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| 11 March 2016 |

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| Reply form for the SFTR Discussion Report |
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| Date: 11 March 2016 |

Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in the ESMA SFTR Discussion Report, published on the ESMA website.

*Instructions*

Please note that, in order to facilitate the analysis of the large number of responses expected, you are requested to use this file to send your response to ESMA so as to allow us to process it properly. Therefore, ESMA will only be able to consider responses which follow the instructions described below:

* use this form and send your responses in Word format (pdf documents will not be considered except for annexes);
* do not remove the tags of type <ESMA\_ QUESTION\_SFTR\_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
* if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

* if they respond to the question stated;
* contain a clear rationale, including on any related costs and benefits; and
* describe any alternatives that ESMA should consider

**Naming protocol**

In order to facilitate the handling of stakeholders responses please save your document using the following format:

ESMA\_SFTR\_NAMEOFCOMPANY\_NAMEOFDOCUMENT.

E.g. if the respondent were XXXX, the name of the reply form would be:

ESMA\_SFTR\_XXXX\_REPLYFORM or

ESMA\_SFTR\_XXXX\_ANNEX1

***Deadline***

Responses must reach us by 22 April 2016**.**

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input/Consultations’.

***Publication of responses***

All contributions received will be published following the end of the consultation period, unless otherwise requested. **Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.** Note also that 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 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](http://www.esma.europa.eu) under the headings ‘Legal notice’ and ‘Data protection’.

# Introduction

Please make your introductory comments below, if any:

< ESMA\_COMMENT\_SFTR\_1>

The European Association of CCP Clearing Houses (EACH) represents the interests of Central Counterparties Clearing Houses (CCPs) in Europe since 1992. EACH currently has 20 members from 15 different European countries and is registered in the European Union Transparency Register with number 36897011311-96.

EACH appreciate the opportunity to provide feedback to the draft RTS and ITS for Securities Financing Transaction Regulation.

Before responding to concrete questions, we would like to highlight several comments that refer to the SFTR RTS and ITS and which do not refer to any particular question included in the consultation paper.

CCPs are significant users of SFTs, as well as providing a role in clearing transactions. Under Article 45(2) of Commission Delegated Regulation (EU) No. 153/2013, CCPs are required to invest 95% or more of the cash collateral that they hold in non-cash assets, such as govern-ment bonds. This is recognised in the Discussion Paper at paragraphs 216 and 269(b). However, we note that **there seems to be no mechanism for SFT reporting to distinguish between cleared transactions and ‘CCP as user’ transactions** (i.e. transactions where the CCP is investing its own capital or the cash collateral deposited by its Clearing Member)**.**

Regarding the proportionality of the reporting obligation, **the current scope contemplated under the proposed reporting framework is very wide**, as it encompasses transactions, lifecycle events, collateral (including value and substitutions), and settlement details. This approach will result in a significant amount of data, which may not be practically reported. We also expect that some difficulties will arise in linking these elements together, for instance linking collateral with trades. As a result, it may be difficult for market participants and regulators to interpret the reported data and therefore achieve the transparency objective of the SFTR.

We expect that the implementation of SFTR reporting will result in **significant costs** for all market participants, given the complexity, level of granularity and quantity of information requested under the proposed framework. **A simplification of the reporting process, focusing on key data elements only (such as counterparties, transaction value, settlement maturity, collateral amount and identity of custodian) would significantly reduce the implementation costs and would also improve data quality**.

EACH members are furthermore very concerned about the **potential duplication of reporting and regulation implied at paragraph 269, p. 82 of the Discussion Paper and its consequences for CCPs**. In our view, the rationale for SFT regulation cannot be CCP supervision because EMIR already provides CCP's regulators the access to all the information referred to here. Replicating it in a trade repository to which different regulators have access has from our point of view no purpose, rationale or benefit if those regulators are not the CCPs' supervisors.

Finally, **we foresee a general characterisation problem with respect to prime brokers under the Draft Rules at paragraph 250, p. 76**. Prime brokers that hold a basket of securities as custodian and that may offer overdrafts or daylight lending, for example, should not be regarded as engaging in SFT, as this will lead to a conglomeration of reporting of little use. Paragraph 250 indicates that the full composition of their collateral portfolio (which may include loan participations) would need to be reported.

**We are also concerned that a custodian might become subject to an SFT if it sends its client a bill and has a lien**. This would prove an issue for CCPs and all other users of custodians. Custody relationships should be excluded from the reporting regime; even if a debt arises at any point as such debts commonly arise as a result of securities settlement.

< ESMA\_COMMENT\_SFTR\_1>

1. Are these amendments to the provisions included in EMIR RTS 150/2013 sufficient to strengthen the registration framework of TRs under SFTR? If not, what additional provisions should be envisaged? What are the cost implications of the establishment of the provisions referred to in paragraphs 41-53? What are the benefits of the establishment of the provisions referred to in paragraphs 41-53? Please elaborate.

<ESMA\_QUESTION\_SFTR\_1>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_1>

1. Are these procedures sufficient to ensure the completeness and correctness of the data reported under Article 4(1) SFTR? If not, what additional provisions should be envisaged?

<ESMA\_QUESTION\_SFTR\_2>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_2>

1. What are the cost implications of the establishment of the provisions referred to in paragraph 56 to ensure the completeness and correctness of the data reported under Article 4(1) SFTR? Please elaborate and provide quantitative information to justify the cost implications.

<ESMA\_QUESTION\_SFTR\_3>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_3>

1. Are these additional procedures sufficient to strengthen the registration framework of TRs under SFTR? If not, what additional provisions should be envisaged?

<ESMA\_QUESTION\_SFTR\_4>

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<ESMA\_QUESTION\_SFTR\_4>

1. What are the cost implications of the establishment of the provisions referred to in paragraphs 58-65?

<ESMA\_QUESTION\_SFTR\_5>

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<ESMA\_QUESTION\_SFTR\_5>

1. What are the benefits of the establishment of the provisions referred to in paragraphs 58-65? Please elaborate.

<ESMA\_QUESTION\_SFTR\_6>

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<ESMA\_QUESTION\_SFTR\_6>

1. Do you agree with the information that should not be provided in the case of extension of registration? Please elaborate.

<ESMA\_QUESTION\_SFTR\_7>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_7>

1. Are there additional provisions that should be removed / included? Please elaborate.

<ESMA\_QUESTION\_SFTR\_8>

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<ESMA\_QUESTION\_SFTR\_8>

1. What are the benefits of providing less documentation? Please elaborate.

<ESMA\_QUESTION\_SFTR\_9>

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<ESMA\_QUESTION\_SFTR\_9>

1. Do you agree with the proposed format of the application for registration and the application for extension of registration? If not, do you consider that the format of the application for extension of registration should be different? What are the costs and benefits of the proposed approach? Please elaborate.

