

ESMA clarifies SFTR reporting

The guidelines aim to clarify a number of provisions of SFTR and to provide practical guidance on the implementation of some of those provisions. The guidelines will contribute to the reduction of costs along the complete reporting chain – the counterparties that report the data, the TRs which put in place the procedures to verify the completeness and correctness of data, and the authorities, defined in Article 12(2) SFTR, which use the data to supervise risks to financial stability. The guidelines provide clarity as to the following aspects:

- the reporting start date when it falls on a non-working day.
- the number of reportable SFTs;
- the population of reporting fields for different types of SFTs;
- the approach used to link SFT collateral with SFT loans;
- the population of reporting fields for margin data;
- the population of reporting fields for reuse, reinvestment and funding sources data;
- the generation of feedback by TRs and its subsequent management by counterparties, namely in the case of (i) rejection of reported data and (ii) reconciliation breaks; and
- the provision of access to data to authorities by TRs.

The final report contains a detailed assessment of the feedback received to the proposals in the consultation paper published in May 2019, as well as a more detailed discussion on the market transactions that are not in scope.

The LEI statement clarifies the expectations with regards to reporting of LEI for issuers of securities used in SFTs, as well as the relevant supervisory actions to be carried out by authorities.

Finally, ESMA has updated the SFTR validation rules. The amended SFTR validation rules are fully aligned with the updated XML schemas published in December 2019, as well as with the aforementioned LEI statement.