



European Securities and
Markets Authority

Response Form to the Consultation Paper

Guidelines for reporting under Articles 4 and 12 SFTR



Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex III. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **29 July 2019**.

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Please do not remove tags of the type <ESMA_QUESTION_RSFTTR_1>. Your response to each question has to be framed by the two tags corresponding to the question.
3. If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.
4. When you have drafted your response, name your response form according to the following convention: ESMA_RSFTTR_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA_RSFTTR_ABCD_RESPONSEFORM.
5. Upload the form containing your responses, in Word format, to ESMA's website (www.esma.europa.eu under the heading "Your input – Open consultations" → "Consultation on Position limits and position management in commodities derivatives").

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading Legal Notice.

Who should read this paper

All interested stakeholders are invited to respond to this consultation. In particular, responses are sought from financial and non-financial counterparties to securities financing transactions, tri-party agents, agent lenders, central counterparties (CCPs) and trade repositories (TRs), as well as from all the authorities having access to the TR data.

General information about respondent

Name of the company / organisation	Deutsche Börse Group
Activity	Regulated markets/Exchanges/Trading Systems
Are you representing an association?	<input type="checkbox"/>
Country/Region	Germany

Introduction

Please make your introductory comments below, if any

<ESMA_COMMENT_RSFTTR_1>

Deutsche Börse Group (DBG) welcomes ESMA's efforts to seek stakeholder's view on future ESMA guidelines on reporting under SFTR to complement the SFTR technical standards to ensure the consistent implementation of the new rules.

As an operator of different market infrastructures, DBG's business areas are affected by the SFTR differently. Clearstream, Eurex Clearing, and the Regulatory Reporting Hub, have answered individually in this response if and where their respective services are concerned. Our trade repository REGIS-TR is participating in this consultation separately.

Please note, that the responses in the name of one entity do represent the position of the whole group.

DBG also would like to ask ESMA for guidance on the reporting of SFTs, which are excluded from reporting requirements under Art 4 SFTR acc. to Art 2 (3) SFTR.

About Deutsche Börse Group

As one of the world's leading exchange organisations and an integrated provider of products and services covering the entire process chain of securities and derivatives trading, Deutsche Börse Group organises markets characterised by integrity, transparency, and safety. The range of its offerings is constantly broadened by new products in existing and new asset classes, in particular in the area of risk and collateral management – complemented by a growing number of solutions for the off-exchange sector. Deutsche Börse has been a listed company since February 2001.

In context of SFTR, several entities of Deutsche Börse Group are active in the Securities Lending space.

Clearstream

Clearstream is an important global player at the forefront of the securities services industry with consistently high credit ratings.

As an international central securities depository (ICSD) based in Luxembourg, Clearstream provide post-trade infrastructure and securities services for the international market and 58 domestic markets worldwide, with 2.500 customers in 110 countries. As a central securities depository (CSD) based in Frankfurt, Clearstream also provide the post-trade infrastructure for the German securities industry offering access to a growing number of international markets.

To support its settlement activities, Clearstream is one of the few entities in the industry offering fails-curing functionality to its customers.

Eurex Clearing

Eurex Clearing is one of the leading central counterparties globally — assuring the safety and integrity of markets while providing innovation in risk management, clearing technology and client asset protection.

Eurex Clearing provides its services for derivatives, equities, bonds and secured funding and securities financing market. Eurex Clearing provides customers with derivatives risk data in real-time to allow participants to detect risks promptly and react within seconds, as well as various risk management services, benefitting both customers and the greater marketplace by enhancing overall safety.

Eurex Clearing serves about 200 Clearing Members in 19 countries, managing a collateral pool of EUR 49 billion and clearing trades valued at EUR 11 trillion every month. Eurex Clearing is a company incorporated in Germany and licensed as a credit institution under supervision of the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) pursuant to the Banking Act (Gesetz für das Kreditwesen). Eurex Clearing is also an authorized clearing house under the European Market Infrastructure Regulation (EMIR).

Deutsche Börse AG Regulatory Reporting Hub

Deutsche Boerse offers regulatory reporting services to its clients via the Regulatory Reporting Hub. The Regulatory Reporting Hub provides a multi-regulation and Pan-European reporting capability on a single platform. Clients are able to manage all their regulatory reporting from one centralised source, avoiding the need to maintain multiple data flows, systems and staff. With a one-stop Regulatory Reporting Hub, Deutsche Börse alleviates many challenges clients are facing and helps increase efficiency.

Regulatory coverage: Regulatory coverage:

- MiFID II transaction reporting, OTC trade reporting, SI service
- EMIR reporting
- Upcoming: SFTR

Deutsche Boerse is currently a registered APA and ARM under MIFID II by BaFin. We currently assist approximately 2500 entities across Europe in their regulatory reporting requirements ranging from small Tier 3 clients to the biggest global Tier 1 banks.

REGIS-TR:

REGIS-TR was established in Luxembourg in 2010, and has since then become one of the largest European TRs for EMIR. In 2017, REGIS-TR became Switzerland's first foreign trade repository, offering FinfraG reporting services under the regulator FINMA.

REGIS-TR is a 50/50 joint venture between Clearstream, and the Spanish CSD Iberclear, which belongs to the stock market and financial system operator BME. REGIS-TR is the TR for its group entities and their clients, and through these companies has access to in-house derivatives, securities lending, repo, collateral management and CCP margining expertise. REGIS-TR will apply for TR status under SFTR.

<ESMA_COMMENT_RSFR_1>

Questions

Q1 : Do you agree with the above assessment? Are there any other transactions for which clarification is needed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_1>

DBG mostly agrees with the assessment. From a Clearstream perspective, it is the impression that, the 'CSD fails-curing overdraft' section has caused confusion, with some participants of these programs now believing that the L3 guidelines are advising that the whole of fails-curing reporting is out of scope for SFTR.

It is Clearstream's belief, that it was not the intention of ESMA to give this impression and that ESMA were only trying to advise that functionality to cover cash shortages during settlement (e.g. via 'overdraft' type facilities) do not create new reportable SFTs on their own.

Most of this confusion probably stems from paragraph 40. We kindly recommend clarifying the intention by amending the wording as follows: "... some CSDs offer additional fails-curing services that provide for cash shortages during settlement rather than just covering securities shortages. In these...".

<ESMA_QUESTION_RSFTTR_1>

Q2 : Do you agree with the approach set out for reporting of SFTs under Article 4 of SFTR as detailed above? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_2>

DBG agrees with the description. However, from a Eurex Clearing perspective, it is important to note that trades will always be reported against the Clearing Member which is the legal counterparty to the CCP.

<ESMA_QUESTION_RSFTTR_2>

Q3 : Do you agree with the approach for reporting repos and reverse repos as detailed in this section? Please detail the reasons for your response

<ESMA_QUESTION_RSFTTR_3>

DBG agrees with ESMA's opinion that repos traded in different currencies constitute separate SFTs.

<ESMA_QUESTION_RSFTTR_3>

Q4 : Are there any other types of repos and reverse repos transactions for which reporting needs to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_4>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTTR_4>

Q5 : Are there any other aspects on reporting of master agreements or other elements of BSB/SBB that need to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_5>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTTR_5>

Q6 : Do you foresee any issues relating to the non-availability of information on the counterparties and the securities by T+1? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_6>

Eurex Clearing does not foresee any issues relating to the non-availability of information on the counterparties and the securities by T+1, as CCP-relevant information are known by T+1 due to the novation process. In addition to this, counterparty information especially in the context of mandatory delegation for "small" non-financial counterparties (NFC) cannot be automatically derived from LEI. Hence indication would need to be given upon trade conclusion from that small NFC, where we would assume that this responsibility is with such small NFC (see also answer to question 18).

