|  |
| --- |
| 11 March 2016 |

|  |
| --- |
| Reply form for the SFTR Discussion Report |
|   |

|  |
| --- |
| 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 Investment Association represents the UK asset management industry. Our members manage over £5 trillion in the UK of assets on behalf of UK, European and international clients, both retail and institutional. Collectively, our members make up the second-largest asset management industry in the world.

We welcome the opportunity to respond to the discussion paper and provide feedback on ESMA's current thinking on the trade reporting obligation under SFTR.

Note that given the number of questions asked in the paper, our responses focus on those where we have a specific view to communicate.

If you have any questions concerning our responses below or require any further information, please do not hesitate to contact me at david.broadway@theia.org.

< 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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_8>

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

<ESMA\_QUESTION\_SFTR\_9>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

We welcome the use of open standard message formats for reporting. We hope that, having recognised ISO 20022 as a suitable standard for this purpose, ESMA will deploy it consistently for similar requirements in the future.

<ESMA\_QUESTION\_SFTR\_11>

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

<ESMA\_QUESTION\_SFTR\_12>

ESMA will no doubt be aware of the governance process for ISO 20022 message development and maintenance from its work to date in relation to transaction reporting under MiFIR Article 26. We would encourage ESMA to engage with in the ISO 20022 Securities Standards Evaluation Group (which will have primary responsibility for approving the addition of the messages involved to the ISO 20022 repository), not just for the purposes of considering its own candidate messages, but also more generally in order to participate in future discussions concerning change requests that may have been submitted from elsewhere. ESMA might also consider involvement in the ISO 20022 Registration Management Group, which has responsibility in the first instance for governance of the ISO 20022 standard itself.

We assume in the above that ESMA will be the submitter (or joint submitter) of the messages that are prepared for the purposes of reporting under SFTR, which will mean that it will be central to any future maintenance changes to those messages. We would, however, encourage engagement with other regulators in order to ensure that the messages are also suitable for the equivalent reporting in other jurisdictions.

<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>

TYPE YOUR TEXT HERE

<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>

Although we do not see issues in identifying the various parties to an SFT, this should be done in a way that avoids any potential misperception that intermediaries and others, such as tri-party and securities lending agents are "at risk".

<ESMA\_QUESTION\_SFTR\_14>

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

<ESMA\_QUESTION\_SFTR\_15>

We are concerned by the use of the term "broker" for any intermediary that acts on behalf of a counterparty (paragraph 97). There is a general understanding that a "broker" performs a specific role in a transaction which is not consistent with other types of agent/intermediary that might be identified in a report. In particular, a firm that executes an investment decision taken under a discretionary mandate form its customer would never be considered to be a "broker".

We believe that using such a specific term will lead to confusion and would therefore urge ESMA to replace it with something that is suitable to more intermediary roles, such as "executing agent".

<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>

We would urge ESMA to exercise caution before requiring data to be reported that goes beyond the requirements of the Level 1 Regulation. It should consider carefully the balance between the complexity and costs it would generate for reporting entities and trade repositories, and the likelihood that it will deliver data that could be translate to meaningful information by regulators.

<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>

We do not believe position reporting would be necessary or relevant except perhaps in the case of securities or margin lending.

Where position reporting is used, we believe it should be sufficient for the purposes of monitoring systemic risk to simply update the position.

<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>

TYPE YOUR TEXT HERE

<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>

If ESMA does determine that both position and transaction reporting is necessary, we believe it would need to consider differences between the data elements that would be mandatory for each. We believe an additional field should be included to identify which type of report is being submitted.

We are concerned about the proposal to required Master Agreement information down to annex level. It would require huge investment by firms to enable the electronic capture of terms that are documented in what may be bespoke annexes and attach these to individual trades. We do not believe Master Agree-ments themselves vary between counterparties on a trade-by-trade basis and they not typically held in a way that would facilitate capture at trade level. We would recommend instead that Master Agreement information be reported separately and cover only the Master Agreement and version that is in place with a particular counterparty for a particular type of SFT.