<ESMA\_QUESTION\_SFTR\_10>

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<ESMA\_QUESTION\_SFTR\_10>

1. Do you agree with the proposed technical format, ISO 20022, as the format for reporting? If not, what other reporting format you would propose and what would be the benefits of the alternative approach?

<ESMA\_QUESTION\_SFTR\_11>

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<ESMA\_QUESTION\_SFTR\_11>

1. How would the proposed format comply with the governance requirements in paragraph 75? Please elaborate.

<ESMA\_QUESTION\_SFTR\_12>

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<ESMA\_QUESTION\_SFTR\_12>

1. Do you foresee any difficulties related to reporting using an ISO 20022 technical format that uses XML? If yes, please elaborate.

<ESMA\_QUESTION\_SFTR\_13>

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<ESMA\_QUESTION\_SFTR\_13>

1. Do you foresee issues in identifying the counterparties of an SFT trade following the above-mentioned definitions?

<ESMA\_QUESTION\_SFTR\_14>

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<ESMA\_QUESTION\_SFTR\_14>

1. Are there cases for which these definitions leave room for interpretation? Please elaborate.

<ESMA\_QUESTION\_SFTR\_15>

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<ESMA\_QUESTION\_SFTR\_15>

1. Is it possible to report comprehensive information at transaction level for all types of SFTs and irrespective of whether they are cleared or not?

<ESMA\_QUESTION\_SFTR\_16>

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<ESMA\_QUESTION\_SFTR\_16>

1. Is there any need to establish complementary position-level reporting for SFTs? If yes, should we consider it for particular types of SFTs, such as repo, or for all types?

<ESMA\_QUESTION\_SFTR\_17>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_17>

1. Is there any need to differentiate between transaction-level data and position-level data on loans from financial stability perspective? Please elaborate.

<ESMA\_QUESTION\_SFTR\_18>

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<ESMA\_QUESTION\_SFTR\_18>

1. Would the data elements included in section 6.1 be sufficient to support reporting of transactions and positions?

<ESMA\_QUESTION\_SFTR\_19>

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<ESMA\_QUESTION\_SFTR\_19>

1. Would the data elements differ between position-level data and transaction-level data? If so, which ones?

<ESMA\_QUESTION\_SFTR\_20>

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<ESMA\_QUESTION\_SFTR\_20>

1. Would the proposed approach for collateral reporting in section 4.3.5 be sufficient to accurately report collateral data of SFT positions? Please elaborate.

<ESMA\_QUESTION\_SFTR\_21>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_21>

1. From reporting perspective, do you foresee any significant benefits or drawbacks in keeping consistency with EMIR, i.e. applying Approach A? What are the expected costs and benefits from adopting a different approach on reporting of lifecycle events under SFTR with respect to EMIR? Please provide a justification in terms of cost, implementation effort and operational efficiency. Please provide concrete examples.

<ESMA\_QUESTION\_SFTR\_22>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_22>

1. Do you agree with the proposed list of “Action Types”? If not, which action types should be included or excluded from the above list to better describe the SFT? Please elaborate.

<ESMA\_QUESTION\_SFTR\_23>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_23>

1. Do you foresee any benefits or drawbacks of implementing the proposed reporting logic of event types and technical actions (Approach B)? Please elaborate.

<ESMA\_QUESTION\_SFTR\_24>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_24>

1. Do you agree with the proposed list of event types and technical actions? If not, which ones should be included or excluded?

<ESMA\_QUESTION\_SFTR\_25>

The Draft Rules require reporting in the event of a ‘lifecycle event’ consisting of a rate change for a floating rate repo. This is in our view an onerous burden, especially if it means reporting to a trade repository that, for example, a bank's base rate has changed. We would suggest instead that a new report should only be made if the contractual terms on rates are amended.<ESMA\_QUESTION\_SFTR\_25>

1. Do you foresee any need to introduce a unique reference identifier for the lifecycle events or for technical actions? Please elaborate.

<ESMA\_QUESTION\_SFTR\_26>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_26>

1. From reporting perspective, do you foresee any drawbacks in keeping consistency with EMIR? If so, please indicate which ones?

<ESMA\_QUESTION\_SFTR\_27>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_27>

1. Are the proposed rules for determination of buyer and seller sufficient? If not, in which scenarios it might not be clear what is the direction of the trade? Which rules can be proposed to accommodate for such scenarios?

<ESMA\_QUESTION\_SFTR\_28>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_28>

1. Are the proposed rules consistent with the existing market conventions for determination of buyer and seller? If not, please provide alternative proposals.

<ESMA\_QUESTION\_SFTR\_29>

In paragraph 140, page 40, the position of the buyer and seller seems to be confused (back to front). Under market conventions, the buyer is usually the person to whom the securities are initially transferred, not the person to whom credit is extended (usually the seller). See, by way of analogy, the language used in the Global Master Repurchase Agreements published by ICMA and SIFMA (available at http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/short-term-markets/Repo-Markets/global-master-repurchase-agreement-gmra/).

<ESMA\_QUESTION\_SFTR\_29>

1. Are you aware of any other bilateral repo trade scenario? With the exception of tri-party agents that are documented in section 4.2.5, are there any other actors missing which is not a broker or counterparty? Please elaborate.

<ESMA\_QUESTION\_SFTR\_30>

Three situations appear to be missing from contemplation in the Discussion Paper:

* Where the broker acts as principal to the transaction (e.g. a matched principal) as opposed to a purely executing broker. Note that this is particularly an issue if the transaction is cleared and a clearing member is then interposed.
* Indirect clearing and other ‘longer chain’, beyond the simple CCP-clearing member-client chain (i.e. where a bank is itself not a Clearing Member). EMIR has many provisions on indirect clearing which need reflecting here.
* As set out in the introduction above, the position of CCPs as users of SFTs (e.g. investing collateral on its own account or on the account of its clients). CCPs are significant users of SFTs. Under Article 45(2) of Commission Delegated Regulation (EU) No. 153/2013, CCPs are required to invest 95% or more of the cash collateral that they hold in non-cash assets, such as government bonds. This is recognised in the consultation paper at paragraphs 216 and 269(b) but there is no mechanism for SFT reporting to distinguish between cleared transactions and ‘CCP as user’ transactions.