Clearstream seeks clarification regarding paragraph 68, as with this form of lending it is only at EoD that the allocation to the reportable fund counterparties is made in the described setup. Therefore, the intraday lending activity is only conducted from a pool of assets of the funds.

As such, we kindly ask ESMA to confirm our assumption that with such a setup an allowance must be made for the fact that intraday life-cycle activity (including intraday loans) cannot be reported under SFTR, as the allocation down to the specific associated funds is not known during the day.

If this is the case, then we also assume that whenever you have this setup, the non-availability of information at the per fund level during each day must surely mean that the SFTR trade reporting can only be in terms of the delta in fund (or as per paragraph 52 'sub-fund') level allocations/activity identified (and confirmed) between subsequent EoDs.

We kindly ask ESMA to confirm that this is acceptable reporting behaviour for lending activity conducted by any such 'pooled funds'.

<ESMA_QUESTION_RSFTTR_6>

Q7 : To what extent the SFTs that are cancelled and replaced bear price-forming information, i.e. does the cancellation imply an additional fee or price charged? If so, how can this information be better included in the reports? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_7>
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<ESMA_QUESTION_RSFTTR_7>

Q8 : Which approach would you favour in terms of reporting cash-driven SLB? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_8>

While DBG agrees in general with ESMA's description and analysis in terms of the reporting possibilities, Eurex Clearing would like to clarify that such cash driven SLB transactions are not primarily CCP driven transactions as CCPs novate those transactions. Hence, the driver is the bilateral market where such loans are concluded.

Usage of the SLB transaction template does not allow for correct transaction reporting under SFTR. In our opinion reporting of cash driven SLB transaction as margin lending transactions will also lead to confusion and wrong interpretations during analysis. Using the reporting template of margin lending transactions plenty information would be missing for the regulator in area of counterparty data (e.g. agent lender, clearing member, broker, triparty collateral agent, ...) and loan data (RTN, trading venue, value data, maturity date, ...).

Furthermore, Eurex Clearing believes the reporting of such transactions currently does not work under the margin lending reporting template as such transactions are collateralized via a triparty collateral agent (together with other plain vanilla loans), i.e. on net exposure basis. However, the margin lending reporting template currently does not foresee to report such loans with net exposure and possibility to link them to a master agreement.

Respectively, Eurex Clearing strongly favours reporting as repo as cash driven SLB trades are closer to trading purpose and handling of repos. This approach will also create most synergies in terms of execution of the reporting under SFTR and provides regulator most useful (field) information counterparties do provide.

Please note that for this purpose it is necessary that several SFT types, i.e. SLB and REPO can be reported together with same net exposure and master agreement.

<ESMA_QUESTION_RSFTTR_8>

Q9 : Do you agree with the proposal with regards to reporting of SFTs involving commodities? What other aspects should be clarified with regards to these SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_9>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTTR_9>

Q10 : Are there any aspects that need to be clarified with regards to this type of SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_10>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTTR_10>

Q11 : Do you agree with the proposal with regards to reporting of margin lending? What other aspects should be clarified with regards to these SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_11>

Regarding paragraph 83, the Regulatory Reporting Hub kindly asks ESMA to confirm that, in case a provision for a margin loan agreement is agreed in principle between two counterparties but currently not used, this needs to be reported with value 0.

<ESMA_QUESTION_RSFTTR_11>

Q12 : Having in mind that position reporting of CCP-cleared SFTs is optional only when transaction-level reporting was made in accordance with paragraph 84, do you believe that additional clarifications need to be provided by ESMA? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_12>

From an Eurex Clearing perspective the description is clear.

<ESMA_QUESTION_RSFTTR_12>

Q13 : Do you agree with the approach regarding allocation of responsibility with regards to SFTs concluded between TC-FC and EU SME-NFC? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_13>

From the perspective of the Regulatory Reporting Hub regarding paragraph 93, ESMA's proposal seems to be overly burdensome for small non-financial counterparties. NFCs would

either need to restrict their counterparty universe to financial counterparties within the European Union or recognized third countries, or else must comply with SFTR.

Also, even if it is unlikely, there might be situations where such "small" non-financial counterparties currently do transactions with those non-recognized TC FC, but hence are completely unaware of their reporting obligations, which would now be put onto them with this proposed concept, as they typically lack the regulatory monitoring capacities and capabilities.

<ESMA_QUESTION_RSFTTR_13>

Q14 : Do you agree with the approach regarding allocation of responsibility with regards to UCITS management company and AIFM, established in third country? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_14>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTTR_14>

Q15 : Do you agree with the approach for determining conclusion of SFTs by EU branches of non-EU entities? Are there any other instances in addition to the ones in paragraph 102 that would need to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_15>

From a Regulatory Reporting Hub point of view, the approach discriminates between EU counterparties and EU branches of third country entities. Whereas being a counterparty is straightforward from conceptual point of view, "Conclusion" in case of a branch seems to be far more challenging from various aspects:

First, the straightforward identification/ validation of those transactions is not possible from SFTR reporting fields based on the criteria proposed.

Second, regarding collateral reporting, it seems to be impractical in case of net exposure reporting, to separate the collateral out which is attributable to the transactions in scope of the EU branch of the Third Country Entity.

Third, usually risk is accounted not on the level of branches, but rather on the firm (i.e. LEI) level. Hence it is unclear how the operational reporting should be performed by the other counterparty (to the EU branch of the third country entity) without creating any reporting breaks. To be consistent with the internal books, reporting vs. LEI and no reference to EU based branch would be required to correctly represent risk, but this would not match the submission of the EU branch of the third country entity. See also answer of Eurex Clearing to Question 16.

<ESMA_QUESTION_RSFTTR_15>

Q16 : Is the proposed guidance for determining whether an SFT conducted by a branch needs to be reported clear and comprehensive? Which areas require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_16>

Eurex Clearing would like to point out that identification of branches of the other counterparty could result in problems for CCPs, as such details of trade execution are not known to CCPs. Also, we would like to clarify that similar to ESMA's statement in the final report 2017 (paragraph 217 on the identification of beneficiaries), the CCP will report the other counterparty to the trade as known, i.e. usually the clearing member and report branches only where known with novation. See also the answer of the Regulatory Reporting Hub to Q15 in this regard.

<ESMA_QUESTION_RSFTTR_16>

Q17 : Is the proposed guidance for reporting of intragroup SFTs clear and comprehensive? Which areas require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_17>

We kindly ask ESMA to confirm the assumption that intragroup transactions shall only be reported for entities that carry their own LEI, but not between branches of the same LEI.

<ESMA_QUESTION_RSFTTR_17>

Q18 : Do you agree with the approach for reporting by NFCs? Is there any additional aspect relating to reporting by NFCs that needs to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_18>

In general, we agree with the concept of reporting for NFCs, but the Regulatory Reporting Hub wants to highlight three practical issues, mainly related to the distinction between "small" and "normal" non-financial counterparties:

First, regarding the reuse reporting in case of mandatory delegation for small non-financial counterparties: in order to be able to report reuse on behalf of the small NFC, the FC must collect information that, at least in part, is highly sensitive, else the small NFC would need to calculate and pass on such information to the FC (which would not relieve the reporting burden

from the small NFC). Hence ESMA might revisit the possibility to exclude reuse reporting for small NFCs.

