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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>

TYPE YOUR TEXT HERE

< 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>

We welcome that trade repositories are tasked with consolidating data as this would avoid the problems we have seen under EMIR. <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>

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>

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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>

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 give full support for the use of ISO 20022. However it is important with a proper time schedule for a thorough description of the ISO 20022 that must be finalized a least a year ahead of launch date. Any delay that decrease the time available must lead to a postponement of coming into launch.

It is important to find a technical format. It should be noted that not all trade repositories use the ISO20022 format and would therefore be required to change this. The reporting under EMIR is not reported with the use of the ISO20022 format and therefore there will not be a match between the reporting under EMIR and SFTR.

<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>

No, we can´t see any particular problems using XML. There is already a wide spread use of XML.<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>

No, we can´t see any particular problems. However we aspect problems as Non Financials do not always have a LEI. There is an advantage to look what applies for EMIR.<ESMA\_QUESTION\_SFTR\_14>

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

<ESMA\_QUESTION\_SFTR\_15>

Only for the same existing challenges as EMIR has for sole proprietary ships.

One issue is the existing discussion under EMIR with regards to entities not qualifying for an LEU.

<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>

TYPE YOUR TEXT HERE

<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>

No. It leads to increased complexity, costs and no obvious advantages. We do not believe that there should be introduced position reporting on this type of instruments. Transaction reporting is considered to be comprehensive enough.

<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>

No thanks. It leads to increased complexity, costs and no obvious advantages. We do not believe that there should be introduced position reporting on this type of instruments. Transaction reporting is considered to be comprehensive enough. <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>

No thanks. It leads to increased complexity, costs and no obvious advantages. We do not believe that there should be introduced position reporting on this type of instruments. Transaction reporting is considered to be comprehensive enough. <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>

No thanks. It leads to increased complexity, costs and no obvious advantages. We do not believe that there should be introduced position reporting on this type of instruments. Transaction reporting is considered to be comprehensive enough. <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>

It will be more than covered. We are questioning if it is not to ambitious? <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 expect significant benefits in keeping consistency with EMIR when reporting. As we can use existing functionalities it will become easier to adopt, implement and maintain reporting functionalities and thus less expensive and safer. Generally, harmonization with EMIR reporting approach should be pursued. Different methodologies adds complexity as investment firms likely will incorporate SFT reporting into their EMIR reporting setup.

<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>

We agree with the proposed list of Action Types. It is important to keep it identical with EMIR. It is as well necessary to have identical definitions of actions, definitions, rules, reporting fields etc as in EMIR. Any changes must be done simultaneously in rulebook for EMIR as for SFT.

<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>

We agree to the proposed list of event types and technical actions. It is well balanced.

<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>

We do not see any need to introduce a unique reference identifier.

<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>

We encourage harmonization with EMIR. The advantages outweigh the disadvantages

<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>

We encourage harmonization with EMIR. The advantages outweigh the disadvantages

<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 encourage harmonization with EMIR. The advantages outweigh the disadvantages

<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>

We are satisfied with the list of scenarios and the description of these!

<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>

They are ok!<ESMA\_QUESTION\_SFTR\_31>

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

<ESMA\_QUESTION\_SFTR\_32>

Our conclusion is that repos and buy / sell-back and sell / buy-back should be handled identical when reporting! If this is not the case the differences must be explained and elaborated.

<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>

Yes, according to market practice <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>

No, we are satisfied with the description.<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>

The identities are known at the end of the day.<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>

TYPE YOUR TEXT HERE

<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>

It is unlikely.

<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>

It would be difficult and extremely costly to establish links between different trades in and between the different internal systems. Unless trade confirmation and clearing takes place within an electronic platform – distribution of prior UTI to all parties involved will not work in practice.

<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>

No!

<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>

There will certainly become challenges when reporting market values for securities that are seldom traded and therefore miss reliable market prices.

<ESMA\_QUESTION\_SFTR\_45>

1. Do such securities lending transactions exist in practice?

<ESMA\_QUESTION\_SFTR\_46>

Yes they exist but you cannot say that they are common.

<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>

There is, of course, sometimes a need to be able to enter the market value for the collateral to 0 or unknown.