<ESMA\_QUESTION\_SFTR\_30>

1. Do you consider that the above scenarios also accurately capture the conclusion of buy/sell-back and sell/buy back trades? If not, what additional aspect should be included? Please elaborate.

<ESMA\_QUESTION\_SFTR\_31>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_31>

1. Do you agree with the description of the repo scenarios?

<ESMA\_QUESTION\_SFTR\_32>

In our view, the description in Scenario 5 should also reflect how FCM-cleared transactions operate. CM1 and CM2 in this model will be liable as principal for the transactions to the CCP, but are also acting as agent for Counterparties 1 and 2 respectively in clearing the transaction. The reporting protocol should still work however. Please see also the answer to question 34.

<ESMA\_QUESTION\_SFTR\_32>

1. Are you aware of any other repo scenarios involving CCPs?

<ESMA\_QUESTION\_SFTR\_33>

EACH believes that the Draft Rules do not consistently contemplate, or clarify the treatment of, a CCP that is not acting in its capacity as a CCP but rather in its capacity as an end-user of SFTs, e.g. when investing the proceeds of margin, or for the purposes of its own treasury management functions for the purposes of raising liquidity. Under Article 45(2) of Commission Delegated Regulation (EU) No. 153/2013, CCPs are required to invest 95% or more of the cash collateral that they hold in non-cash assets, such as government bonds. Whilst there is recognition of this function in paragraphs 216 and 269(b), EACH thinks that ESMA need to ensure this is considered throughout the Draft Rules and that ‘clearing’ reporting fields clearly identify, and distinguish between, the capacities in which the CCP is acting. The CCP in its capacity as end-user does appear to be contemplated, for example, in paragraph 272 but there is no different reporting field specified for CCP-as-user transactions. This could cause confusion if transactions to which CCPs are party are reported as uncleared by counterparties or by CCP. Please see also the answer to questions 30, 32 and 65, and the introduction.

<ESMA\_QUESTION\_SFTR\_33>

1. Are there any other scenarios that should be discussed? Please elaborate.

<ESMA\_QUESTION\_SFTR\_34>

Please see the answer to question 32. We see a general characterisation problem under the Draft Rules with respect to repos executed under ISDA master agreements. It is in our view not clear if they are to be treated as derivatives or SFTs.

<ESMA\_QUESTION\_SFTR\_34>

1. Do you consider that the documented scenarios capture accurately the conclusion of buy/sell-back trades? If not, what additional aspects should be considered?

<ESMA\_QUESTION\_SFTR\_35>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_35>

1. According to market practices, can buy/sell-back and sell/buy back trades involve a CCP?

<ESMA\_QUESTION\_SFTR\_36>

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<ESMA\_QUESTION\_SFTR\_36>

1. Are there any other actors missing which are not mentioned above, considering that tri-party agents are be covered in section 4.2.5? Please elaborate.

<ESMA\_QUESTION\_SFTR\_37>

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<ESMA\_QUESTION\_SFTR\_37>

1. Are there any differences in the parties involved according to the different agency lending models?

<ESMA\_QUESTION\_SFTR\_38>

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<ESMA\_QUESTION\_SFTR\_38>

1. When would the both counterparties know the other’s identity in an undisclosed lending agreement?

<ESMA\_QUESTION\_SFTR\_39>

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<ESMA\_QUESTION\_SFTR\_39>

1. What other solution would you foresee for the reporting of trades involving the agent lender? Please elaborate.

<ESMA\_QUESTION\_SFTR\_40>

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<ESMA\_QUESTION\_SFTR\_40>

1. Would an open offer clearing model possibly apply to securities lending too?

<ESMA\_QUESTION\_SFTR\_41>

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<ESMA\_QUESTION\_SFTR\_41>

1. Would a broker be involved in addition to lending agent in such a transaction?

<ESMA\_QUESTION\_SFTR\_42>

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<ESMA\_QUESTION\_SFTR\_42>

1. Would it be possible to link the 8 trade reports to constitute the “principal clearing model” picture? If yes, would the method for linking proposed in section 4.3.4 be suitable?

<ESMA\_QUESTION\_SFTR\_43>

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<ESMA\_QUESTION\_SFTR\_43>

1. In the case of securities lending transactions are there any other actors missing, considering that tri-party agents will be covered in section 4.2.5?

<ESMA\_QUESTION\_SFTR\_44>

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<ESMA\_QUESTION\_SFTR\_44>

1. What potential issues do reporting counterparties face regarding the reporting of the market value of the securities on loan or borrowed?

<ESMA\_QUESTION\_SFTR\_45>

Users are required to report the market value of collateral on a daily basis, irrespective of whether the collateral composition for the SFT(s) does not change. As a consequence, there are likely to be significant difficulties and cost implications for users in complying with the Draft Rules.

If the Draft Rules are intended to build on the EMIR framework, it may be best for the daily reporting of collateral to be phased in to the timing of the Final Draft Regulatory Technical Standards on risk-mitigation techniques for OTC-derivative contracts not cleared by a CCP under Article 11(15) of Regulation (EU) No 648/2012, by sector. This is because many Non-Financial Counterparties and funds will not be engaging in daily collateral exchange before this time. Moreover, delegated reporting is likely to be complicated for these kinds of data, owing to confidentiality concerns.<ESMA\_QUESTION\_SFTR\_45>

1. Do such securities lending transactions exist in practice?

<ESMA\_QUESTION\_SFTR\_46>

Please see also the answer to question 47. The proposals under the Draft Rules do not in our view distinguish between standalone securities lending transactions and those playing a role in a wider transaction, for example, a stabilisation.

Uncollateralised transactions would not seem to be a shadow banking activity with which this consultation is concerned, because there is no cash changing hands. In our view, ESMA would be better recommended to consider more generic anti-evasion procedures than to catch simple securities transactions. Securities transactions are subject to separate reporting under MiFID II which should not be duplicated here. There is a risk that a reporting obligation in respect of ‘SFT without credit’ would cover simple securities transfers and custody arrangements, especially where assets are held with repositories or custodians in jurisdictions that do not recognise trusts.

Query also the basis for requesting daily valuations of securities, rather than when the transaction is first entered into (FSB guidance does not appear to require daily reporting).

<ESMA\_QUESTION\_SFTR\_46>

1. Do you agree with the proposal to explicitly identify non-collateralised securities or commodities lending transactions in the reporting fields? Please elaborate.

<ESMA\_QUESTION\_SFTR\_47>

Please see also the answer to question 46. The proposals under the Draft Rules do not in our view distinguish between standalone securities lending transactions and those playing a role in a wider transaction, for example, a stabilisation.