The second issue revolves around the third country issues mentioned in the answer to question 13.

The third issue touches on the mandatory delegation to the financial counterparty and status information: Given the defined threshold parameters are not readily and publicly available, FC must rely on the information of the NFC. ESMA EMIR Q&A dated 15 July 2019 (ESMA70-1861941480-52) advises under OTC question 4 p.22 that the NFC is responsible to provide information to the FC on its status. Therefore, DBG kindly asks ESMA to confirm that FC would not have to actively track the status of the NFC and would expect the application of the same process under SFTR.

<ESMA_QUESTION_RSFTTR_18>

Q19 : Do you agree with the proposal for reporting conclusion of SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_19>

While Eurex Clearing agrees with ESMA's proposal of reporting cancelled SFTs with "Error" due to simplification reasons, it requires clarification on differentiation to chapter 5.12 where settlement fails should be reported with "ETRM".

Furthermore, from a Clearstream perspective, more clarification is also needed with regard to paragraph 116, which seems to be in contradiction to paragraph 140 'Table 5', where it states that for a "counterparty default or settlement fail", the reportable action type "ETRM" should be used, while both of which would lead to an SFT being 'cancelled or not completed'.

DBG kindly asks ESMA for clarification towards the origin of the subtlety and if our understanding is correct, that it derives from the condition whether the SFT has reached its value/start date or not. Further, we assume that if the SFT is 'pending' (so yet to reach its value/start date) it should be killed off by using an EROR, while in contrast, if the SFT has really started (opened) this would be a scenario in which only an ETRM must be used to end the SFT's life. If our understanding is correct, then we kindly ask ESMA to state these two use-cases more clearly.

<ESMA_QUESTION_RSFTTR_19>

Q20 : Do you agree with the proposal for reporting modifications to SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_20>

From a Clearstream perspective, paragraph 117 is in line with the understanding that (at least for SLB trades) via the TRs, ESMA and the NCAs need to have a true view of the associated SFT exposures as they happen, to monitor economic risk.

Additionally, we feel further clarification is needed regarding the reporting of the following two use-cases, where in both, the original reporting of an expected future settlement date (thus causing economic risk to the lender) is not achieved. This clarification is particularly required to help align with the guidance previously provided in paragraph 65 that "...conclusion of an SLB is connected to the transfer of securities from the lender to the borrower...":

First, a new trade being temporarily delayed in its opening on the 'Value date (Start date)' (2.13) originally reported on the NEWT – i.e. the trade stays pending for longer than was originally agreed, but it does eventually open/settle (say two or three days late). We ask ESMA kindly for clarification whether reporting for such SLB trades should be based on the originally intended start date or the subsequent actual start date. If the latter would be correct, then a MODI would be required. Notwithstanding prepaid collateral, the economic exposure would start to accrue from actual settlement date of the SLB.

Second, an inflight term trade (so with a 'Maturity date (End date)' (2.14) that is also set) is delayed in its closure from the Maturity date (as anticipated by the TR) – i.e. it stays open for an extra two or three days before finally maturing. In this case the TR will have applied the implicit termination to the SFT at the EoD of the maturity date, when it is reached. We kindly ask ESMA for clarification whether reporting for such SLB Term trades should be based on the originally intended closure date or the subsequent actual closure date. There would remain an open risk / fee accrual and collateral would not be returned until actual settlement of the return – effectively the SFT would remain open in the real world, but not at the TR. Like in the last paragraph, if the latter would be required, then it would need to be pointed out that as per Table 2 as it stands, the adjustment of the maturity date to the actual achieved closure date only looks to be possible via a CORR and not a MODI. We kindly ask ESMA also for guidance as to if the date adjustment would be required in this use-case, and if so how that should be achieved.

We finally would point out that the above relates to SBL trades only. Settlement failure has no economic impact to REPO trades.

<ESMA_QUESTION_RSFTTR_20>

Q21 : Do you agree with the proposal for reporting collateral updates to SFTs?
Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_21>

DBG agrees with the proposal, as only collateral updates which effectively took place should be reported, which is in line with the end of day status report of collateral allocations. Intentions should not be reported.

<ESMA_QUESTION_RSFTTR_21>

Q22 : Do you have any issues with reporting in a timely manner valuation, margin and reuse updates pertaining to SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_22>

From a Clearstream perspective, for the reuse update - 'REUU' (and in fact also for any similar EoD 'snapshot' type reporting such as 'COLU'), additional clarification is needed as to whether this is to be sent to the TRs as a delta update or an absolute update each EoD – e.g. does each day's REUU completely replace all the information from the previous day's REUU? - this being what we currently assume as the approach to take based on our understanding of the term 'snapshot'.

Assuming this is correct, for the use-case in which on the first day of reporting reuse an institution reports to have reused ISINs A, B and C, then on day two, this institution will identify reuse in ISIN A, B and D, we understand that the second day's REUU just needs to mention the reuse details for ISIN A, B and D, and the stopping of reuse of ISIN C does not need to be explicitly stated.

If this is a correct interpretation, we kindly ask ESMA to also include a use-case to clearly state what needs to be done for the more 'edge' case of where a previously reported snapshot is completely empty on one day (e.g. no reuse at all is happening) after some reuse having been reported the previous day. Similar to this would be the use-case in which for a net exposure COLU for SLB trades no net collateral is currently allocated on an LEI/LEI/MasterAgrmntTyp triplet basis while on the previous day there was some reported via a COLU.

At the moment it is rather unclear if it is sufficient to simply not report an empty snapshot (i.e. the non-arrival of a new report is an implicit indication to the TR that the values now need to go to zero, or alternatively that we must report to the TR a new 'zero' snapshot so as to explicitly state that the values should now be set to zero). With the first approach it affectively means each snapshot has a natural life of just one business day.

Note, through the ISO 20022 'SEG' meetings it is understood ESMA do favour the explicit zero reporting technique to be used here, but this should be clearly stated by ESMA, ideally with examples of how best to report such a zero report for at least a REUU and a COLU message.

<ESMA_QUESTION_RSFTTR_22>

Q23 : Do TRs require additional guidance in relation to how reports submitted by the entities mentioned in Article 2(2) and (3) of SFTR should be treated and the relevant procedures to follow? If so please confirm where further guidance is required.

<ESMA_QUESTION_RSFTTR_23>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTTR_23>

Q24 : Do you agree with the proposed rules for reporting of field 1.17? Are there any other instances that would need to be clarified? Please detail the reasons for your answer.

<ESMA_QUESTION_RSFTTR_24>

From a Clearstream perspective, there seems to be a contradiction between paragraph 121 and the validation rules, as to whether the field "Central Securities Depository ('CSD') participant or indirect participant" must always be populated or not.

Paragraph 121 states: "Counterparties should populate the CSD participant field in all cases, ...", but in the validation rules it is shown as an optional field and states: "When populated, this field shall contain ...".

<ESMA_QUESTION_RSFTTR_24>

Q25 : Do you consider proposal A or proposal B to be the most efficient way to ensure that details of SFTs are reported accurately, and why? What would be the costs and benefits of each approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_25>

DBG prefers Approach A, as it would be easier to implement, easier to validate by TRs, and in line with current EMIR implementation.

<ESMA_QUESTION_RSFTTR_25>

Q26 : Do you agree with the sequences proposed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_26>

From tables 2, 3 and 4 Clearstream understands, that once an EROR is submitted for a trade the SFT will be completely gone, and no further reporting will be possible at all in this case.

