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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>

Please find below REGIS-TR’s contribution in regards to the proposed methodologies and guidelines that in the definition of the SFT Regulation.

REGIS-TR thanks the opportunity to contribute with its suggestions and hopes that the information provided is useful and taken into consideration in the elaboration of the relevant technical standards.

< 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>

REGIS-TR agrees with most of the amendments proposed such as the additional provision regarding the internal communication of the policies to the staff employed by the TR, the detailed description of the TRs’ internal control system should be provided, instead of an overview or the better specification of the information to be provided in the internal audit.

Regarding paragraph 44, we would like to stress the difficulty of estimating the level of reporting activity in number of transactions as required, whenever a new regulation or reporting services is implemented. On the other hand, the relevant fixed and variable costs are usually more accurately estimated, but still very variable as well.

REGIS-TR agrees with the additional information requested whenever an outsourcing agreement is in place for the provision of the reporting services.

Regarding paragraph 47, please note that it is REGIS-TR understanding that in order to promote flexibility of the portability between TRs a portability protocol must be defined. But that the fact of having an independent account will not be the key for such achievement, as any market participant’s report can be easily identified by their LEI code.

REGIS-TR identifies all its reporting participant with independent accounts, additionally those market agents who have decided to delegate their reporting obligation to a third party, still have the possibility of opening a Non-reporting account. But still there are a huge number of small market participants who have their trades registered under an omnibus account of a third party in order to save human resources and economic costs. Imposing an obligation of opening an account to all market agents, will add further burdens and costs to the industry. It should be bear in mind that the opening of an account entails a number of administrative procedures due to the Know Your Customer (KYC) process and maintenance costs.

<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>

Please note that REGIS-TR understands by “authentication of users”, the technical controls by which user’s access is limited to their relevant accounts and user IDs and passwords are always required. Additionally reporting participant accounts have other set of security and authentication measures when connecting via the relevant sFTP or web services access. Finally, all participant accounts go through an exhaustive KYC process. REGIS-TR would like to confirm that the above mentioned measures are sufficient as per the requirement described in paragraph 56 (a).

Please note that REGIS-TR agrees with all the other provisions described in this section. REGIS-TR understands that through the above mentioned procedures, TRs comply with article 5 (2) of SFTR.

It should be noted that in order for TRs to comply with the obligation of ensuring completeness and accuracy of the data reported, concrete procedures should always be defined by ESMA and agreed with the Trade Repositories.

.<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>

REGIS-TR already complies or is in its way to comply~~,~~ with the provisions described for EMIR. The main cost will be to replicate these complex control mechanisms, which always entails the review of the EMIR processes and the adaptation to SFT Regulation. Nevertheless, we agree to maintain the same security standards for SFT Regulation.

.<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>

REGIS-TR agrees with the requirements described in the Discussion Paper. Nevertheless, REGIS-TR wants to point out that any procedure to allow the timely, structured and comprehensive aggregation and comparison of data across TRs by the relevant authorities, as referred in paragraph 62, would need to be discussed and agreed among the TRs to ensure that methodology is efficient and manageable from the TR perspective.

Please note that paragraph 58 does not take into account the extension of registration, in case the TR is already under EMIR license (no cross reference with the appropriate section).

Regarding paragraph 63 about the payment of a certain fee by the TRs before being approved. REGIS-T R would need to have further information and details of the proposed delegated act and fee calculation methodology in order to provide its opinion.

Please note that in order to comply with the requirement described in paragraph 64, it would be crucial to have an agreed portability procedure agreed between TRs and ESMA.<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>

In order to assess the cost implications further information would be required, as for example the calculation methodology for the fees to by paid by TRs before they are being authorized.

As of REGIS-TR experience, the provision of cyber-attack protection controls and other type of IT security measures will entail the expenditure of internal resources and in certain circumstances the services of external experts..<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>

REGIS-TR find great values in the enhancements of the IT security control measures and has already implemented methodologies to prevent cyber-attacks itself. We also agree we the other security provisions suggested.