<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>

As well as requiring a UTI that persists for the position, fields such as the execution and clearing timestamps would not be appropriate for position-level reports - these aspects would need to be considered in the field validation rules.

<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>

The actual collateral to be provided is often not known until settlement. We therefore believe that reporting of collateral should not be required until the business day following settlement (SD+1).

In addition, we believe only one counterparty should be required to report the detail of the collateral according to the following logic:

Repo and reverse repo the deliverer of the securities (ie. counterparty on the repo side)

Buy-sell back and sell-buy-back the deliverer of the securities (ie. counterparty that sells initially)

Securities lending the deliverer of the securities

Margin lending the lender of the finance

Although on first sight the logic suggested above for margin lending might appear at odds with other types of SFT, the fact is that the lender holds a portfolio of securities for the borrower, against which is lends and determines which assets to earmark as collateral. As such it is best positioned by far to report the collateral.

<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>

We believe Approach A would be simpler to implement and therefore less prone to error and the poor data quality that would result. Firms will need to develop separate reporting for SFTR and will therefore not benefit of suffer significantly from alignment or not with EMIR.

<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>

As noted in our response to Q22, we believe the simpler the logic is to implement, the less prone it will be to error and the poor data quality that would result. We believe many firms will find it difficult, given their current systems, to identity the cause of an update to an existing report and would question the real value the proposed level of granularity will deliver to regulators.

We therefore recommend, that the action types are confined to:

 New

 Modify (defined to encompass both modification to the trade terms and corrections of misreported data)

 Cancellation (as a replacement term for "error", as proposed in Approach B)

 Early termination

* Lifecycle event, which would need to include subsets to cater for the specific events that are relevant to the different types of SFT
* Collateral update (but note that in our response to Q91 we support option that collateral always be reported in a separate message).

<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>

As noted in our response to Q22, we believe the simpler the logic is to implement, the less prone it will be to error and the poor data quality that would result. We believe Approach B would be overly complex and, as such, do not support it.

<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>

Should ESMA determine to follow Approach B, in alignment with our response to Q23, we believe the technical action "correction" and "re-pricing life cycle" event type should be removed (both being embraced within the definition of a modification for each type of SFT).

<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>

No - we believe subsequent reports concerning an existing trade or position report should utilise the UTI of that report. Introducing a need for multiple identifiers for the same report would add complexity and therefore increase the risk of errors and poor data quality.

<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>

The counterparty side field has been problematic in EMIR due to the specific terminology of "buyer" and "seller". There the issue has centred mainly on transactions involving an exchange, ie. each counterparty is both a buyer and a seller. Here the problem is that in an SFT either both parties are buyer and seller at different points in the transaction or neither would be describes as buyer or seller.

We would suggest that receiver and deliverer would be a better choice and do not believe this would be unduly difficult for existing trade repositories to implement. We have proposed alternative terminology in our response to Q29.

<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>

Given the current terminology we agree with the definition for repo etc. (receiver of the securities/commodities in the opening/spot leg is the buyer) and for margin lending (receiver of the loan is the buyer). However, we believe the proposal for securities/commodities lending is inconsistent with both of these and recommend that the borrower of the funding/securities/commodities should be defined as the buyer.

<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>

We do not believe market conventions use the terms buyer or seller in relation to SFTs and further to our responses to Q27 and Q28, we would propose that "receiver" and "deliver" be used according to the following definitions:

 In the case of repurchase transactions and sell-buy back / buy-sell back transactions, the counterparty that **receives** securities, commodities, or guaranteed rights relating to title to securities or commodities on the opening or spot leg of the trade and agreeing to sell them at a specified price on a future date (closing or forward leg of the trade), shall be identified as the **receiver**. The other counterparty shall be identified as the **deliverer**.

 In the case of securities or commodities borrowing and securities or commodities lending, the counterparty that **receives** the securities or commodities, subject to a commitment that equivalent securities or commodities will be returned on a future date or on request, shall be identified as the **receiver**. The other counterparty shall be identified as the **deliverer**.

