ESMA_QA_923

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Additional Information

Level 1 Regulation
Securities Financing Transactions Regulation (SFTR) Regulation (EU) 2015/2365- MDP

Topic
Repo

Subject Matter
Reporting of repos initially collateralised on a transaction basis and subsequently on a net exposure basis

Question
a) How should field 2.73 (Collateralisation of net exposure) be reported for repos initially collateralised on a transaction basis whose variation margin is handled by VM collateral pools?
b) How should the collateral and the VM on a net exposure basis be reported, since the latter

cannot be allocated to the transaction?

ESMA Answer

05-11-2020

Original language

[ESMA 74-362-893 SFTR Q&A 3.]

a) If a repo transaction initially collateralised on a transaction basis is also part of VM collateral pools on a net exposure basis, field 2.73 (Collateralisation of net exposure) should be reported as “TRUE” from the onset. Since netting takes place at the level of the master agreement, the transaction is logically part of the netting set. “FALSE” is reserved for repo transactions exclusively collateralised on a transaction basis.

b) The counterparty should report with action type “COLU” (i) the transaction-based collateral for each UTI and in addition (ii) the net exposure collateral applicable to all the SFTs in the netting set without the UTI.