Regarding paragraph 63, we see no benefits in the payment of a fee before the authorization is being provided to the TR.

<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>

REGIS-TR agrees with the proposed information that should not be provided for the application.<ESMA\_QUESTION\_SFTR\_7>

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

<ESMA\_QUESTION\_SFTR\_8>

We find that the list of excluded information is exhaustive and we would not remove of include more provisions.

<ESMA\_QUESTION\_SFTR\_8>

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

<ESMA\_QUESTION\_SFTR\_9>

The major benefit is to avoid the duplication of work both at the TR and ESMA side. All recognized TRs are in direct and constant contact with ESMA and have already provided the before mentioned documentation and keeps ESMA updated of any change. The provision and revision of this type of information entails a great effort in terms of time and resources that would only increase the supervisory duty cost and limit the benefits from leveraging on existing infrastructures.

<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>

REGIS-TR agrees with proposal of reusing the same application format as of the one for EMIR .<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>

REGIS-TR agrees that ISO 20022 would be a technical format that would not pose implementation challenges for the industry and welcomes the fact of having a predefined format that will ease the aggregation and consolidation process of the data allowing more prescriptive in the reporting technical standards. <ESMA\_QUESTION\_SFTR\_11>

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

<ESMA\_QUESTION\_SFTR\_12>

Paragraph 75 states that the preferred format should:

a. Be based on open and transparent standards.

b. Be subject to robust governance from regulatory community.

From REGIS-TR perspective, we can confirm that the standards provided by ISO are transparent and commonly accepted across the industry.

<ESMA\_QUESTION\_SFTR\_12>

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

<ESMA\_QUESTION\_SFTR\_13>

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<ESMA\_QUESTION\_SFTR\_13>

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

<ESMA\_QUESTION\_SFTR\_14>

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<ESMA\_QUESTION\_SFTR\_14>

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

<ESMA\_QUESTION\_SFTR\_15>

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<ESMA\_QUESTION\_SFTR\_15>

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

<ESMA\_QUESTION\_SFTR\_16>

REGIS-TR believes that for some SFT transactions, it is market practice to collateralise the net position of the transactions (for example, GC Repo done through CCP); therefore, it may be challenging to attach the collateral to specific SFT transaction.

<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>

REGIS-T R opinion is that there is no need to establish a complementary position-level reporting from CCP perspective. Standard market reporting is always on transaction level.

<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>

REGIS-TR believes that there is no need to establish a complementary position-level reporting from CCP perspective. Standard market reporting is always on transaction level.

<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>

REGIS-TR is of the view that the fields seem to be sufficient to support the reporting of transactions and positions. <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>

REGIS-TR believes that there is no need to establish a complementary position-level reporting from CCP perspective. Standard market reporting is always on transaction level.

<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>

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<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>

From a TR perspective, any similarity and consistency that can be maintained with EMIR will be very beneficial for participants, who have had to spend a considerable amount of time and resources going through a learning curve they have now more or less reached with regards to EMIR reporting standards. Any deviation from this, will imply further efforts on the participants and may lead to mistakes and confusion.

Regarding the cost to implement different lifecycle events and reporting logics, for TRs there would be concept development phase and an implementation phase, which may lead to the necessity of investing more time in creating the SFT reporting solution, but it is our believe that the biggest cost/effort will be the educational one, as market participants will tend to imitate the reporting logic already applied for 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>

REGIS-TR has no objection with the proposed set of Action Types. In case of Corporate Actions existing SFTs may be replaced with a new transaction (e.g. Merger). It would make sense to have a dedicated action type or a reference in the trade for such events which indicates the change.

.<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>

Due to the reasons provided in question 22, REGIS-TR believes that Approach A should be applied instead of the one suggested by Approach B.<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>

Same answer to question 24.

<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>

Given that there is no need for intra-day reporting, we do not see a particular need for the inclusion of a unique reference for lifecycle events.

