ESMA extends four trade repositories registrations to include securities financing transactions reporting

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has approved the extension of registrations of four trade repositories (TRs) to include securities financing transactions (SFT) reporting under the Securities Financing Transactions Regulation. The TRs concerned are DTCC Derivatives Repository plc, UnaVista TRADEcho B.V., Krajowy Depozyt Papierów Wartościowych S.A. and REGIS-TR S.A. with effect from 7 May 2020.

All four TRs have been registered for all types of SFTs, i.e. repurchase transactions, securities or commodities lending and securities or commodities borrowing transactions, buy-sell back or sell-buy back transactions and margin lending transactions.

The four TRs are already registered with ESMA as TRs for derivatives contracts under the European Markets Infrastructure Regulation (EMIR).

Background

SFTR, with the aim of enhancing the transparency of securities financing market, requires all counterparties to SFTs to report the details of any SFT they have concluded, as well as any modification or termination, to a registered trade repository (TR). It also provides for the direct supervision and registration of TRs by ESMA, who is the sole supervisor of TRs for the purpose of EMIR and SFTR in the European Union.

TRs are commercial firms that centrally collect and maintain the records of SFTs reported to them. The registration of a TR means that it can be used by counterparties to a SFT to fulfil their trade reporting obligations under SFTR.

To be registered as a TR, a company must be able to demonstrate to ESMA that it can comply with the requirements of SFTR, including, most importantly, on:

· operational reliability;

· safeguarding and recording; and

· transparency and data availability.

Regarding reporting obligations, counterparties to SFTs should consult ESMA's public statement concerning actions to mitigate the impact of COVID-19 on the EU.