 In the case of margin lending, the counterparty to which credit is extended in exchange for collateral shall be identified as the **deliverer**. The counterparty that provides the credit in exchange for collateral shall be identified as the **receiver**.

* We believe in any event that it will be important for ESMA to provide a clear and simple statement as to which counterparty is deemed to be on which side of the transaction for reporting purposes.

<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>

In our response to Q15, we question the use of the term "broker". We recognise Scenario 1 as typical for a repo transaction executed by a discretionary portfolio manager as agent for its client, and envisage that the investment manager might be reported as an intermediary in the transaction, but they should not be referred to as a "broker".

In Scenario 2, the description of Counterparty 3 acting as a broker but on its own account reinforces our concerns about the use of the term "broker". The potential for confusion is surely apparent when, a "broker" for reporting purposes is specifically not a counterparty to the trade and yet in this scenario Counterparty 3 is described as a broker that does the exact opposite.

<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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_32>

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

<ESMA\_QUESTION\_SFTR\_33>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_33>

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

<ESMA\_QUESTION\_SFTR\_34>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_37>

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

<ESMA\_QUESTION\_SFTR\_38>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_38>

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

<ESMA\_QUESTION\_SFTR\_39>

TYPE YOUR TEXT HERE

<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>

Concerning the final bullet in Scenario 2, we believe that reporting the lending agent as a counterparty in the situation described would be misleading. We also do not believe the lending agent itself would fall within the definition of counterparty (financial or non-financial) under SFTR Article 2 and therefore will not have a reporting obligation itself. We believe it is also possible that counterparty disclosure may only be one way, which means a complex array of different scenarios might persist from an intra-/inter-TR reconciliation perspective.

Moreover, counterparties that have entered into fully undisclosed lending arrangements should not be able to identify their end-counterparties from data provided or accessible via the traded repository.

The lending agent would in any event be identified as such in the counterparty data (Field 16 in Annex 1, Table 7). We believe instead that the "other counterparty" field should be populated according to the circumstances as follows:

* an LEI where the other counterparty is known in time to report;
* a term or code to identify that the identification of the other counterparty is pending and will be provided when the information is received in due course; or
* a term or code to identify that the other counterparty is and will remain undisclosed to the reporting counterparty

The final bullet also refers specifically to cases where the other counterparty is not known initially and does not discuss what should happen if the information is provided subsequently. We presume in such instances that the report would be modified in due course. We believe the final rules should provide for the scenario where an aggregated (block) transaction is executed initially and then subsequently allocated taking into account that the end counterparties may not be disclosed in one or both directions.

<ESMA\_QUESTION\_SFTR\_40>

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

<ESMA\_QUESTION\_SFTR\_41>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_41>

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

<ESMA\_QUESTION\_SFTR\_42>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

We note that the valuation field appears in the transaction data table, which otherwise does not include data that would be updated regularly. We would suggest that this field be moved to the collateral data table, which would be more in keeping with reporting under EMIR Article 9 where the valuation and collateral fields are grouped together.

<ESMA\_QUESTION\_SFTR\_45>

1. Do such securities lending transactions exist in practice?

<ESMA\_QUESTION\_SFTR\_46>

TYPE YOUR TEXT HERE

<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>

We do not believe our members enter their clients into uncollateralised SFTs, but would agree that it would be sensible to include a flag to identify that a trade will be uncollateralised if that is the case.

<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_51>

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

<ESMA\_QUESTION\_SFTR\_52>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_52>

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

<ESMA\_QUESTION\_SFTR\_53>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_53>

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

<ESMA\_QUESTION\_SFTR\_54>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_58>

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

<ESMA\_QUESTION\_SFTR\_59>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_61>

1. Is there another classification that ESMA should consider?

<ESMA\_QUESTION\_SFTR\_62>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

As far as we are aware there is no standard margin lending agreement in the market currently; margin lending facilities tend to be provided under bespoke prime brokerage agreements, which differ from broker to broker and client to client.

<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>

We believe most of the margin lending facilities used by our members are on a floating rate basis and without fixed maturity dates.