<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>

As with the derivatives market we find it hard to understand how the ISIN could be used. ISIN is usable where a specific security is listed on a venue and settled on a CSD. If ISIN is used, who is to make certain that the same ISIN is used on e.g. gold or corn? This is NOT a desirable solution.

<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>

Questions 64-71 are difficult to understand. What is "Margin Lending"? Is "Margin Lending" in the event that collateral is cash? Please elaborate 177

<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>

Questions 64-71 are difficult to understand. What is "Margin Lending"? Is "Margin Lending" in the event that collateral is cash? Please elaborate 177<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>

Questions 64-71 are difficult to understand. What is "Margin Lending"? Is "Margin Lending" in the event that collateral is cash? Please elaborate 177<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 are not familiar with a standard agreement for margin lending. Usually it is the entire account (omnibus account) that is used as security and where the underlying papers have some haircut. If such constructions is regarded as margin lending then all transactions in the omnibus account would be reported twice. They are TRS reported and reported under SFTR – which is not in line with the intention of the SFTR

Additionally such loans do not have a fixed maturity.

7<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>

Questions 64-71 are difficult to understand. What is "Margin Lending"? Is "Margin Lending" in the event that collateral is cash? Please elaborate 177<ESMA\_QUESTION\_SFTR\_68>

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

<ESMA\_QUESTION\_SFTR\_69>

Questions 64-71 are difficult to understand. What is "Margin Lending"? Is "Margin Lending" in the event that collateral is cash? Please elaborate 177<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>

Questions 64-71 are difficult to understand. What is "Margin Lending"? Is "Margin Lending" in the event that collateral is cash? Please elaborate 177<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>

Questions 64-71 are difficult to understand. What is "Margin Lending"? Is "Margin Lending" in the event that collateral is cash? Please elaborate 177<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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_72>

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

<ESMA\_QUESTION\_SFTR\_73>

As EMIR. OK!<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>

As MiFIR, OK! An eventual change to the LEI framework to include branch identification does not need to be reflected here. Country code is sufficient.

<ESMA\_QUESTION\_SFTR\_74>

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

<ESMA\_QUESTION\_SFTR\_75>

If kept to MiFIR it is OK

<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>

Not possible!

<ESMA\_QUESTION\_SFTR\_76>

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

<ESMA\_QUESTION\_SFTR\_77>

No advantages!

<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>

No

<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>

No, as we do not do it when reporting under EMIR. The cost will not be proportional to the advantages – it will be extremely burdensome. With the proposed method an old UTI would be send to the CCp and the CCP would report that. This would require that the CCPs further develop their systems in order for us to compliant.

<ESMA\_QUESTION\_SFTR\_80>

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

<ESMA\_QUESTION\_SFTR\_81>

No!

<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>

What is meant by ”one to one”? Is it in the case of a rebate collateralization? Paragraphs 223 – 226 are ok

<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>

More generally, it is the contractual terms that govern the collateral to be provided. The collateral may consist of bonds, stocks or cash. It's unusual contract conditions that only accept cash. Stock lending usually have a part of the collateral consisting of cash. The requirement on the type of collateral is also related to the type of counterparty.

<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>

In a triparty agreement it could very well be several currencies. The combination is a matter of costs.

<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>

To report the specified information for individual securities provided as collateral will result in development costs for IT systems and therefore involves additional costs.

<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>

Certainly. Different haircuts are used for different assets of the collateral.<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>

Today it is not at all clear that there are unique pool identifiers. If the requirements would arise it would mean extensive investment in resources, time, personnel and money!

Note that the unique identifier already is reported under EMIR. Reporting requirements of unique identities would then be double reported. Is it okay according to the rules.

<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>

Yes, as we report at T+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>

We do not understand the question!

<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>

We assume that the reference is to Table 1 on page 35. The Following data element is expected to be reported at T + 1: New, Modify, Error, Early termination, correction, re-pricing, Principal Increase and Collateral Update. However we do not understand the purpose of the question.

<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>

Option 2 is preferred as the information is in separate systemsQ92: There is an advantage with 2 as the information is available in separate systems.