We kindly ask ESMA to clarify the interpretation that an EROR which would be submitted by one counterparty to a paired SFT, would have impact on the other counterparty's ability to report on their version of that SFT (if they themselves have not sent an EROR).

<ESMA_QUESTION_RSFTTR_26>

Q27 : Do you agree with the proposed mapping between business events and action types? Are there any additional business events that should be included? Please detail the reasons for your answer.

<ESMA_QUESTION_RSFTTR_27>

It is mentioned that "Partial Returns" should be reported as "Modification". Eurex Clearing seeks confirmation from ESMA whether partial return comprises partial settlements, i.e. also (partial temporary) settlement fails.

If this would be the case, closings happening over several days in several shapes (partial settlements) would have to be covered as well. Hence, a partial settlement would require for repos field 2.28 "Principal Amount on Maturity Date" and for loans field 2.46 "Quantity or Nominal Amount" to be modified, i.e. reduced to remaining quantity/amount.

Eurex Clearing assumes this is not ESMA's intention and only where bilaterally agreed partial closings are happening this must lead to reduced cash amount / loan quantity in fields 2.28 and 2.46 - temporary settlement fails due to lack of securities / cash are in general out of scope of SFTR reporting. We kindly ask ESMA for clarification in this regard.

Additionally, Clearstream seeks clarification regarding table 5. In table 5 'Haircut or margin renegotiation' is given against action type MODI. From Clearstream's point of view, this should be against COLU instead, as per the validation rules for field 2.89.

<ESMA_QUESTION_RSFTTR_27>

Q28 : Are there any other relationships that would need to be defined? If so, please detail which ones.

<ESMA_QUESTION_RSFTTR_28>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTTR_28>

Q29 : Is there any aspect not covered by the ITS on reporting that would require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_29>

Clearstream agrees with paragraph 143 in relation to the 'Counterparty side' field, in that for SLB trades "...the lender is the collateral taker".

<ESMA_QUESTION_RSFTTR_29>

Q30 : Do you agree with the proposed approach for reporting of counterparty side in the case of CCP-cleared SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_30>

DBG agrees with ESMA's proposal.

<ESMA_QUESTION_RSFTTR_30>

Q31 : Do you agree with the proposed approach to determine which side of a transaction is the collateral provider and which is the collateral taker for unsecured lending/borrowing of securities? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_31>

Clearstream agrees with paragraph 148 relating to the 'Counterparty side' field, in that for unsecured SLB trades "...the lender is the collateral taker".

<ESMA_QUESTION_RSFTTR_31>

Q32 : Please indicate how frequently is a haircut, margin or any other type of discount/add-on, applied to the loan side of SLB?

<ESMA_QUESTION_RSFTTR_32>

From Eurex Clearing's perspective, such add-ons are part of a novation criteria and will be agreed one-time.

From Clearstream's perspective, all the SFTs for the fails-curing borrowing leg add a margin to the loan side by way of what is termed as 'uplift' to the regular 'market value', to require more collateral to be allocated. The Clearstream understanding though, is that such an uplift/margin is not what ESMA are referring to in the following statement: "Any margin, add-on or discount that might apply to the security on the loan side of the trade should be included in field 2.49 ...", for if the price (2.49) is altered by this it will affect the 'loan value' (2.56), but certainly (for non-cash collateralised SLB trades at least) the loan value is not an attribute for use with exposures, it is only for use with calculating borrower and lender fees.

<ESMA_QUESTION_RSFTTR_32>

Q33 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_33>

It is Clearstream's view that, by including: "Any margin, add-on ..." into 2.49 (as suggested in paragraph 150), it would mean that agreed loan mark-ups which lead to over-collateralization (by means of higher collateral exposure to be covered) – e.g. what Clearstream calls 'uplift' factors, are reflected in the security price and loan value. We kindly ask ESMA for their intention in this regard, as it is not standard booking practice to use 'loan value' (2.56) for holding/showing exposures. For SLB trades, loan value is just for use for the daily fee calculations, while it is 'market value' (2.57) which is solely used for holding the exposure.

There certainly appears to be a an amount of transparency missing in the SFTR reporting in that there are no fields naturally available for providing any margin (aka uplift) that is being applied on the loan side (maybe this is a candidate for SFTR v2.0), but if compression is done based on loan side market values vs. the corresponding collateral side market values, then any loan side margin that is in use should be evident in terms of the amount of over collateralisation showing.

<ESMA_QUESTION_RSFTTR_33>

Q34 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_34>

Even if Eurex Clearing in general agrees with the proposal, we would like to highlight two additional points:

First, the market value of a security is a problematic field, from an Eurex Clearing and Regulatory Reporting Hub point of view. Each market participant may use different price sources, so it is expected that there will appear frequent reconciliation breaks, if no adequate levels of tolerance would be defined. Sharing or publication of price information or reference data may be forbidden due to license agreements." Second, the action type "Valuation Update" provides only the possibility to update the "Market Value". Loans are usually always mark-to-market every single day. In Eurex Clearing's understanding, this would mean that the security price is updated, hence also the loan value and the market value of a loan. However, ESMA only foresees to update the market value via a VALU, the security price and loan value must be updated via MODI, which is problematic.

Eurex Clearing argues, it would make sense to either extend the VALU with respective information of security price and loan value or fix the loan value to the initial agreed loan value and only update valuation changes via the market value.

Also, from a Clearstream perspective, there are also open questions and some remarks regarding paragraph 151 and 152.

Paragraph 151 states: "... Other securities should be reported as a quantity, which implies that "Currency of nominal amount" (field 2.48) must be left empty.". We kindly ask ESMA to update the validation rules for 2.48 to make it conditional on the NEWT, rather than optional, to be more consistent with the rules for bonds.

Regarding paragraph 152, the mention of 'local currency' here (2.48) seems misleading and could be a mistake. As ESMA has already stated in paragraph 150, the "... "Security or commodity price" (field 2.49) should be reported in the original currency at which the transaction was agreed between the counterparties. The currency must be specified in "Price currency" (field 2.50)." Furthermore, as loan value is calculated using 'Security or commodity price' it must be expressed also in the 'Price currency'.

We kindly recommend ESMA please to amend paragraph 152 to say: "...the gross loan value should be reported in original currency, ..." to avoid confusion and misunderstandings.

Also, referring also to paragraph 152, from a Reporting Hub perspective, it is not clear to what entity the "local" currency should be referring to - e.g. local in terms of location of the counterparty, or the security in question etc. Furthermore, ISO20022 standard does not cater for using separate pricing / separate FX rates than those reported in Field 2.49/ 2.50, i.e. the original price.

<ESMA_QUESTION_RSFTTR_34>

Q35 : Do you agree with the proposed approach on timing and use of FX rates?

Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_35>

From Clearstream's point of view, the example given in section 6.2.1.8. does not correspond very well with paragraph 160. It could be seen as too simplistic and does not actually show how to report when different currencies are involved.

We kindly ask ESMA to provide a more applicable example in this regard.

<ESMA_QUESTION_RSFTTR_35>

Q36 : Does ESMA need to provide additional guidance on the reporting of the valuation fields? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_36>

From a Clearstream perspective, the connection between paragraph 156 and the validation rules (2.57) could create the temptation not to report the market value of the securities at close of business of each business day (with the expectation to add it at EoD via a VALU), as the validation rules say that the market value is only optional on a NEWT.

