

# SFTR implementation

The publication of the technical standards in March 2019 not only provided clarity on the Securities Financing Transactions Regulation (SFTR) implementation timeline, but also formally kicked off the so-called Level 3 process, during which ESMA will provide important further implementation guidance in relation to SFTR reporting. On 27 May, as a first important step in this process, ESMA launched a public consultation on draft [Guidelines for Reporting under Articles 4 and 12 SFTR](#). The draft Guidelines will complement the technical standards and seek to address some of the many open questions that have already been raised with ESMA by stakeholders, including the ERCC's SFTR Task Force, in anticipation of the Guidelines.

The consultation paper with the draft Guidelines was published alongside an updated version of ESMA's SFTR validation rules. Responses to the consultation are due on 29 July, which gives stakeholders two months in total to work through the detailed draft guidance and to prepare their feedback. As one of the leading industry groups, the ICMA ERCC is of course planning to respond to the consultation through its SFTR Task Force, which is currently reviewing ESMA's proposals. The consultation will be the key focus for the group over the next weeks. In line with its remit, the ERCC response will focus specifically on the repo and buy/sell-back related aspects of the consultation, while other industry groups are taking the lead in relation to other types of SFTs. Close collaboration between the groups remains a key priority, given that many of the issues and challenges are common across the different types of SFTs and in order to avoid sending inconsistent messages to ESMA.

As part of the consultation process, ESMA will hold two events in Paris: an [open hearing](#) on the 15 July, which all stakeholders are invited to attend, as well as a more restricted industry workshop on the next day to which the key industry groups have been invited. In terms of next steps, once the consultation is closed, ESMA will use the third quarter of this year to review the feedback and update the Guidelines accordingly. The revised and final

version of the Guidelines should then be published in Q4 this year, leaving market participants only a few months to incorporate any required changes and conclude their system developments before the initial reporting go-live for banks and investment firms in April 2020.

Despite the current focus on the Guidelines, the SFTR Task Force also continues to further develop and refine the extensive best practice documents in relation to SFTR reporting that the group has put together over the past months. Most importantly, this includes a draft Annex to the existing [Repo Best Practice Guide](#) focused specifically on SFTR Reporting, but also a useful set of sample SFTR reports and various other documents. All the files are currently being updated in light of the guidance provided by ESMA in the draft Guidelines. Once this is fully incorporated, the best practice documents should be sufficiently stable to allow a broader distribution outside the Task Force, although they will of course continue to evolve.

In the meantime, ICMA has already stepped up efforts to publicise more widely the important work done by the SFTR Task Force. A revamped version of ICMA's [SFTR webpage](#) was launched in May with detailed background information on SFTR, relevant updates and more details on the work of the Task Force. As part of the efforts to educate market participants on the implications of SFTR and the best practices developed by the Task Force, ICMA is holding focused SFTR technical workshops. A first edition of the workshop was successfully held on 2 July. Further editions of the SFTR workshop have been scheduled for [18 July](#) and [29 July](#), with a few places still available for both dates.

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