<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>

Please refer to answer provided in question 28. <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>

REGIS-TR recommends to amend the terminology as market conventions do not work with Buyer / Seller terminology but Borrower / Lender or Collateral Taker / Provider. Even though REGIS-TR agrees with the initiative of defining rules to identify the buyer/seller of a trade, it is worth it mentioning that still the definition of the counterparty side currently causes a lot of reconciliation breaks among EMIR participants. A deep analysis supported by the industry must be performed in order to effectively tackle this issue.<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>

Please refer to answer provided in question 28. <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>

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<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>

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<ESMA\_QUESTION\_SFTR\_31>

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

<ESMA\_QUESTION\_SFTR\_32>

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<ESMA\_QUESTION\_SFTR\_32>

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

<ESMA\_QUESTION\_SFTR\_33>

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<ESMA\_QUESTION\_SFTR\_33>

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

<ESMA\_QUESTION\_SFTR\_34>

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<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>

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<ESMA\_QUESTION\_SFTR\_35>

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

<ESMA\_QUESTION\_SFTR\_36>

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<ESMA\_QUESTION\_SFTR\_36>

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

<ESMA\_QUESTION\_SFTR\_37>

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<ESMA\_QUESTION\_SFTR\_37>

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

<ESMA\_QUESTION\_SFTR\_38>

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<ESMA\_QUESTION\_SFTR\_38>

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

<ESMA\_QUESTION\_SFTR\_39>

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<ESMA\_QUESTION\_SFTR\_39>

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

<ESMA\_QUESTION\_SFTR\_40>

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<ESMA\_QUESTION\_SFTR\_40>

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

<ESMA\_QUESTION\_SFTR\_41>

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<ESMA\_QUESTION\_SFTR\_41>

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

<ESMA\_QUESTION\_SFTR\_42>

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<ESMA\_QUESTION\_SFTR\_42>

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

<ESMA\_QUESTION\_SFTR\_43>

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>

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<ESMA\_QUESTION\_SFTR\_44>

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

<ESMA\_QUESTION\_SFTR\_45>

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<ESMA\_QUESTION\_SFTR\_45>

1. Do such securities lending transactions exist in practice?

<ESMA\_QUESTION\_SFTR\_46>

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<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>

TYPE YOUR TEXT HERE

<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>

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<ESMA\_QUESTION\_SFTR\_51>

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

<ESMA\_QUESTION\_SFTR\_52>

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<ESMA\_QUESTION\_SFTR\_52>

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

<ESMA\_QUESTION\_SFTR\_53>

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<ESMA\_QUESTION\_SFTR\_53>

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

<ESMA\_QUESTION\_SFTR\_54>

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<ESMA\_QUESTION\_SFTR\_54>

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

<ESMA\_QUESTION\_SFTR\_55>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_55>

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

<ESMA\_QUESTION\_SFTR\_56>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_56>

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

<ESMA\_QUESTION\_SFTR\_57>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_57>

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

<ESMA\_QUESTION\_SFTR\_58>

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<ESMA\_QUESTION\_SFTR\_58>

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

<ESMA\_QUESTION\_SFTR\_59>

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<ESMA\_QUESTION\_SFTR\_59>

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

<ESMA\_QUESTION\_SFTR\_60>

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<ESMA\_QUESTION\_SFTR\_60>

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

<ESMA\_QUESTION\_SFTR\_61>

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<ESMA\_QUESTION\_SFTR\_61>

1. Is there another classification that ESMA should consider?

<ESMA\_QUESTION\_SFTR\_62>

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<ESMA\_QUESTION\_SFTR\_62>

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

<ESMA\_QUESTION\_SFTR\_63>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_63>

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

<ESMA\_QUESTION\_SFTR\_64>

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<ESMA\_QUESTION\_SFTR\_64>

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

<ESMA\_QUESTION\_SFTR\_65>

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>

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<ESMA\_QUESTION\_SFTR\_66>

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

<ESMA\_QUESTION\_SFTR\_67>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_67>