<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>

We do not believe there should be any reporting in the case of credit balances, as by definition there is no lending at that time.

<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>

TYPE YOUR TEXT HERE

<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>

We believe counterparties will often find it difficult to report collateral data within a T+1 timeframe, given that the tri-party agent may have discretion to accept or deliver collateral from different ranges of permitted instruments that depend upon the counterparty, and the precise instruments may not be known until the settlement date. In the case of a DBV repo, even the amount of cash and securities that are actually exchanged may not be known until the settlement date. As noted in our response to Q21, we believe reporting of collateral should not be required until the day following settlement date (SD+1).

Counterparties that that use tri-party and agency lending services will also need to receive much of the other data from their agents, including UTI and report tracking numbers, some of which may need to move along a communication chain. Moreover, their systems may not capture the detail of the collateral received (often it is not received in machine-readable form) in order to report it.

We note that ESMA suggests in paragraph 183 that a tri-party agent will select collateral from the account of the lender to deliver to the borrower. In contrast, however, it will be the borrower's collateral account and delivered to the lender.

<ESMA\_QUESTION\_SFTR\_72>

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

<ESMA\_QUESTION\_SFTR\_73>

TYPE YOUR TEXT HERE

<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>

We do not believe reporting of branch information should be necessary. We note that the proposal follows the approach taken in MiFID, but the objective there is to identify where investment and execution decisions are made for the purposes of identifying and investigating potential cases of market abuse. In contrast, as with EMIR the objective of reporting under SFTR is to facilitate the monitoring of systemic risk in the financial system - such risk resides in the balance sheets of the entities concerned not at the level of the branch.

As ESMA will be aware, the LEI Regulatory Oversight Committee consulted last year on the potential assignment of LEIs to branches. In our response to the LEI ROC, we suggested that where a branch were subject to local capital requirements and ring-fencing in the event of default it would qualify for an LEI and should be identified as the counterparty.

<ESMA\_QUESTION\_SFTR\_74>

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

<ESMA\_QUESTION\_SFTR\_75>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

We note that the particular phrasing in paragraph 200 suggests that sub-funds are not identifiable by LEI ("…sub-funds, which are not identifiable by LEI, can…"). In fact, the response to General Question 1(c) in the EMIR Q&A, from which this is inferred, reads as follows:

*"If the derivative contract is concluded at the level of the sub-fund, the counterparty should be the sub-fund and not the umbrella fund. In that case, the sub-fund needs to have an LEI for reporting purposes and be identified as the counterparty."*

Although it continues to consider a situation where the umbrella fund might be identified as the counterparty, we believe this anticipates a potential alternative scenario where the contract is concluded at the level of the umbrella.

We would respectfully refer ESMA to the ISO 17442 (LEI) standard, which in fact includes sub-funds explicitly within the definition of an investment fund for which an LEI can be assigned.

<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>

We do not believe our members engage in cleared SFTs currently. However, we would suggest alignment with the approach under EMIR whereby if the transaction is cleared on trade date, only the cleared position needs to be reported. As such there would often be no need to report the UTI0.

<ESMA\_QUESTION\_SFTR\_80>

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

<ESMA\_QUESTION\_SFTR\_81>

Following on from our response to Q80, although we can understand ESMA's desire to connect the transactions in a clearing chain, we do not see any benefit in linking those to the original executed transaction(s), which will be terminated and not contribute to any systemic risk thereafter.

<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>

TYPE YOUR TEXT HERE

<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>

In the case of tri-party and agency services, the counterparty is likely to specify the instruments (or their type or grade) that can be accepted or delivered as collateral, it probably will receive information as to the actual instruments on a periodic basis only and may not receive that information in a machine readable form that can be transformed to reportable data.

With regard to the individual data elements with respect to securities (Table 9), we believe this should be limited to the ISIN, quantity/notional amount and market value. We do not believe the price should be necessary given the value, while details concerning the issuer and quality of the collateral could be more efficiently enriched as necessary by competent authorities or the trade repositories.