If though, the trade ends up being an intraday one (i.e. opened and closed again same day - as will be quite frequently the case for fails-curing loans), then it will become complicated to add the market value, as by EoD the trade has already had an ETRM applied, and so a VALU is no longer allowed (note, even though the trade is terminated, Clearstream's understanding is that the TR will still need to reconcile it, hence the need to get both sides to send corresponding market values through). It seems like the only way to add the market value after termination would be via a CORR, which would be a more complex task.

As possible options Clearstream suggests:

- Make 2.57 mandatory on the NEWT (so both counterparties must value it up front), or
- provide best-practice guidance to state the market value should be provided on the NEWT (specifically to deal with the case where the trade is closed again intraday), or
- advise the TRs not to reconcile 2.57 on intraday trades, or maybe even once a trade is terminated.

Additionally, as already mentioned under Q34, Eurex Clearing would like to highlight that it would expect valuation information to become a frequent reconciliation problem, due to different price sources of counterparties.

<ESMA_QUESTION_RSFTTR_36>

Q37 : Do you have any remarks concerning the reporting of CFI? What other aspects need to be clarified to ensure that reporting is consistently performed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_37>

Regarding the reporting of CFI, DBG wants to point out the following issues:

First, CFI code is not available for all instruments yet. Especially for instruments issued long ago and more exotic issues, CFI code availability and quality are limited.

Second, although CFI code is not mandatory in ISO20022 schema for fields 2.42 and 2.79, latest validation rules mandate to provide CFI code at least with the first two letters for those

reporting fields. ESMA hence might revisit the option of allowing to provide "dummy" backup values in case of non-availability of the CFI code within the validation rules or else make it an optional field. This becomes especially important when considering a scenario of net exposure collateralization, where just one of many allocated ISINs does not carry a CFI code and hence the complete collateral update (including all other collateral ISINs carrying an CFI) will not pass validation rules, i.e. counterparties' collateralization might appear to be completely misrepresented.

Third, CFI code may be used by the industry for derivation of further classification in fields 2.55, 2.94 and other fields. With regards to those fields DBG would like to highlight, that information currently contained in the CFI code is not sufficient to derive completely the classification required within those fields, as it mixes up instruments' and issuers properties (see also answer to question 67). Moreover, currently some NNAs tend to allocate very issuer-friendly CFI-codes. CFI-codes should be consistent across markets.

Fourth, it would be appreciated, if ESMA could clarify, what constitutes an "official" source. It is our understanding that for SFTR reference data it is ANNA ASB.

<ESMA_QUESTION_RSFTTR_37>

Q38 : Do you agree with the approach for back-loading? What other aspects have to be considered to make the reporting of backloaded SFTs more efficient for counterparties and TRs, i.e. the costs of this approach are minimised and also the usefulness of the reports submitted going forward is maximised? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_38>

With exception of any delegated reporting, we think most NCAs should anticipate seeing relatively poor pairing rates for a significant period of time until all counterparties are live and have completed their own backloading strategy.

This expectation is based on the preferences of our own counterparties: It is our understanding that some them favour the 180-190-day approach outlined in the L1 text, while some prefer the 'All on day 1' approach mentioned here in the L3 'guidelines' text. In addition, we have counterparties from across the four different waves of 'go-live'.

Furthermore, Clearstream kindly asks ESMA to clarify, if the following assumption regarding the approach of reporting a backloaded SFT is correct. We are assuming that the correct reporting of this trade is via a NEWT; with its original 'Execution timestamp' and 'Value date (start date)'; but that the 'Event date' will be set to the date as of which the backloading information is being provided; and the trade's economics will be also describing the SFT as it is at the moment of the backloading (rather than as it looked as it was originally traded).

<ESMA_QUESTION_RSFTTR_38>

Q39 : What other aspects with regards to the UTI have to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_39>

From Clearstream perspective, there are two issues to be raised regarding the UTI:

First, paragraph 174 provides the UTI waterfall/flowchart. The final decision/logic though for if the SFT is an SL trade appears to be the wrong way around. For SL trades it needs to be the lender (i.e. collateral taker) that is the UTI generator rather than the borrower (i.e. collateral giver). This way of having to work is most evident for agent lenders, where they are the only ones with sufficient view of the counterparties involved in the trade (i.e. beneficial owners) and the split in allocations between them.

Second, paragraph 179 provides information about the non-generating counterparty being able to ingest the UTI in a timely manner. We kindly ask ESMA to provide guidance as to how the non-generating counterparties should react, should they not be able to get the UTI by the EoD T+1 deadline. Which means, are they better to create their own UTI, just to be able to report to the TR before the deadline, or not report (and so miss the deadline) so as to avoid the mess that will be created should the two counterparties report the same trade but with different UTIs.

<ESMA_QUESTION_RSFTTR_39>

Q40 : Are there any other instances that need to be clarified? Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFTTR_40>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTTR_40>

Q41 : Please provide the relative volume of transactions for which issuer's LEI (of securities used as collateral) or ISIN is not available in principle.

<ESMA_QUESTION_RSFTTR_41>

DBG supports the usage of ISIN and LEI without any restriction, however there could be scenarios where especially ISSUER LEI is not available. As per CFI code availability, DBG wants to highlight that especially for net exposure collateralization scenarios, a non-availability of an issuer LEI for one ISIN within one collateral allocation of many ISINs will under the current validation rules trigger the complete message to fail validations. Hence DBG suggests

to either set ISSUER LEI as optional field or allow for inclusion of a dummy value for fields where such value is not available.

<ESMA_QUESTION_RSFTTR_41>

Q42 : Do you agree with this approach? What other aspects need to be considered?
Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFTTR_42>

DBG agrees with this approach. For SME NFCs Eurex Clearing assumes that the FC must report transactions on behalf when NFCs have to start reporting, i.e. in January 2021. Otherwise SME NFCs are forced to be ready and provide information to FCs already with the Go-Live date of the FC (between April 2020 and October 2020), which would have a significant impact on both, the FC and small NFC.

<ESMA_QUESTION_RSFTTR_42>

Q43 : Do you believe there are other use cases that need to be further defined in this subsection? Do you agree with the applicability of those use cases to the different types of SFTs as outlined above? Please detail the reasons for your answers.

<ESMA_QUESTION_RSFTTR_43>

For Eurex Clearing it is not clear on which criteria the mentioned use cases have been selected. From a CCP perspective, transactions could be novated in many combinations, e.g. with or without triparty agent, broker, agent lender, custodian, and in different combinations of mentioned criteria. Furthermore, clearing members may be the counterparty or in certain cases like in buy-side models clearing member and counterparty to the trade may be different. An exhaustive list may be difficult to achieve, so Eurex Clearing considers this list only as selected use cases, but not as exhaustive list.

<ESMA_QUESTION_RSFTTR_43>

Q44 : Do you agree with the population of the counterparty data fields? Please detail the reasons for your response and indicate the table to which your comments refer.

<ESMA_QUESTION_RSFTTR_44>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTTR_44>

Q45 : Do you agree with the approach to reporting action types? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_45>

Regarding paragraph 215, Eurex Clearing would like to clarify that scenario 6.2.1.2 is reported on position level only if position level reporting applies to the specific CCP, independently of the fact whether the trade is cleared on the same day or not. If the trade is cleared on the same day and the CCP does not support position level reporting, Eurex Clearing expects the cleared trade would be reported as mentioned under scenario 6.2.1.1. - the example suggests that all CCP trades may have to be reported on position level.