Uncollateralised transactions would not seem to be a shadow banking activity with which this consultation is concerned, because there is no cash changing hands. In our view, ESMA would be better recommended to consider more generic anti-evasion procedures than to catch simple securities transactions. Securities transactions are subject to separate reporting under MiFID II which should not be duplicated here. There is a risk that a reporting obligation in respect of ‘SFT without credit’ would cover simple securities transfers and custody arrangements, especially where assets are held with repositories or custodians in jurisdictions that do not recognise trusts.

Query also the basis for requesting daily valuations of securities, rather than when the transaction is first entered into (FSB guidance does not appear to require daily reporting.

<ESMA\_QUESTION\_SFTR\_47>

1. Would it be possible that an initially unsecured securities or commodities lending or borrowing transaction becomes collateralised at a later stage? Please provide concrete examples.

<ESMA\_QUESTION\_SFTR\_48>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_48>

1. Which of the scenarios described for securities lending (Section 4.2.4.2), repo and buy-sell back (Section 4.2.4.1) are currently applicable to commodities financing transactions? Please provide a short description of the commodity financing transactions that occur under each scenario and the involved actors.

<ESMA\_QUESTION\_SFTR\_49>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_49>

1. Are you aware of commodity financing transactions that would fall in the scope of the Regulation but are not covered in the scenarios described for securities lending (Section 4.2.4.2), repo and buy-sell back (Section 4.2.4.1)? If yes, please describe the general characteristics of such a transaction.

<ESMA\_QUESTION\_SFTR\_50>

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<ESMA\_QUESTION\_SFTR\_50>

1. Are the types of transactions recognised sufficiently clear for unambiguous classification by both reporting counterparties of commodity financing transactions into one of the types?

<ESMA\_QUESTION\_SFTR\_51>

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<ESMA\_QUESTION\_SFTR\_51>

1. What additional details may help to identify the type of transactions used?

<ESMA\_QUESTION\_SFTR\_52>

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<ESMA\_QUESTION\_SFTR\_52>

1. What are the main types of commodities used in SFTs?

<ESMA\_QUESTION\_SFTR\_53>

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<ESMA\_QUESTION\_SFTR\_53>

1. How often, in your experience, are other commodities used?

<ESMA\_QUESTION\_SFTR\_54>

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<ESMA\_QUESTION\_SFTR\_54>

1. In your experience, what share of the transactions involves standardised commodity contracts, such as most traded gold and crude oil futures? Please provide concrete examples.

<ESMA\_QUESTION\_SFTR\_55>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_55>

1. In your experience, what share of the transactions involve commodities that meet the contract specification for the underlying to derivative contracts traded on at least one [EU] exchange?? If yes, please elaborate and provide concrete examples.

<ESMA\_QUESTION\_SFTR\_56>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_56>

1. Do the proposed fields and attributes in Section 6.1 sufficiently recognize the characteristics of commodity financing transactions? Please describe any issues you may see and describe any reporting attributes that should be added in order to enable meaningful reporting of commodity financing transactions.

<ESMA\_QUESTION\_SFTR\_57>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_57>

1. Could all scenarios described for securities lending, repo and buy-sell back theoretically apply to future forms of commodities financing transactions?

<ESMA\_QUESTION\_SFTR\_58>

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<ESMA\_QUESTION\_SFTR\_58>

1. Should other scenarios be considered? If yes, please describe.

<ESMA\_QUESTION\_SFTR\_59>

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<ESMA\_QUESTION\_SFTR\_59>

1. Would you agree that the ISIN could be used to uniquely identify some commodities used in SFTs? If yes, which one and what prerequisites would need to be fulfilled? If no, what alternative solution would use propose for a harmonised identification of commodities involved in SFTs?

<ESMA\_QUESTION\_SFTR\_60>

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<ESMA\_QUESTION\_SFTR\_60>

1. Would the classification as described in RTS 23 of MiFIR be the most effective way to classify commodities for the purposes of transparency under SFTR?

<ESMA\_QUESTION\_SFTR\_61>

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<ESMA\_QUESTION\_SFTR\_61>

1. Is there another classification that ESMA should consider?

<ESMA\_QUESTION\_SFTR\_62>

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<ESMA\_QUESTION\_SFTR\_62>

1. Are there transactions in which a pool of commodities is financed that the reporting needs to take into account? Please provide concrete examples.

<ESMA\_QUESTION\_SFTR\_63>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_63>

1. Do you agree with this basic scenario? If no, please explain what changes would need to be made to the scenario.

<ESMA\_QUESTION\_SFTR\_64>

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<ESMA\_QUESTION\_SFTR\_64>

1. Are there other entities that do not act as counterparties but can be involved in the transaction chain (e.g. brokers or intermediaries)?

<ESMA\_QUESTION\_SFTR\_65>

Generally, the roles of guarantors are not covered by reporting obligations. Whilst this is consistent with EMIR, we note that guarantors are much more common in SFTs than in derivatives and they are an important part of SFT economics. Please see also the answer to question 33.

<ESMA\_QUESTION\_SFTR\_65>

1. Are there standard margin agreements used in the market? If yes, which ones? If no, are there standard elements in margin agreements in the EU that are noteworthy from a financial stability perspective and not included in the list of questions or current data tables included in Section 6.1?

<ESMA\_QUESTION\_SFTR\_66>

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<ESMA\_QUESTION\_SFTR\_66>

1. Are there margin loans that do not have a fixed maturity or repayment date, or other conditions in the agreement on which full or partial repayment of the loan can be conditioned?

<ESMA\_QUESTION\_SFTR\_67>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_67>

1. Are floating rates used in margin lending transactions? Are there specificities that ESMA should be aware of regarding interest rates in the context of margin lending transactions?

<ESMA\_QUESTION\_SFTR\_68>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_68>

1. What potential issues do reporting counterparties face regarding the reporting of margin account/credit balances?

<ESMA\_QUESTION\_SFTR\_69>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_69>

1. How is information regarding the market value of short positions in the context of margin lending used by the lender (if at all)?

<ESMA\_QUESTION\_SFTR\_70>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_70>

1. What kind of provisions do lenders have in place to limit or mitigate client losses from short positions?

<ESMA\_QUESTION\_SFTR\_71>

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<ESMA\_QUESTION\_SFTR\_71>

1. Do you foresee any issues with reporting information on SFT involving tri-party by the T+1 reporting deadline? If so, which ones – availability of collateral data, timeliness of the information, etc.? Please elaborate.

