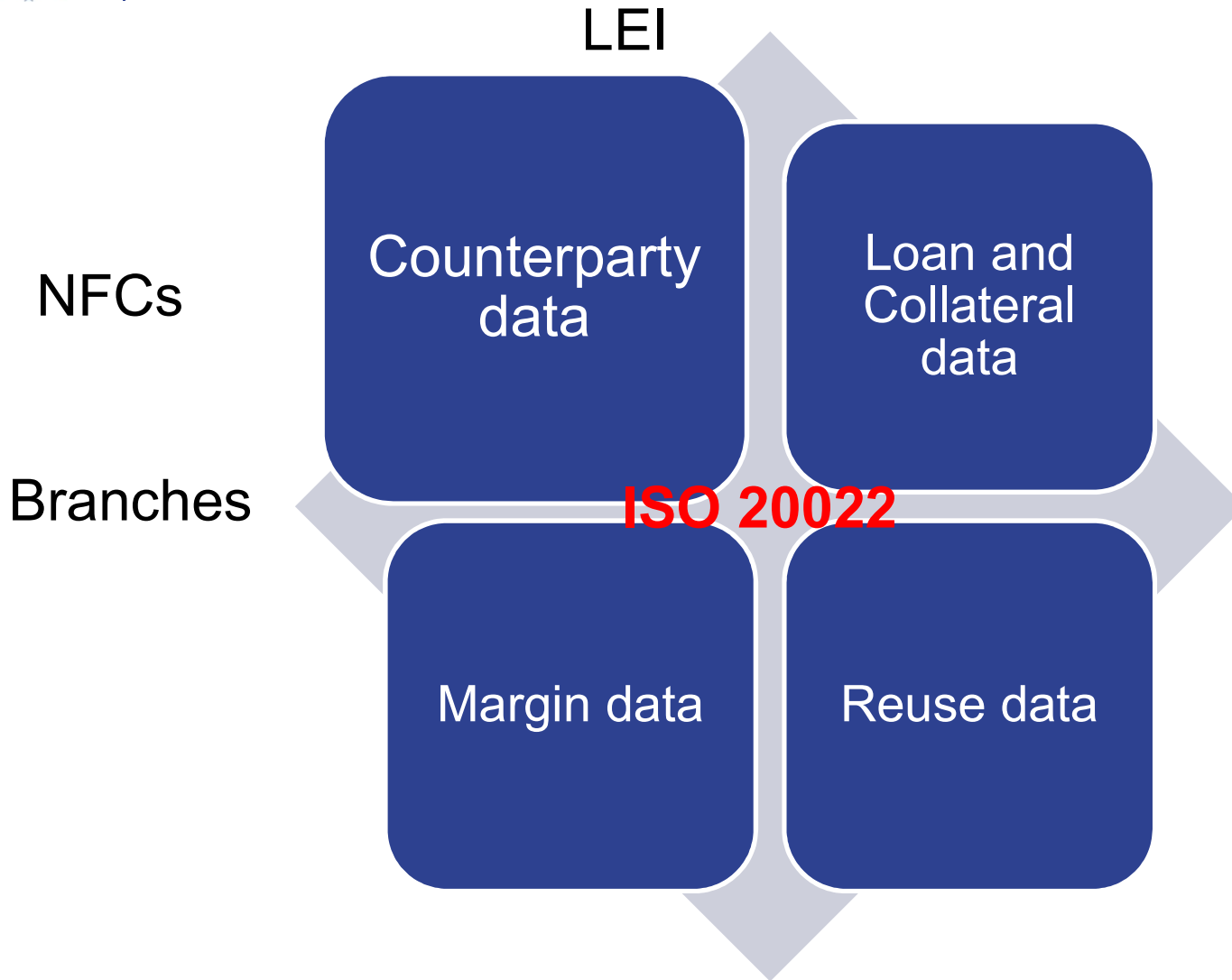


RTS and ITS on reporting – building data blocks



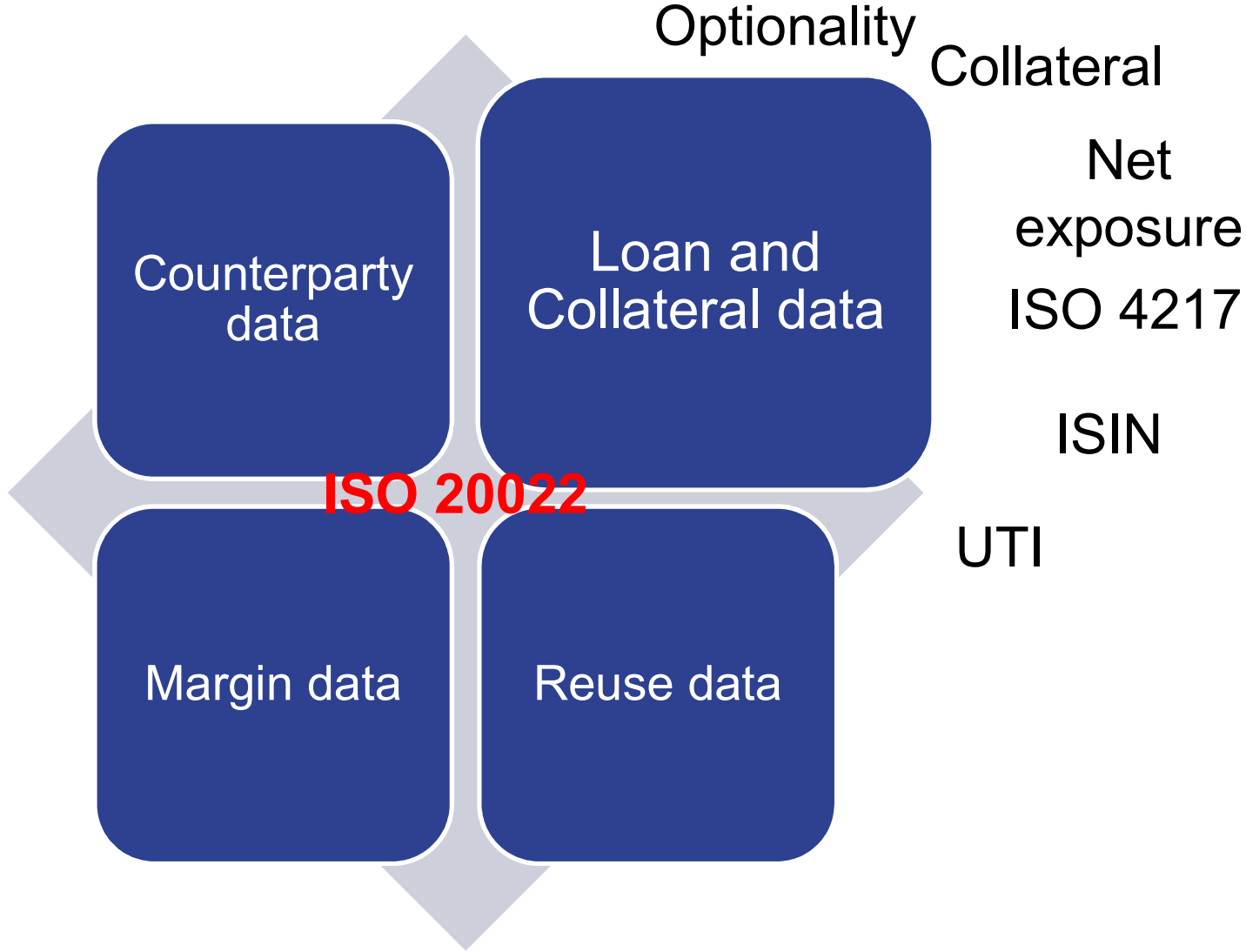