Furthermore, Clearstream suggests adding the 'Master agreement type' (2.9) and now 'Counterparty side' (1.9), which are mandatory fields to enable the TR to tie the collateral to the correct set of open trades, into the example within table 40 to add more transparency to their usage as now provided via the validation rules.

<ESMA_QUESTION_RSFTTR_45>

Q46 : Do you agree with the approach to reporting event date? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_46>

Eurex Clearing seeks clarification from ESMA how back-dated changes are made e.g. to a lending or rebate rate. Eurex Clearing would appreciate if ESMA could include an example for this purpose.

Also, about paragraph 234 where it is stated: "...information reported with regards to a given event date should allow authorities to have a clear view on the exposures arising ...", we kindly ask ESMA to elaborate on how to report any temporary delay in anticipated settlement as highlighted by the 2 use-cases already provided in response to Q20.

<ESMA_QUESTION_RSFTTR_46>

Q47 : Do you agree with the approach to reporting clearing? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_47>

Eurex Clearing agrees with the approach but would like to clarify two points for the novation model. First, for novation models, execution and clearing timestamp may look identical in certain cases due to full STP and real-time interfaces and procedures specific trading venues and CCPs operate together.

Second, there's no differentiation made in relation of the Report Tracking Number and how the trade has been executed. Hence, Eurex Clearing assumes, if not indicates otherwise, that the RTN will never be filled for CCPs independent of the fact whether the trade was executed via trading venue or OTC based on the description under 6.2.2.3 b).

<ESMA_QUESTION_RSFTTR_47>

Q48 : Do you agree with the approach to reporting trading venue field? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_48>

DBG agrees with ESMA's proposal.

<ESMA_QUESTION_RSFTTR_48>

Q49 : Do you have any remarks or questions concerning the reporting of master agreements? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_49>

Regarding master agreements, it is DBG's understanding from current ISO20022 standard that it does not allow to report net collateral allocations for scenarios, where a master agreement covers multiple SFT types. Under ISO, the provision of SFT-type is mandatory, hence guidance would be appreciated how to report scenarios (esp. COLU), where multiple SFTs and multiple SFT types are collateralized under the same master agreement, which is possible e.g. under Eurex Clearing conditions.

Clearstream would also like to state that, as mentioned in the ESMA workshop with the associations on 16th July in Paris, the suggested approach from the two ICSDs (as proposed through ECSDA) is to use the special 'CSDA' master agreement type code for all fails-curing SFTs so as to better help ESMA and the NCAs differentiate these trades from the other more regular SLB trades.

We kindly ask ESMA to confirm Clearstream's assumption that the introduction of the 'CSDA' master agreement type was specifically aimed at the ICSDs for them to use for this purpose.

<ESMA_QUESTION_RSFTTR_49>

Q50 : Do you agree with the approach to reporting conclusion and beginning of an SFT? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_50>

DBG generally agrees with ESMA's proposal, but from a Clearstream point of view, it would be beneficial to also include an example for how to report if the trade then temporarily fails to open on the expected 'Value date (Start date)'.

<ESMA_QUESTION_RSFTTR_50>

Q51 : Do you agree with the approach to reporting term of the SFT? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_51>

DBG agrees with ESMA's proposal.

<ESMA_QUESTION_RSFTTR_51>

Q52 : Do you see any issues with the approach to reporting termination optionality? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_52>

DBG agrees with ESMA's proposal.

<ESMA_QUESTION_RSFTTR_52>

Q53 : Which of these approaches do you favour for reporting general and specific collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_53>

DBG has a few remarks about the differentiation of collaterals between "General Collateral" and "Specific Collateral" in paragraph 264.

For example, Eurex Clearing supported the previous differentiation of collateral between Special and GC. In our understanding the collateral should be defined as "Special", if a specific security is required to be delivered as collateral. This is typically if there's a 1:1 relationship between cash / securities and a dedicated security collateral ISIN.

If a pre-defined range is provided as eligibility set or basket as collateral, the collateral should be declared as "General Collateral". This is always the case for collateralization via triparty collateral agent. If ESMA would like to change the given definition, Eurex Clearing would tend to use option 2 as it comes closer to the given explanation.

Also, from a Clearstream perspective, there seems to be a contradiction between paragraph 264(b) and the validation rules for 'General collateral indicator' (2.18). The validation rules state that: "The code 'SPEC' shall be specified for an SFT which is subject to a specific collateral arrangement. A specific collateral arrangement specifies a collateral arrangement for a transaction in which the collateral taker requests a specific International Securities Identification Number ('ISIN') to be provided by the collateral provider." For SLB trades though (where the majority of collateral is managed on a net exposure basis) it is difficult to think of any instances where the collateral taker will dictate that they want to receive collateral in terms of a specific ISIN code.

<ESMA_QUESTION_RSFTTR_53>

Q54 : Do you agree with the approach to reporting collateral arrangements? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_54>

DBG agrees with ESMA's proposal.

<ESMA_QUESTION_RSFTTR_54>

Q55 : Do you agree with the approach to reporting fixed and floating rates of SFTs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_55>

Eurex Clearing would like to mention that the reporting of the fields 2.28 and 2.29 becomes inconsistent, if floating payment is exchanged at the end of maturity. For example, for repos with Eurex Clearing it is usual behaviour that repo interests are aggregated to the term leg cash amount. In this case the reporting of the fields 2.28 and 2.29 becomes confusing and it is unclear how fields are to be filled. Eurex Clearing proposes that for the case where the repo payments are exchanged at the end of maturity the field shall be left blank or an additional value is introduced to report e.g. "payment exchanged at end of maturity".

Related to this, ISO 20022 xml does currently not allow in field 2.28 for a value of e.g. "at maturity" to avoid the before mentioned confusion.

<ESMA_QUESTION_RSFTTR_55>

Q56 : Do you see any issues with the approach to reporting repo and BSB/SBB principal amounts? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_56>

Eurex Clearing does not see any problems with reporting the principal amounts, provided the amount on maturity date does not have to be reported for open term repos or repos with floating rates.

<ESMA_QUESTION_RSFTTR_56>

Q57 : Do you agree with the approach regarding reporting fields 2.51 and 2.90? Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFTTR_57>

In principle, the proposal sounds reasonable, however the Regulatory Reporting Hub sees the following issues:

First, as per paragraph 283, counterparties are required to agree on the credit quality steps; however, as counterparties at the same time also need to apply internal assessment of the credit quality, such internal assessment may vary between two entities depending on the models applied. Hence from our point of view it seems unlikely that in all cases such assessment is identical, also given the potential use of different credit rating agencies. As at the same time (in the case of non-agreement) the lower of the ratings used by the two counterparties should be reported, this will create a mismatch between the internal risk and exposure management systems and the reported values to the regulators/ TRs for at least one party to the SFT. Furthermore, it would require additional values to be exchanged upon trade conclusion. Hence, we would reiterate our recommendation to rather make these fields non-reconciling to avoid non-necessary reconciliation breaks and stick to the ratings as available in the organizations' internal core systems. Also rating data is typically licensed to an organization and a systematic exchange with counterparties of such rating information is usually not allowed under current contractual agreements, as this would be considered as a redistribution.

Second, DBAG would welcome guidance to the use of issue vs. issuer ratings, especially with regard to scenarios of conflicting values or non-availability of one value. Our assumption would be that only issue ratings would need to be filled.