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

<ESMA\_QUESTION\_SFTR\_68>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_68>

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

<ESMA\_QUESTION\_SFTR\_69>

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<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>

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<ESMA\_QUESTION\_SFTR\_70>

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

<ESMA\_QUESTION\_SFTR\_71>

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<ESMA\_QUESTION\_SFTR\_71>

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

<ESMA\_QUESTION\_SFTR\_72>

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>

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>

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<ESMA\_QUESTION\_SFTR\_74>

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

<ESMA\_QUESTION\_SFTR\_75>

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<ESMA\_QUESTION\_SFTR\_75>

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

<ESMA\_QUESTION\_SFTR\_76>

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<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>

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<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>

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<ESMA\_QUESTION\_SFTR\_80>

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

<ESMA\_QUESTION\_SFTR\_81>

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<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>

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<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>

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<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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_87>

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

<ESMA\_QUESTION\_SFTR\_88>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_88>

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

<ESMA\_QUESTION\_SFTR\_89>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_89>

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

<ESMA\_QUESTION\_SFTR\_90>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_90>

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

<ESMA\_QUESTION\_SFTR\_91>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_91>

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

<ESMA\_QUESTION\_SFTR\_92>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_92>

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

<ESMA\_QUESTION\_SFTR\_93>

TYPE YOUR TEXT HERE

<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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_97>

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

<ESMA\_QUESTION\_SFTR\_98>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_98>

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

<ESMA\_QUESTION\_SFTR\_99>

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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_111>

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

<ESMA\_QUESTION\_SFTR\_112>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_112>

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

<ESMA\_QUESTION\_SFTR\_113>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_113>

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

<ESMA\_QUESTION\_SFTR\_114>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_114>

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

<ESMA\_QUESTION\_SFTR\_115>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_115>

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

<ESMA\_QUESTION\_SFTR\_116>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_SFTR\_116>

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

<ESMA\_QUESTION\_SFTR\_117>

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>

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>

REGIS-TR has implemented the validations described in paragraph 56, section 3 of this CP. REGIS-TR agrees with the necessity of authentication of participants to grant secured reporting and access to the reported data. Additionally, REGIS-TR agrees with the schema validation requirements to verify that the format of the data reported to the TR complies with the regulatory standards which consequently allows further processing and application of the established business rules.

Regarding the authorization or permission validations, REGIS-TR has implemented validations depending on the profile of the reporting counterparty. This means that REGIS-TR will validate that the sending party is counterparty to the reported trade in case the account type of the sending party is a Reporting Participant account. On the other hand, REGIS-TR will validate that the sending party is not a counterparty to the trade in case this sending party holds a Third Party account in REGIS-TR. This way, REGIS-TR ensures that in case delegation occurred to a Third Party, this third party is not identified as a counterparty to the trade it is reported through the Third Party Account.

Moreover, REGIS-TR will implement permission controls to verify that the account holders have actually delegated the reporting to a Third Party or to its counterparty (a Reporting Participant that may report on behalf of its counterparty as stated in EMIR – “*A counterparty or a CCP which is subject to the reporting obligation may delegate the reporting of the details of the derivative contract*” – Article 9 EMIR).

Regarding the implementation of additional controls to verify that counterparties do not hold an account in REGIS-TR is under analysis. This is the case for Non TR Members that delegate the reporting to a Third Party (or to its counterparty which holds a Reporting Participant Account). These counterparties are not on boarded in REGIS-TR and therefore, it needs to be analyzed which is the actual cost to the market and to those third parties or Reporting Participants that handle the reporting of these entities to identify them in the TR in order to validate that actual permissions exists[[1]](#footnote-2). Nevertheless, there is a legally binding clause in REGIS-TR´s GTCs where account holders grant that a power of attorney exists between the account holder and the counterparties that delegates the reporting in this respect.