RTS and ITS on reporting – building data blocks



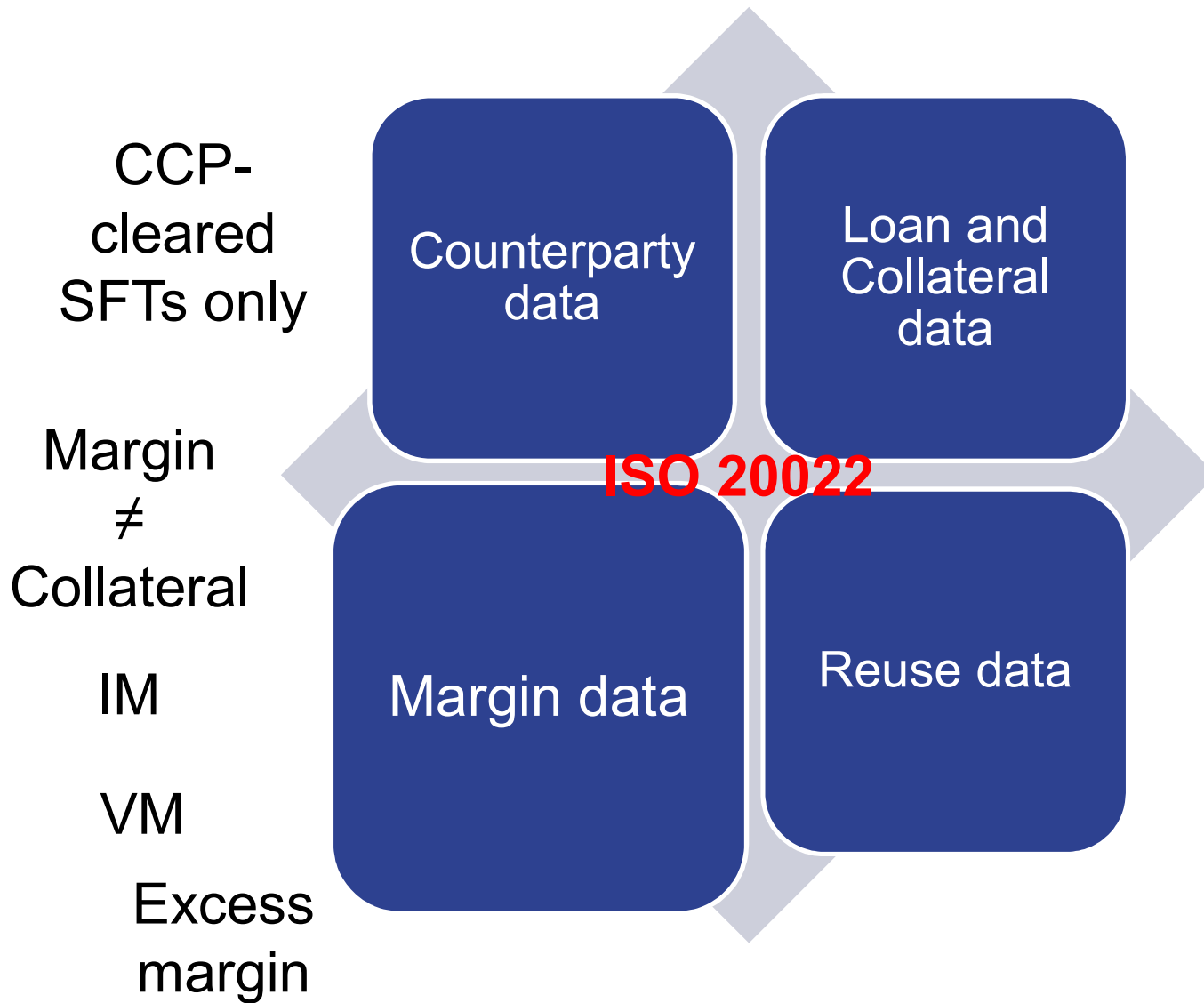


RTS and ITS on reporting – building data blocks