<ESMA\_QUESTION\_SFTR\_72>

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<ESMA\_QUESTION\_SFTR\_72>

1. Would you agree with the proposed split between the counterparty and transaction data?

<ESMA\_QUESTION\_SFTR\_73>

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<ESMA\_QUESTION\_SFTR\_73>

1. Is the reporting of the country code sufficient to identify branches? If no, what additional elements would SFT reporting need to include?

<ESMA\_QUESTION\_SFTR\_74>

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<ESMA\_QUESTION\_SFTR\_74>

1. Do you foresee any costs in implementing such type of identification?

<ESMA\_QUESTION\_SFTR\_75>

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<ESMA\_QUESTION\_SFTR\_75>

1. Would it be possible to establish a more granular identification of the branches? If yes, what additional elements would SFT reporting need to include and what would be the associated costs?

<ESMA\_QUESTION\_SFTR\_76>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_76>

1. What are the potential benefits of more granular identification of branches? Please elaborate.

<ESMA\_QUESTION\_SFTR\_77>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_77>

1. Are there any situations different from the described above where the actual transfers between headquarters and branches or between branches can be considered transactions and therefore be reportable under SFTR? Please provide specific examples.

<ESMA\_QUESTION\_SFTR\_78>

We refer to paragraph 4.3.2.2, p. 57-58. ECH believes that clarification is needed as to what the last column is meant to refer to. Is this whether or not the ‘branch’ reporting field needs to be completed? Are we correct in understanding that branch reporting is not applicable only if (1) there is no EU nexus at all (so no reporting obligation), or (2) the SFT is between EU entities/EU branches?

<ESMA\_QUESTION\_SFTR\_78>

1. Are there any other cases which are not identified above, where the beneficiaries and the counterparties will be different? Please elaborate.

<ESMA\_QUESTION\_SFTR\_79>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_79>

1. Do you agree with the proposal to link the legs of a cleared transaction by using a common identifier?

<ESMA\_QUESTION\_SFTR\_80>

**Prior UTIs**

We note that the concept of Prior UTI is introduced in the reporting, meaning that the original 52-digit unique trade identifier of the trade must be provided by the members in their trade report to the CCP and that the CCP in turn must store this information in its system and provide it in its reporting. The reason for using prior UTIs is for competent authorities to be able to track the chain of trades. We understand that this is the first time that this requirement is proposed in Europe and in our view will require substantial system changes for CCPs, as well as mandatory API changes for members.

We understand that the recording of prior UTIs is important from regulators’s point of view, however we note that:

* This requirement will have a high impact on CCPs and members and require substantial API changes;
* As the UTI needs to be issued by the bilateral counterparts and reported to the CCP it remains unclear to us what should happen if no prior UTI or differing prior UTIs are reported by the bilateral counterparts. We do not think making the prior UTI a mandatory matching field for CCP novation is a good idea – this would seriously constrain the novation of bilateral transactions into central clearing, preventing proper risk management and therefore increasing systemic risk
* The new draft EMIR RTS/ITS does include a 52 alphanumeric digit ’Report Tracking Number’ but there are no requirement on this being globally unique or the actual prior UTI, even though the need for prior UTIs on derivatives trades should be at least equally important for regulators; and
* The CPMI-IOSCO report on global harmonization of UTIs is still in a consultative stage.

In order to ensure a consistent approach at global level, especially for derivatives which are traded and cleared in a global market, we therefore request that the introduction of this requirement is aligned with the finalization of the UTI standards at global level and the new draft EMIR RTS/ITS. We believe that this would also ensure consistent reporting regime between EMIR and SFTR is implemented.

**UTI generation**

EACH believes that there is no detail on how UTIs are generated. If this is to be the means by which cleared and uncleared trades, or CCP-as-end-user trades are distinguished, then this should be made more explicit. See also comment on use of shared UTIs for cleared trades in the answer to question 81 below. The intention of this section (paragraphs 208 – 215) appears to be to ‘link’ cleared chains of contracts through shared UTIs for all transactions in the chain. This would involve considerable work for only temporary benefit. This is because CCPs will be regularly netting the transactions of clearing members, such that there will inevitably be no link between the CCP-CM1 and CCP-CM2 transactions after an offsetting trade is submit-ted for clearing. Either CM1 or CM2 could close out the transaction independently by submitting an opposite transaction with CM3 for clearing.

<ESMA\_QUESTION\_SFTR\_80>

1. Could you suggest robust alternative ways of linking SFT reports?

<ESMA\_QUESTION\_SFTR\_81>

Please see also the answer to question 80. EACH believes that there is no detail on how UTIs are generated. If this is to be the means by which cleared and uncleared trades, or CCP-as-end-user trades are distinguished, then this should be made more explicit. The intention of this section (paragraphs 208 – 215) appears to be to ‘link’ cleared chains of contracts through shared UTIs for all transactions in the chain. This would involve considerable work for only temporary benefit. This is because CCPs will be regularly netting the transactions of clearing members, such that there will inevitably be no link between the CCP-CM1 and CCP-CM2 transactions after an offsetting trade is submitted for clearing. Either CM1 or CM2 could close out the transaction independently by submitting an opposite transaction with CM3 for clearing.

<ESMA\_QUESTION\_SFTR\_81>

1. Are the different cases of collateral allocation accurately described in paragraphs 221-226? If not, please indicate the relevant differences with market practices and please describe the availability of information for each and every case?

<ESMA\_QUESTION\_SFTR\_82>

Many SFTs are based on a temporary exchange or loan of cash or securities against some kind of collateral. Since collateral is such a big part of the transactions, ESMA has proposed highly detailed requirements for how the collateral should be reported, down to listing the individual collateral components for each trade, and their respective values. The problem is that as far as we can see, there is no differentiation in the draft RTS/ITS between reporting of the collateral that is part of the contractual agreement (e.g. the specific bond in a bond repo contract) and collateral that is posted in line with the EMIR clearing provisions (e.g. on a portfolio basis to cover the general counterparty risk. For us as a CCP this is troublesome because:

* For cleared SFTs, the CCP does not actually hold the underlying components but only passes these along between the counterparties. Instead the CCP calculates a margin requirement for each of the parties that needs to be covered using separate collateral. This requirement is calculated on a portfolio basis based on the members’ net exposure. It is therefore unclear to us how to report this type of collateral both on a trade by trade, and on an individual collateral instrument basis;
* Some EACH members allow clearing members to clear repos (under SFTR) and derivatives (under EMIR) in the same collateral portfolio allowing margin offsetting between the different types of instruments. As the value of the collateral posted to cover the margin of the whole combined portfolio is already reported under EMIR it would need to be reported twice;

We assume that reporting of collateral to cover a CCP’s margin requirement will not become part of the SFTR reporting*.* We suggest that separate fields for portfolio-based collateral are introduced in line with the EMIR reporting standards and that when the collateral is already reported in full under EMIR it should be possible to only include a reference to the collateral portfolio code in the reporting under SFTR. In accordance with the EMIR reporting requirements it shouldn’t be required to specify this collateral on an instrument level. We note that the paper stresses the goal to align the reporting under SFTR with EMIR and other regulations is expressed in the discussion paper. We fully agree with this goal and would like to highlight that, in our view, there are several instances (such as those described above) where the proposed requirements do not fully align.