We do not believe the haircut should be reported as this is sometimes priced into the transaction, in which case the margin would be reported zero. We therefore believe it would be more meaningful to derive this simply by deducting this could be derived be deducting the value of the transaction(s) associated with the collateral portfolio from the value of the collateral.

<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>

We believe there is a need to define more clearly what ESMA regards as a "collateral pool".

<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>

As mentioned in our responses to Q21 and Q72, we believe there are instances where the counterparty will not know the detail of the collateral until the settlement date, which will not be within the initial reporting timeframe. We therefore believe that collateral reporting should not commence until the business day following settlement (SD+1).

<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>

Subject to the note at Q87 We believe all of the elements would be available except the last four in each case, which concern collateral. It is not in any event clear to us why these are not in the collateral data table.

<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>

We believe ESMA should adopt option 2 (with the four collateral fields also moved from the counterparty data table), which would detach it from the counterparty/transaction data and allow deferred reporting as appropriate without interfering with the counterparty/transaction data reporting logic. It should be a different type of report, with repetitive fields for a single UTI.

<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>

We believe reporting of changes to collateral would be unnecessarily complex. Reporting of collateral should reflect the entire collateral position at the end of the day (ie. a complete re-fresh of the data reflecting the end-result of all intra-day movements).

<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>

TYPE YOUR TEXT HERE

<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>

We would suggest that a two-way link mechanism may be appropriate so that a portfolio of collateral that is used to support multiple SFTs may identified in the reports of each connected SFT and each SFT may be identified in the report pertaining to a collateral pool, as follows:



<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

We agree that both cash and securities should be reported as they both make up the portfolio of collateral used by prime brokers. However, borrowers of a margin loan would struggle to identify the specific collateral elements within the collateral portfolio that can be linked to a margin loan: it require huge investment in systems and in the meantime the borrowing counterparty would be relying on the prime brokers’ data reports. For this reason, we propose in our response to Q21 that the lender only should be required to report the collateral.

<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>

When it comes to reuse of collateral for margin loans, the borrower would only know which assets have been reused by a prime broker once they have reported that value to the borrower. Otherwise the only data available to the borrower is the limit placed upon what the prime broker can reuse (eg. 110% of the fund’s indebtedness). Moreover, brokers currently do not have reporting methods that are able to reflect accurately the amount of collateral that has been reused - it would be closer to an estimate or approximation of rehypothecation of assets.

We therefore believe that only the collateral holder who reuses that collateral should have any obligation to report on reuse, although ESMA does not state its intention in this respect clearly in the discussion paper.

<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>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<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>

Insofar as the use of master agreements is concerned, we believe only the type and version should be required to meet ESMA's objectives to understands the degree to which standardisation exists in the SFT market. Annexes will often address very granular differences, data on which will add little or nothing in terms of valuable information.

As noted in our response to Q19, we are concerned about the proposal to required Master Agreement information down to annex level. It would require huge investment by firms to enable the electronic capture of terms that are documented in what may be bespoke annexes and attach these to individual trades. We do not believe Master Agreements themselves vary between counterparties on a trade-by-trade basis and they not typically held in a way that would facilitate capture at trade level. We would recommend instead that Master Agreement information be reported separately and cover only the Master Agreement and version that is in place with a particular counterparty for a particular type of SFT.

<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>

We understand the distinction between automated and automatic trading systems to be that the first involves a bilateral exchange communications to agree the terms of a trade and its execution, while the second involves a platform on the trader selects from a ranger of prices offered for the relevant product and trades on the press of a button/click of a mouse.

We believe the description of automated trading should not draw specific attention to voice brokers, as the negotiation itself may be conducted via the platform concerned. We would also suggest using an alternative term, such as "electronic trading systems" to avoid the inevitable confusion between the existing very similar terms.

<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>

TYPE YOUR TEXT HERE

<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>

As noted in responses to previous questions, we believe reporting of collateral should be separate and commence on the business day following settlement. It follows that we believe collateral reports should be reconciled separately at collateral portfolio level and only form that point onwards.

<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>