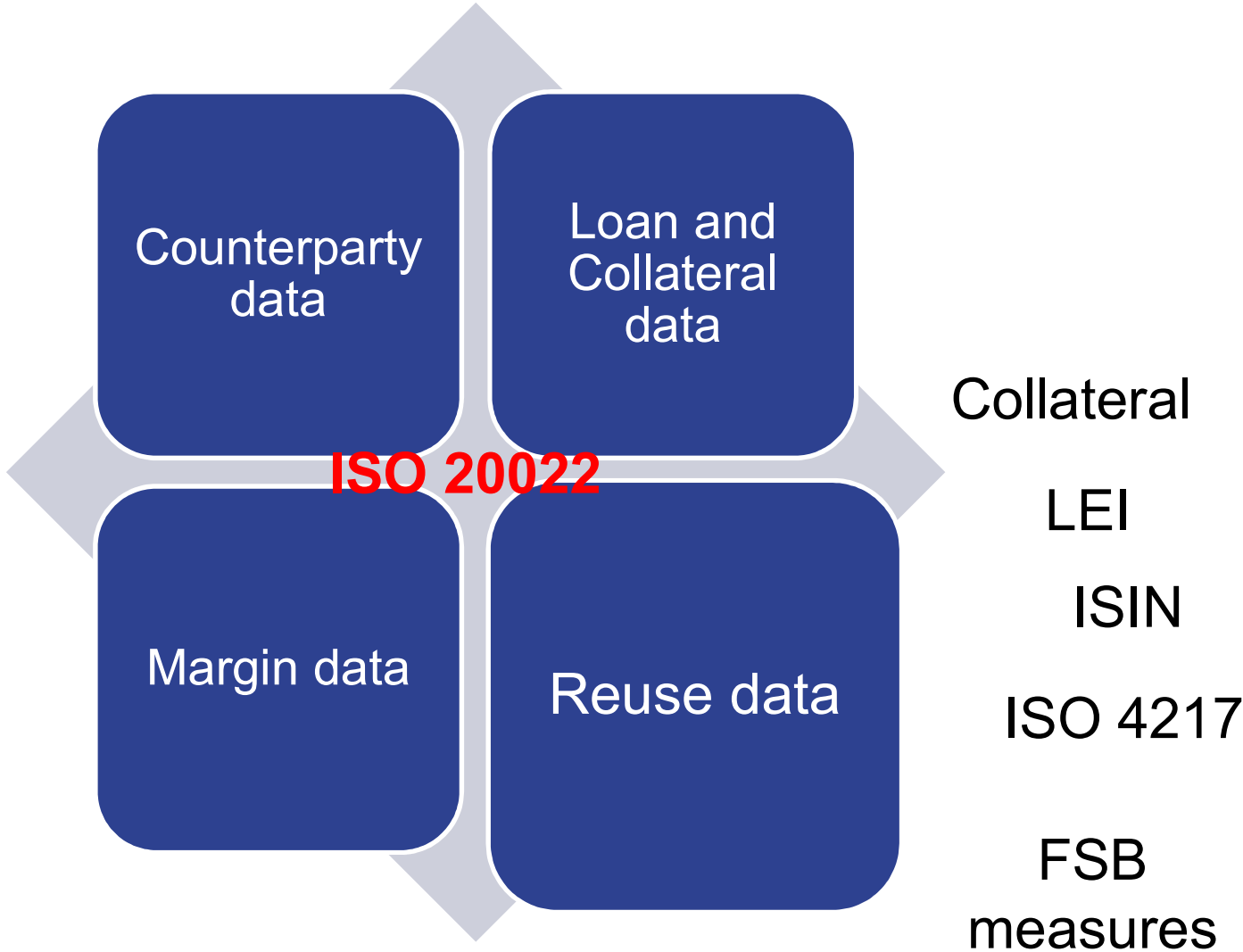


RTS and ITS on reporting – building data blocks





RTS and ITS on reporting – building data blocks





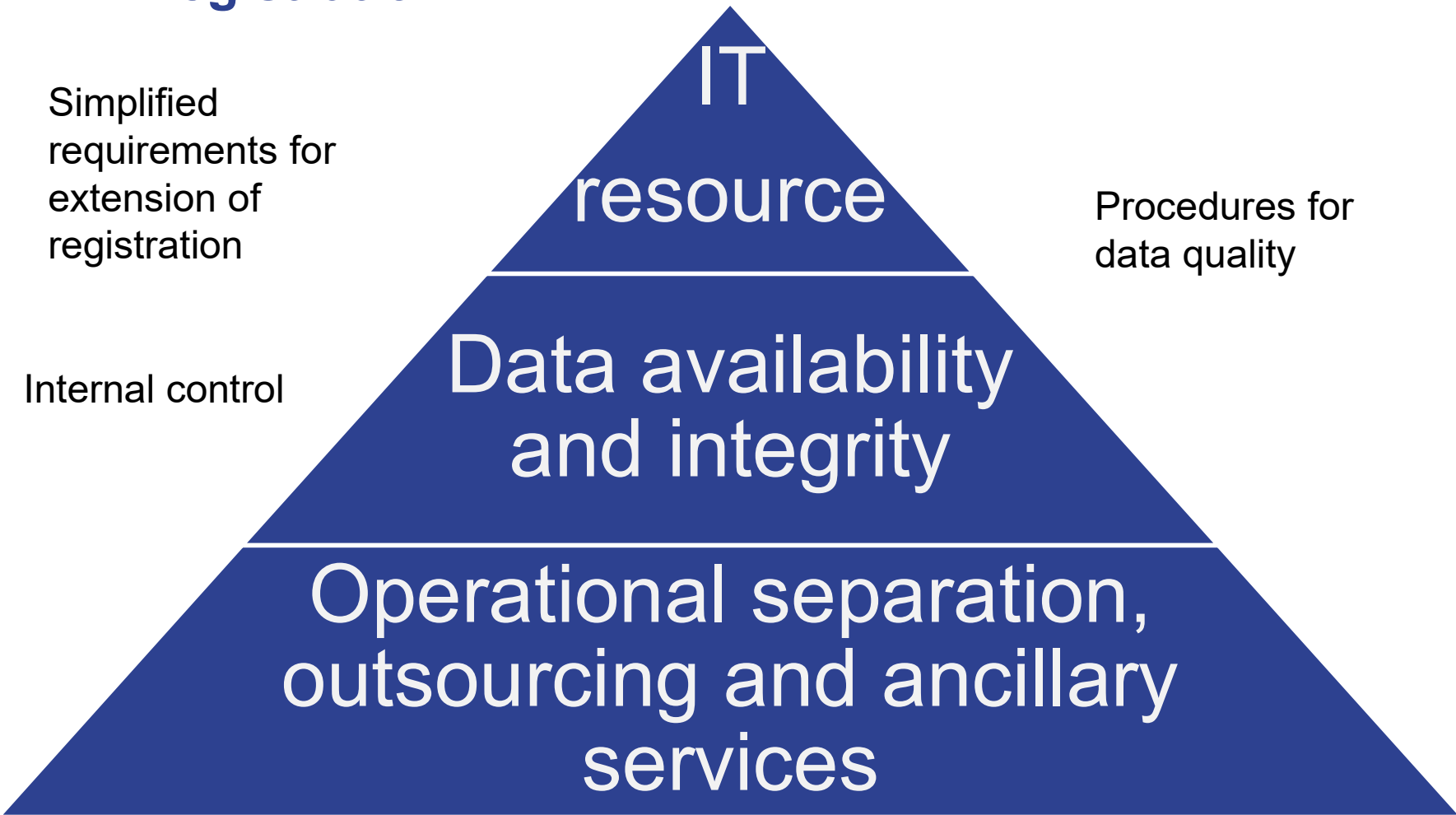
RTS on data collection, availability and RTS on access levels