Furthermore, ESMA’s proposed amendments to the EMIR ITS/RTS in turn refer to alignment with MiFIR and on-going work by CPMI-IOSCO to harmonize reporting of OTC derivatives. In light of this we would appreciate if ESMA could include further discussion on when it envisions the reporting to be consolidated between the different regulations and – when discrepancies exist – provide a discussion on which reporting formats will persist. This would help affected parties to make better design decisions in their technical implementation and plan for expected system changes in the coming years.

<ESMA\_QUESTION\_SFTR\_82>

1. Is the assumption correct that manly securities lending would require the reporting of cash collateral? If no, for which other types of SFTs is the cash collateral element required? Please elaborate.

<ESMA\_QUESTION\_SFTR\_83>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_83>

1. Does the practice to collateralise a transaction in several amounts in different currencies exist? Please elaborate.

<ESMA\_QUESTION\_SFTR\_84>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_84>

1. Do you foresee any issues on reporting the specified information for individual securities or commodities provided as collateral? If yes, please elaborate.

<ESMA\_QUESTION\_SFTR\_85>

Please see also the answers to questions 87 and 93. In our view, the Draft Rules do not fully take into account delivery by value (‘DBV’) repo trades, which are frequently executed on a short term basis. Under DBV repos, where cash is borrowed or lent (often overnight only) against collateral, a settlement system may automatically select and deliver collateral securities whose identity is of little interest provided they satisfy pre-agreed criteria. The substitution of securities is common and frequent. This may present practical difficulties in implementing the proposed reporting of collateral (in particular the level of detail contemplated in question 85 and the unique identification contemplated in question 87), collateral pools and collateral baskets. The value of, and potentially parameters for, such collateral (rather than composition) should be sufficient as reporting fields.

The text in paragraph 231, page 71, suggests additional entities will now have LEIs, including Issuers and the UK government. We would appreciate clarification as to whether this is indeed ESMA’s intention.

<ESMA\_QUESTION\_SFTR\_85>

1. Are there any situations in which there can be multiple haircuts (one per each collateral element) for a given SFT? Please elaborate.

<ESMA\_QUESTION\_SFTR\_86>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_86>

1. Would you agree that the reporting counterparties can provide a unique identification of the collateral pool in their initial reporting of an SFT? If no, please provide the reasons as to why this would not be the case.

<ESMA\_QUESTION\_SFTR\_87>

Please see also the answers to questions 85 and 93. In our view, the Draft Rules do not fully take into account delivery by value (‘DBV’) repo trades, which are frequently executed on a short term basis. Under DBV repos, where cash is borrowed or lent (often overnight only) against collateral, a settlement system may automatically select and deliver collateral securities whose identity is of little interest provided they satisfy pre-agreed criteria. The substitution of securities is common and frequent. This may present practical difficulties in implementing the proposed reporting of collateral (in particular the level of detail contemplated in question 85 and the unique identification contemplated in question 87), collateral pools and collateral baskets. The value of, and potentially parameters for, such collateral (rather than composition) should be sufficient as reporting fields.

<ESMA\_QUESTION\_SFTR\_87>

1. Are there cases where a counterparties to a repo, including those executed against a collateral pool, would not be able to provide the collateral with the initial reporting of the repo trade? If yes, please explain.

<ESMA\_QUESTION\_SFTR\_88>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_88>

1. Are there any issues to report the collateral allocation based on the aforementioned approach? Please elaborate.

<ESMA\_QUESTION\_SFTR\_89>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_89>

1. In the case of collateral pool, which of the data elements included in Table 1 would be reported by the T+1 reporting deadline? Please elaborate.

<ESMA\_QUESTION\_SFTR\_90>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_90>

1. Which option for reporting of collateral would be in your opinion easier to implement, i.e. always reporting of collateral in a separate message (option 2) or reporting of collateral together with other transaction data when the collateral is known by the reporting deadline (option 1)?

<ESMA\_QUESTION\_SFTR\_91>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_91>

1. What are the benefits and potential challenges related to either approach? Please elaborate.

<ESMA\_QUESTION\_SFTR\_92>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_92>

1. Do you foresee any challenges with the proposed approach for reporting updates to collateral? What alternatives would you propose? Please elaborate.

<ESMA\_QUESTION\_SFTR\_93>

Please see also the answers to questions 85 and 87. In our view, the Draft Rules do not fully take into account delivery by value (‘DBV’) repo trades, which are frequently executed on a short term basis. Under DBV repos, where cash is borrowed or lent (often overnight only) against collateral, a settlement system may automatically select and deliver collateral securities whose identity is of little interest provided they satisfy pre-agreed criteria. The substitution of securities is common and frequent. This may present practical difficulties in implementing the proposed reporting of collateral (in particular the level of detail contemplated in question 85 and the unique identification contemplated in question 87), collateral pools and collateral baskets. The value of, and potentially parameters for, such collateral (rather than composition) should be sufficient as reporting fields.

<ESMA\_QUESTION\_SFTR\_93>

1. Is it possible to link the reports on changes in collateral resulting from the net exposure to the original SFT transactions via a unique portfolio identifier, which could be added to the original transactions when they are reported?

<ESMA\_QUESTION\_SFTR\_94>

EACH believes that the provisions requiring reporting of collateral reuse may be unworkable or render delegated reporting unworkable, because (a) the counterparties would expect to be able to delegate reporting to their banks but will not necessarily want to share information on the percentage of reuse of their securities with them; and (b) if collateral reuse is calculated on an aggregate/net basis across transactions with counterparties with the same underlying, no single entity will have visibility on that aggregate information.

This therefore appears to require a third party to be involved (whereas currently, we understand reporting under EMIR is often carried out by one or other member of the transaction). Concentration of reporting services in a limited number of third party service providers may itself give rise to additional risks relating to security and dependency.