Third, regarding paragraph 284, it should be noted that both proposed methodologies require an extensive amount of data to determine whether an instrument is to be classified as "MEQU". In this context, e.g. the relevant instruments (ISINs) which form part of a main equity index would ideally be provided on the ESMA homepage. This would ensure that all reporting parties or reporting service providers would use the same set of information reducing potential mismatches and making the reporting process more efficient. Currently there is neither a complete list of instruments which are part of the equity indices and are classified as "Main Equity Indices", nor is such information contained within existing information maintained within CFI codes. Hence, each SFTR counterparty (incl. the small NFCs where the reporting obligation falls back due to third country issues) would need to build and maintain separately this list.

Therefore, DBAG kindly asks ESMA to revisit the possibility to provide such a list of main index constituents within its databases.

<ESMA_QUESTION_RSFR_57>

Q58 : Do you agree with the approach to reporting securities on loan? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFR_58>

From a Clearstream and a Regulatory Reporting Hub perspective, the 'main index equity' example seems to be incorrect, as it mentions nominal and currency, which can be confusing. In paragraph 290 it should therefore state that field 2.46 is for a Quantity of 100,000 (rather than for a Nominal of 100,000 EUR).

Also, in the example in table 75 field 2.48 ('Currency of nominal amount') should be left empty as this is an equity (as advised in paragraph 151).

<ESMA_QUESTION_RSFR_58>

Q59 : Do you agree with the approach to reporting SFTs involving commodities? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFR_59>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFR_59>

Q60 : Do you agree with the approach to reporting cash rebate SLBs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFR_60>

DBG agrees with ESMA's proposal.

<ESMA_QUESTION_RSFTTR_60>

Q61 : Do you agree with the approach to reporting non-cash collateral SLBs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_61>

DGB wants to highlight that there does not appear to be a '%' sign in the example given (Table 79), even though it is stated that there will be in paragraph 307.

<ESMA_QUESTION_RSFTTR_61>

Q62 : Do you agree with the approach to reporting margin loan data? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_62>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTTR_62>

Q63 : Do you agree with the approach to reporting collateralisation? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_63>

Eurex Clearing kindly asks for clarification on ESMA's intention regarding the wording under 6.2.3.2 para. 319. It is mentioned that, if a collateralization does not take place against a basket, the counterparties should report the relevant collateral elements.

Vice versa, this would mean that if a trade is done against a basket / collateral schedule, there's no reporting of collateral elements required. This would mean that for repos (e.g. GC Pooling) or loans with a triparty collateral agent involved, no reporting of the collateral elements would take place.

With regards to the example provided in XML message of Table 83 in, from a Regulatory Reporting Hub perspective, it would be reasonable to report with the tag <UNCOLLSD> instead of <COLLST>, as the trade would otherwise seem to be a collateralized one. Same applies for Table 84, where the <UNCOLLSD> shall be replaced by <COLLST> to indicate that the trade will be collateralized (ISO standard leaves the fields for collateralized trades being optional).

<ESMA_QUESTION_RSFTTR_63>

Q64 : Do you agree with the approach to reporting cash collateral? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_64>

DBG agrees with ESMA's proposal.

<ESMA_QUESTION_RSFTTR_64>

Q65 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_65>

DBG agrees with ESMA's proposal that the 'Collateral market value' (2.88) should be reported as the value before any haircut deduction is applied.

<ESMA_QUESTION_RSFTTR_65>

Q66 : Do you agree with the proposed approach for calculating collateral haircuts or margin? Please provide justification for your response.

<ESMA_QUESTION_RSFTTR_66>

DBG agrees with ESMA's proposal.

<ESMA_QUESTION_RSFTTR_66>

Q67 : Do you agree with the proposed approach for reporting collateral type field? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_67>

As for field market value (Q34) Eurex Clearing would like to point out that, from our point of view, the reporting of main-equity-indices is an especially problematic field. We suggest, for this instance, that the relevant instruments (ISINs) which form part of a main equity index should ideally be provided on the ESMA homepage. This would ensure that all reporting parties or reporting service providers would use the same set of information, reducing potential mismatches and making the reporting process more efficient. Currently there is no complete list of instruments that are part of those equity indices and are classified as "Main Equity Indices", nor is such information contained within existing information maintained within CFI

codes. Therefore, each SFTR counterparty (incl. the small NFCs where the reporting obligation falls back due to third country issues) would need to build and maintain separately such list.

We would kindly recommend ESMA to mitigate the above-mentioned problems by publishing this information within two new following registers:

first, a list of issuer LEIs where ESMA has confirmed knowledge about issuers being 'GOVS', 'SUNS', 'FIDE' or 'NFID' and

second, a list of constituent ISINs where ESMA has confirmed to be aware that those constituent instruments are part of indices being rated as "Main".

With these two additional registers many reporting breaks could be avoided thanks to consistent and coherent information being available to the market participants having a reporting obligation under SFTR.

Please see also the response to Q57, point 3.

<ESMA_QUESTION_RSFTTR_67>

Q68 : Do you agree with the proposed approach for reporting Availability for collateral reuse? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_68>

DBG agrees with ESMA's proposal.

<ESMA_QUESTION_RSFTTR_68>

Q69 : Do you agree with the proposed approach for reporting fields Identification of security and LEI of issuer? Are you aware of instances where securities provided as collateral do not have an ISIN? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_69>

We kindly ask ESMA for clarification regarding ISINs where it is not possible to source an LEI of issuer. DBG sees three potential alternatives: first add a dummy value (to get passed the TR validation rules); second, to not report it (but then appear undercollateralised); or third, to change the validation rules by making the LEI of issuer field optional.

<ESMA_QUESTION_RSFTTR_69>

Q70 : Do you agree with the proposed approach for reporting plain vanilla bonds as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_70>

From a Clearstream perspective, there are several issues with the proposed approach:

First, we kindly ask ESMA for clarification in which way fields 2.85 ('Currency of collateral nominal amount') and 2.86 ('Price currency'), as shown in the table 94 example, should be populated. It is our understanding that their names would imply they were originally intended for bonds and equities (in that order), but with the latest validation rules both have become mandatory for any SECU collateral.

Second, in table 94 the 'Maturity date of the security' (2.91) is mentioned, which is listed as being mandatory on a NEWT according to the validation rules for this field. DBG kindly asks ESMA for clarification on how this field can be populated on the NEWT, if at that moment no collateral details are known/provided (e.g. to be added afterwards via a COLU). We assume that this should be conditional, and as with most of the other collateral details attributes, linked to whether field 2.96 is populated with "NTAV" or not.

<ESMA_QUESTION_RSFTTR_70>

Q71 : Do you agree with the proposed approach for reporting perpetual bonds as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_71>

DBG agrees with this approach. N.B. Examples of XML message will look different when collateralizing a SecLending Transaction due to different structure of XML paths.

<ESMA_QUESTION_RSFTTR_71>

Q72 : Do you agree with the proposed approach for reporting main index equities as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_72>

DBG does not have comments on this matter, but the Regulator Reporting Hub sees answers to the general issue with regards of the determination of a main equity index constituent, as outlined in answers to question 57 and 67.

<ESMA_QUESTION_RSFTTR_72>

Q73 : Do you agree with the proposed approach for reporting variation margining with additional provision of securities by the collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_73>

There seems to be some confusion from the Regulatory Reporting Hub point of view regarding paragraph 352, which states that the example provided in table 98 represents an updated information vs. the example given in table 94.

As the collateral reporting is a EoD snapshot reporting, the Regulatory Reporting Hub would have expected (for consistency reasons) to see the event date of in table 98 to be after the event date of table 94.

Furthermore, and to avoid confusion, ESMA could provide the correct action type in such example, which we would expect to be a "COLU".