<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>

End of day option 2

<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>

EMIR does not require linkages between collaterals and positions. To require linkages between positions and collateral, available in different systems, would require an extensive infrastructure and become very costly. The easiest is instead, at the end of the day, to produce a snapshot of positions and collaterals. This is adding another layer of information which is not currently captured – adding infrastructure costs and complexity.

<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>

To link the collateral report to underlying STFs by specifying UTIs of those SFTs would course a lot of challenges. To build automatic real time links between, in some cases, many different positions and many different collaterals is quite a complex task as the components are often in motion, new position occur, positions are closed, exchanged, getting new values, terminated etc. A full description, in real time, would mean that record times that deviate from time for decision suddenly becomes very important. We're talking about a new infrastructure. Nettings against counterparties make it in practice impossible to present a complete picture in real-time.
Something simpler would be if a portfolio of positions can be linked to a collateral pool. We agree what is said in 245; “It is highly probable that in the case of bilateral netting of SFT exposures between two counterparties, no collateral pool identification is available to link the collateral report to the underlying SFTs.”.

<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>

To link the collateral report to underlying STFs by specifying UTIs of those SFTs would course a lot of challenges. To build automatic real time links between, in some cases, many different positions and many different collaterals is quite a complex task as the components are often in motion, new position occur, positions are closed, exchanged, getting new values, terminated etc. A full description, in real time, would mean that record times that deviate from time for decision suddenly becomes very important. We're talking about a new infrastructure. Nettings against counterparties make it in practice impossible to present a complete picture in real-time.
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<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>

The market practice is that internal system links the collateral pool against the pool of positions.

<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>

As long as we are at the portfolio level, as today, there is no problem.

<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>

There are a lot of other funding sources

<ESMA\_QUESTION\_SFTR\_100>

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

<ESMA\_QUESTION\_SFTR\_101>

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<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>

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<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>

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<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>

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<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>

We cannot think of an alternative, but linking re-use and buy and sell back seems to give a lot of challenges.

<ESMA\_QUESTION\_SFTR\_113>

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

<ESMA\_QUESTION\_SFTR\_114>

We see no advantages, just challenges and costs

<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>

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<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>

YES!

<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>

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)? YES!
Can deviations be drafted within legal agreements to deviate from the re-usability*.* YES!
In genereal it is hard to elaborate the views without knowing which agreement that has been used.
We agree with what is stated I 268.

<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>

We question whether the costs of compilation of this information really contribute something and justify the costs.

<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>

We question the usefulness of the collection of this information and if it is worth the cost.

<ESMA\_QUESTION\_SFTR\_121>

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

<ESMA\_QUESTION\_SFTR\_122>

We question whether the costs of compilation of this information really contribute something and justify the costs.

<ESMA\_QUESTION\_SFTR\_122>

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

<ESMA\_QUESTION\_SFTR\_123>

We question whether the costs of compilation of this information really contribute something and justify the costs.<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>

We question whether the costs of compilation of this information really contribute something and justify the costs.

<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>

Yes. Insignificant costs if EMIR framework can be re-sued for this purpose as well. Otherwise costly.

<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>

Adopt/align with EMIR reconciliation requirements.

<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>

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<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>

Full reconciliation does not bring any additional value! Parties are already reconciling bilaterally today and are satisfied with the outcome. Key elements obviously have to match and tolerances for less siginificant information should be applied. Q134: Reconciliation processes for collateral data already exists. Reconciliation processes never bad but the level is important. We are pleased with the reconciliation level available today. What data elements have to be included in the collateral reconciliation process? Collateral value and counterparty is the most important and enough.

<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>

The minimum requirement is to know why a transaction is mismatched or rejected.Q136: The information should be anonymous and aggregated.<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>

We propose to start with publishing aggregated data on a weekly basis. Each step must however be examined thoroughly in advance and always be linked to possible market impact.

<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>

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<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>

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<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>

The purpose of several TR was to create competition between the TR. For this to work in practice, it is assumed that they have the same interface so that you can switch TR. The lack of common interface means in practice, and is our experience, low degree of competition. The cost to replace a TR is assessed to be too high to be an option.

<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>

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<ESMA\_QUESTION\_SFTR\_145>