The fields (yes/no) are also unhelpful, given that reuse will likely happen mostly on a partial basis. We would suggest the data to be captured is whether reuse is permitted (and the parameters if so) or not. The actual exercise of reuse rights (and percentages thereof) will be a function of other external factors. Please see also answer to question 117.

<ESMA\_QUESTION\_SFTR\_94>

1. Do you foresee any difficulties related to the linking of the collateral report to the underlying SFTs by specifying UTIs of those SFTs in the collateral report?

<ESMA\_QUESTION\_SFTR\_95>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_95>

1. Are there additional options to uniquely link a list of collateral to the exposure of several SFTs to those specified? If yes, please detail them.

<ESMA\_QUESTION\_SFTR\_96>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_96>

1. What would you deem to be the appropriate option to uniquely link collateral to the exposure of several SFTs? Are you using any pro-rata allocation for internal purposes? What is the current market practice for linking a set of collateralised trades with a collateral portfolio? Please elaborate.

<ESMA\_QUESTION\_SFTR\_97>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_97>

1. Do you foresee any issues between the logic for linking collateral data and the reporting of SFT loan data? Please elaborate.

<ESMA\_QUESTION\_SFTR\_98>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_98>

1. Do you agree with the description of funding sources mentioned above?

<ESMA\_QUESTION\_SFTR\_99>

We foresee a general characterisation problem with respect to prime brokers under the Draft Rules at paragraph 250, p. 76. Prime brokers that hold a basket of securities as custodian and that may offer overdrafts or daylight lending, for example, should not be regarded as engaging in SFT, as this will lead to a conglomeration of reporting with little use. Paragraph 250 indicates that the full composition of their collateral portfolio (which may include loan participations) would need to be reported.

<ESMA\_QUESTION\_SFTR\_99>

1. Are there other funding sources used in the context of margin lending?

<ESMA\_QUESTION\_SFTR\_100>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_100>

1. What are the obstacles to lenders reporting the market value of funding sources?

<ESMA\_QUESTION\_SFTR\_101>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_101>

1. Would reporting pro-rata amounts address some of the challenges or facilitate reporting?

<ESMA\_QUESTION\_SFTR\_102>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_102>

1. Should the cash in the margin accounts be considered also as part of the collateral for a given margin lending transaction? Please elaborate.

<ESMA\_QUESTION\_SFTR\_103>

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<ESMA\_QUESTION\_SFTR\_103>

1. What are the metrics used (other than LTV ratios) to monitor leverage from margin lending, and more broadly to address risks related to the value of collateral? How are these calculated?

<ESMA\_QUESTION\_SFTR\_104>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_104>

1. Using these metrics, what are the current limits or thresholds used by margin lenders that will trigger a collateral action? How are these limits determined? Are there different thresholds triggering different actions? Can they vary over time, and for what reasons?

<ESMA\_QUESTION\_SFTR\_105>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_105>

1. What kind of collateral actions can be triggered by crossing these limits or thresholds? Please describe the actions, their impact on the metrics described in Question 13, and the potential associated changes in limits or thresholds.

<ESMA\_QUESTION\_SFTR\_106>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_106>

1. Are there any other important features, market practices or risks that you would like to bring to our attention in the context of margin lending?

<ESMA\_QUESTION\_SFTR\_107>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_107>

1. Do you have any alternative proposals for reporting information related to funding sources that might reduce the burden on reporting entities?

<ESMA\_QUESTION\_SFTR\_108>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_108>

1. Do you agree with the collateralisation and margin lending practices described above? Are there instances where margin loans are not provided (or haircuts applied) on a portfolio basis?

<ESMA\_QUESTION\_SFTR\_109>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_109>

1. What are the potential obstacles to reporting information regarding the individual securities set aside in margin accounts by the lender?

<ESMA\_QUESTION\_SFTR\_110>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_110>

1. Would you agree that in the context of margin lending the entire collateral portfolio, i.e. both cash and securities, would require reporting? If no, please explain.

<ESMA\_QUESTION\_SFTR\_111>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_111>

1. What are the obstacles to the reporting of reuse of collateral for transactions where there is no transfer of title? What are the current market practices aimed at mitigating risks from collateral re-use specifically in the context of margin lending?

<ESMA\_QUESTION\_SFTR\_112>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_112>

1. What options exist to link collateral that is re-used to a given SFT or counterparty? Please document the potential issues.

<ESMA\_QUESTION\_SFTR\_113>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_113>

1. In which cases can the re-use be defined at transaction level?

<ESMA\_QUESTION\_SFTR\_114>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_114>

1. Do you see other ways to calculate the collateral re-use for a given SFT?

<ESMA\_QUESTION\_SFTR\_115>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_115>

1. Are there any circumstances in which the re-use percentage applied at entity level could not be calculated for a given security (e.g. per ISIN)?

<ESMA\_QUESTION\_SFTR\_116>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_116>

1. Which alternatives do you see to estimate the collateral re-use?

<ESMA\_QUESTION\_SFTR\_117>

Please see the answer to question 94. In our view, the provisions requiring reporting of collateral reuse may be unworkable or render delegated reporting unworkable, because (a) the counterparties would expect to be able to delegate reporting to their banks but will not necessarily want to share information on the percentage of reuse of their securities with them; and (b) if collateral reuse is calculated on an aggregate/net basis across transactions with counterparties with the same underlying, no single entity will have visibility on that aggregate information.

This therefore appears to require a third party to be involved (whereas currently, we understand reporting under EMIR is often carried out by one or other member of the transaction). Concentration of reporting services in a limited number of third party service providers may itself give rise to additional risks relating to security and dependency.

The fields (yes/no) are also unhelpful, given that reuse will likely happen mostly on a partial basis. We would suggest the data to be captured is whether reuse is permitted (and the parameters if so) or not. The actual exercise of reuse rights (and percentages thereof) will be a function of other external factors.

<ESMA\_QUESTION\_SFTR\_117>

1. When the information on collateral availability for re-use becomes available? On trade date (T) or at the latest by T+1?

<ESMA\_QUESTION\_SFTR\_118>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_118>

1. Is it possible to automatically derive the collateral re-use in some cases given the nature of the SFT (meaning based on the GMRA, GMSLA or other forms of legal agreements)? If yes, please describe these cases and how the information could be derived. Please explain if deviations could be drafted within legal agreements to deviate from the re-usability.