<ESMA_QUESTION_RSFTTR_73>

Q74 : Do you agree with the proposed approach for reporting variation margining with return of the same securities to collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_74>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTTR_74>

Q75 : Do you agree with the proposed approach for reporting variation margining with return of different securities to the collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_75>

Eurex Clearing does not agree with reporting of the negative value as quantity. The collateral reporting should show the end of day state of the overall collateral allocation for the respective security with its remaining quantity allocated and no delta movements during the day.

For example:

T+0 Collateral exposure 5 Mio Euro

Allocation (COLU): ISIN1 value 2 Mio. Euro; ISIN2 value 3 Mio. Euro

T+1 New collateral exposure 3 Mio. Euro, ISIN2 will be returned:

Allocation (COLU): ISIN1 value 2 Mio. Euro; ISIN2 value 1 Mio. Euro

From Clearstream's perspective we feel some further clarifications are needed from ESMA as to the intended usage of 1.9 ('Counterparty side') together with allowing negative values in collateral fields such as 2.83 ('Collateral quantity or nominal amount') - as per the example in table 99.

Clearstream is an advocate for the introduction of 1.9 ('Counterparty side') to the COLU messages simply for SLB trades where collateral is being allocated on a net exposure basis, as this then allows the reporting counterparty to specify if they are acting as lender or borrower to the associated set of trades, and thus if they are the giver or the receiver of the reported collateral in the COLU – we feel that with such more 'plain vanilla' reporting, the use of a +/- sign on 2.83 is not necessary.

For the use of the COLU for variation margin reporting (as with the specific example of table 99), this argument probably no longer holds true. In this item, it can be required for the collateral to flow in either direction, and as such (and considering that 1.9 is not a repeatable field), it is more critical that +/- signs can be used with 2.83, as the direction of travel might have to be explicitly stated per reported allocated instrument.

From the Regulatory Reporting Hub perspective, the example in XML structure of table 99 should be reviewed, as no additional reference to the French bond is given. Furthermore, an ISSUER LEI does not seem to fit the field 'Agent Lender' (1.18) definition.

Lastly there appear to be some typos in the examples of Table 94-99, specifically:

First, numbers are being given with the decimal place represented as a comma (',') rather than a dot ('. '), contrary to the format definitions of the validation rules.

Second, 2.89 (haircut or margin) is being listed in the tabular form as say 2 or 10, but then shown in the associated XML as >0.02< or >0.1<. As per the format description in the validation rules, these have to be reported as percentages, so it is our understanding that the XML should also show them as >2< and >10<.

<ESMA_QUESTION_RSFTTR_75>

Q76 : Do you agree with the proposed approach for reporting prepaid collateral?

Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_76>

Paragraph 357 states: "...collateral update would specify the LEIs of the counterparties, master agreement, value date of the collateral and the specific collateral allocation, so that the collateral update can be linked to the existing SFTs.". With the new validation rules this has now been expanded to include 'Counterparty side' and optionally some other fields (e.g. the

two branches, triparty agent and/or agent lender). DBAG kindly suggests that it would be more consistent if these were also mentioned in this paragraph and associated example.

<ESMA_QUESTION_RSFTTR_76>

Q77 : Do you agree with the proposed approach for reporting portfolio code? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_77>

DBG agrees with ESMA's proposal.

<ESMA_QUESTION_RSFTTR_77>

Q78 : Do you agree with the approach to reporting margin data? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_78>

Regarding the report, Eurex Clearing would expect that in the example CP "D" would be the report submitting entity and CP "J", as clearing member, would be the entity responsible for the report.

Furthermore, Eurex Clearing would like to clarify that CCPs have different margin methodologies and the adaptation of the SFTR wording of initial margin and variation margin has been taken from EMIR reporting. However, in case of e.g. Eurex Clearing, the CCP does not charge any variation margin on cash market transactions (incl. SFTs). This methodology only applies to derivatives. For cash market products and SFTs Eurex Clearing is charging a forward-looking risk component (initial margin) and a backward-looking component which is current liquidation margin.

Current liquidation margin is a present value calculation on the assets delivered / received and is unrelated to the concept of variation margin, where cash would be transferred between clearing members. Based on Eurex Clearing's risk methodology variation margin Reporting does not apply for SFTs and hence we suggest to report in such specific case VM always zero, otherwise the reporting may lead to confusion as the figures would only contain Derivatives or OTC IRS business.

<ESMA_QUESTION_RSFTTR_78>

Q79 : Do you have any comments on the scope of the non-cash collateral re-use measure, and are there practical obstacles to the reporting? In the case of margin

lending, do you agree with the exclusion of securities that cannot be transferred to the prime broker's account due to rehypothecation limits agreed contractually?

<ESMA_QUESTION_RSFTTR_79>

Clearstream kindly disagrees with ESMA's understanding in paragraph 368(b), that "securities borrowed in securities borrowing transactions" have to be seen as collateral received when using the estimation formula approach, as it does not seem justified within the referenced FSB framework.

It must be noted that by taking this approach, it means SecLending products run on a principal basis (where the principal lender sits in the middle, facing both the borrower and the lenders/beneficial-owners as counterparties), that the reuse formula will end up containing not only details of any real collateral reuse (collateral received in vs. given out again), but also the principal loan security borrowed and lent.

The Regulatory Reporting Hub also wants to highlight, that regarding paragraph 379 and Table 107, guidance is missing on how to handle a situation where small non-financial counterparty C has concluded two SFTs with CP B and D, but where the same collateral ISIN has been exchanged. Theoretically, both financial counterparties have the obligation to submit (an identical) reuse report, as this must be compiled at ISIN level, but those financial counterparties do not necessarily know about the existence of such other SFT. Again, this supports our opinion to exclude small non-financial counterparties from the requirement to report reuse. This also connects to Q18 paragraph 1.

<ESMA_QUESTION_RSFTTR_79>

Q80 : Do you have any comments on cash collateral reinvestment, and do you agree with the scope?

<ESMA_QUESTION_RSFTTR_80>

DBG agrees with the scope. Based on the description, Eurex Clearing asks kindly for clarification towards the assumption that cash collateral that the CCP is receiving from clearing members on initial margins is not considered for reuse reporting.

<ESMA_QUESTION_RSFTTR_80>

Q81 : Do you agree with the proposed approach for reporting reuse, reinvestment and funding sources? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_81>

In the validation rules of reuse for field 4.14 (Type of re-invested cash investment) 'CASH' is mentioned in the conditional validation logic as a possible value. Clearstream assumes that it should say 'OTHR'. This is to align with both the Format description in the validation rules and the ISO 20022 schema for SFTR.

<ESMA_QUESTION_RSFTTR_81>

Q82 : What other aspects need to be considered with regards to the aforementioned approach with regards to treatment of rejection feedback? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_82>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTTR_82>

Q83 : What other aspects need to be considered with regards to the aforementioned approach with regards to treatment of reconciliation feedback? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_83>

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<ESMA_QUESTION_RSFTTR_83>

Q84 : What other aspects need to be considered to make the process more efficient? Please elaborate on the reasons for your response?

<ESMA_QUESTION_RSFTTR_84>

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<ESMA_QUESTION_RSFTTR_84>

Q85 : Do you have any comments on the aforementioned practicalities relating to the provision of access to SFT data to authorities? What other aspects need to be considered to make the process more efficient? Please elaborate on the reasons for your response?

<ESMA_QUESTION_RSFTTR_85>

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<ESMA_QUESTION_RSFTTR_85>