- Operational standards for data collection – use of ISO 20022
 - Validation
 - Reconciliation
 - Response mechanisms
- Publication of data
- Access levels by authorities and terms of use





RTS and ITS on registration or extension of registration



Simplified requirements for extension of registration

IT
resource

Procedures for data quality

Internal control

Data availability and integrity

Operational separation, outsourcing and ancillary services



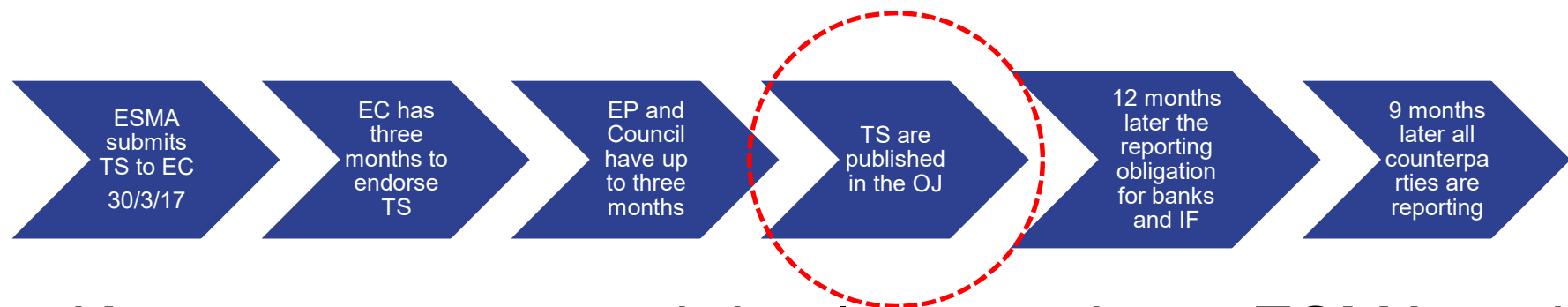
Expected uses of data

- Monitoring of risks to financial stability in the EU
 - Entity aspects – build up of leverage, exposures, interconnectedness
 - Liquidity and maturity transformation
 - Close links with derivatives (repo and IRS)
 - Collateral aspects
 - Price discovery and secondary market liquidity
 - Reuse
 - Haircuts
- Contribution to the global SFT data collection exercise
 - Jurisdiction exposures
 - Use of different types of SFTs
 - Reuse of collateral and collateral velocity
- Data elements are needed to perform the above functions
- SFTs reported under SFTR should not be reported under MiFIR



SFTR Technical Standards timeline

- Around 50 responses received at each of the two rounds of consultation
- ESMA submitted the Final report to EC on 30 March 2017
- ESMA submitted an opinion on the EC's intended amendments on 4 September 2018



- Key to ensure smooth implementation – ESMA and NCA



What keeps us busy now?

- The key SFTR deliverables and milestones for 2018-2019:
 - Finalise TS with EC (DG FISMA)
 - Finalise the XML messages used in SFT (reporting, reconciliation, data access and communication)
 - Draft guidelines on reporting incl. TR validation rules for the SFT reporting
 - Draft guidelines on portability under SFTR (EMIR-inspired)
 - Draft guidelines on the calculation of named and sectoral positions in SFTs (EMIR and FSB inspired)
 - Extension of TRACE for SFTR
 - Preparatory work on registration of TRs