<ESMA\_QUESTION\_SFTR\_119>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_119>

1. Do you agree with the rationale for collection of information on the settlement set out in this section?

<ESMA\_QUESTION\_SFTR\_120>

For cleared SFTs, the CSD reported at registration of a trade may be different to the CSD at which settlement actually takes place. Indeed, some collateral may settle in different CSDs, and the actual place of settlement is only known on the settlement date. We therefore recommend that these fields should not be mandatory for cleared SFTs or that this data may be reported once, at end-of-day on the settlement date.

<ESMA\_QUESTION\_SFTR\_120>

1. Do you consider that information on settlement supports the identification and monitoring of financial stability risks entailed by SFTs?

<ESMA\_QUESTION\_SFTR\_121>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_121>

1. Do you agree with the approach to identify the settlement information in the SFT reports?

<ESMA\_QUESTION\_SFTR\_122>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_122>

1. Do you envisage any difficulties with identifying the place of settlement?

<ESMA\_QUESTION\_SFTR\_123>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_123>

1. Are there any practical difficulties with identifying CSDs and indirect or direct participants as well as, if applicable, settlement internalisers in the SFT reports? Would this information be available by the reporting deadline? Please elaborate.

<ESMA\_QUESTION\_SFTR\_124>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_124>

1. Will this information be available by the reporting deadline? What are the costs of providing this information?

<ESMA\_QUESTION\_SFTR\_125>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_125>

1. What other data elements are needed to achieve the required supervisory objectives? Please elaborate.

<ESMA\_QUESTION\_SFTR\_126>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_126>

1. Do you agree with the proposed categories of trading methods to be reported by SFT counterparties?

<ESMA\_QUESTION\_SFTR\_127>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_127>

1. Are there any other methods of trading that are not covered?

<ESMA\_QUESTION\_SFTR\_128>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_128>

1. Do you agree with the proposed types of validations? Would you include any further validations? If so which ones? Please elaborate.

<ESMA\_QUESTION\_SFTR\_129>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_129>

1. Do you agree with the proposed scope of the reconciliation process? Should trades expired or terminated more than a month before the day on which reconciliation takes place be included in the reconciliation process? Please elaborate.

<ESMA\_QUESTION\_SFTR\_130>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_130>

1. What is the earliest time by which the reconciliation process can be completed? If not, please indicate what other characteristics need to be included? Please elaborate.

<ESMA\_QUESTION\_SFTR\_131>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_131>

1. Do you foresee issues with following the EMIR approach on reconciliation of data for SFT? What other approaches for reconciliation of transactions exist? How many data elements are reconciled under those approaches? What is the timeframe of reconciliation under those approaches? Please elaborate.

<ESMA\_QUESTION\_SFTR\_132>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_132>

1. What are the expected benefits from full reconciliation? What are the potential costs from TR and counterparty perspective to adopt a full reconciliation approach? In terms of the matching of data, which of the data fields included in Section 6.1 can be fully reconciled and for which ones certain degrees of tolerance has to be applied? Please provide concrete examples. Please elaborate.

<ESMA\_QUESTION\_SFTR\_133>

The Draft Rules propose double-sided reporting for SFTs. However, many participants propose under EMIR to move to single-sided reporting (although query then how reuse of collateral will be reported). We would strongly request a coordinated determination on this issue more generally should take place, in order to ensure a rational approach that avoids the development of an expensive double-sided system for SFTs that may be replaced. This should be considered in the context of paragraph 291 onwards, which requires reports to be fully reconciled.

Please note that one EACH member does not support the answer this question.

<ESMA\_QUESTION\_SFTR\_133>

1. Do you foresee any potential issues with establishing a separate reconciliation process for collateral data? What data elements have to be included in the collateral reconciliation process? Alternatively, should collateral data be reconciled for each collateralised SFT individually? What would be the costs of each alternative? Please elaborate.

<ESMA\_QUESTION\_SFTR\_134>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_134>

1. What additional feedback information should be provided to the reporting counterparties? What should be the level of standardisations? What would be the benefits of potential standardisation of the feedback messages? Do you agree with the proposed timing for feedback messages?

<ESMA\_QUESTION\_SFTR\_135>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_135>

1. Would you be favourable of a more granular approach for public data than the one under EMIR? Would you be favourable of having public data as granular as suggested in the FSB November 2015 report? What are the potential costs and benefits of such granular information? Please elaborate.

<ESMA\_QUESTION\_SFTR\_136>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_136>

1. In terms of criteria for aggregation, which of the following aspects ones are most important to be taken into account – venue of execution of the SFT, cleared or not, way to transfer of collateral? What other aspects have to be taken into account for the purposes of the public aggregations? Please elaborate.

<ESMA\_QUESTION\_SFTR\_137>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_137>

1. Do you foresee any issues with publishing aggregate data on a weekly basis? Please elaborate.

<ESMA\_QUESTION\_SFTR\_138>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_138>

1. At which point in time do you consider that the additional data elements regarding the reconciliation or rejection status of an SFT will be available? What are the potential costs of the inclusion of the above mentioned additional data elements? What other data elements could be generated by the TRs and provided to authorities? Please elaborate.

<ESMA\_QUESTION\_SFTR\_139>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_139>

1. Do you consider that all the relevant data elements for generation of the above reports will be available on time? What are the potential costs of the generation of above mentioned transaction reports? What are the benefits of the above mentioned transaction reports? What other transaction reports would you suggest to be provided by the TRs? Please elaborate.

<ESMA\_QUESTION\_SFTR\_140>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_140>

1. Do you consider that all the relevant data elements for calculation of the above reports will be available on time?

<ESMA\_QUESTION\_SFTR\_141>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_141>

1. What are the potential costs of the generation of above mentioned position reports? other reports would you suggest to be provided by the TRs? Please elaborate.

<ESMA\_QUESTION\_SFTR\_142>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_142>

1. Do you consider that there should be one position report including both reconciled and non-reconciled data or that there should be two position reports, one containing only reconciled data and the other - one only non-reconciled data? What are the potential costs of the separation of above mentioned position reports? What are the benefits of the separation above mentioned position reports? Please elaborate.

<ESMA\_QUESTION\_SFTR\_143>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_143>

1. Do you foresee any technical issues with the implementation of XSD in accordance with ISO 20022? Do you foresee any potential issues related to the use of same cut-off time across TRs? Do you foresee any drawbacks from establishing standardised xml template in accordance with ISO 20022 methodology for the aggregation and comparison of data? Please elaborate.

<ESMA\_QUESTION\_SFTR\_144>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_144>

1. Further to the aforementioned aspects, are there any other measures that have to be taken to avoid double counting? Please elaborate.

<ESMA\_QUESTION\_SFTR\_145>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_145>