Regarding the logical validations, REGIS-TR verifies on the one hand that the UTI reported through action type “N” for the first time is not already recorded in the system. Additionally, further action types reported to the TR need to be referred to an existing UTI. REGIS-TR allows reporting of action types over terminated trades although these updates are not permitted if the termination was reported with action type Error (which terminates trades that had been erroneously submitted).

Finally, regarding the business rules or content validations, REGIS-TR agrees on the definition of this validations at ITS level. REGIS-TR experience on EMIR implementation proves that different interpretation of the “TS” (trade status) occur, therefore, it is necessary that these validations are defined in the regulation towards a common implementation by all TRs and market participants.

<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>

REGIS-TR currently performs daily reconciliation process of the reported data to the TR. The reconciliation takes place on the one hand with the data stored in REGIS-TR and on the other with the information received from the rest of TRs as per the Inter TR reconciliation process agreed and approved by ESMA.

Currently, the trades are included in the reconciliation process until the 7th day since the New Trade was reported or since any further action type was reported over the trade. If no reconciliation occurs in this period, the trade is excluded from the reconciliation process. Trades are reconciled regardless of their status (active or terminated). However, there is a need to implement a procedure to reconcile those trades that were excluded from the reconciliation process as per the application of the rule described in this paragraph. This rule is under definition.

In REGIS-TR´s opinion, if the trade has been reconciled it should not be included in the reconciliation process except if a new action type is reported over the trade. Nevertheless, the need to include terminated or expired trades in the reconciliation process that have not been reconciled before, will depend on what is expected to be controlled from the reconciliation process. However, if full control of the reporting obligation wish to be obtained, terminated and expired trades should be reconciled as reconciliation supports in the identification misreported trades (i.e. trades reported by only one of the counterparties), even though the counterparty risk may not exist anymore if the trade that remains unreconciled has expired or has been terminated.

<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>

Provided that the obligation of reporting should take place on T+1 the latest, the earliest reconciliation time to complete the reconciliation process would be on T, in case both counterparties report on T and T+1 if both report on T+1, for Intra TR Reconciliation as this process takes place on the same day when the TR receives both sides of the trade.

Regarding Inter TR Reconciliation, as the files to identify Trade IDs located in other TRs are delivered at the end of the day, the earliest time would be on T+1, if both counterparties report on T and T+2, if both counterparties report on T+1.

<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>

REGIS-TR believes that the reconciliation process and success of its results depends on the existence of an UPI, UTI and identification protocol.

The UTI is key to identify the trade and the implementation of a mandatory rule that determines who the UTI generator should be, would support the reconciliation process and supervisory activities in general.

The UPI is also a main need to identify the derivative contract in the same way by both counterparties.

On the other hand, the fact the RTS establish the LEI as mandatory identification type for reporting counterparties (be it counterparties to the trade or third parties reporting on their behalf) will assist this process too.

Finally, the reconciliation process was enhanced on the one hand, when the Inter TR working group agreed on reconcilable fields and tolerance checks to determine if a trade should be marked as reconciled or mismatched, on the other, when the mismatched fields report started to be delivered by all TRs to inform to the counterparties of the mismatched fields of reported trade Ids.

REGIS-TR believes that the best approach is the existing one although there is a need to harmonize the key elements that impact the reconciliation process upon trade identification, as mentioned above.

<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 as the actual pairing of the reported trades to different TRs, would mean actual knowledge of the counterparty risk, as supervisors and market participants would have full control of the executed trades, independently from whether there is agreement or not with the counterparty. With this methodology the compliance of the reporting obligation can be measured and traded volumes and notional amounts would be known by the market and supervisors.

Full reconciliation as the matching of the reported fields could be inefficient. REGIS-TR considers that the reconciliation of the key elements of each SFT could be enough to ensure data quality and to fulfil the supervisory duties.

From a cost perspective, TRs are not highly impacted provided that the reconciliation approach remains as it is for the EMIR reconciliation. Nevertheless, additional machine and databases costs will arise from the requirement of reconciling additional data report under SFTR. From a market participant perspective, REGIS-TR understands that, until UTI and UPI protocols are not in place, the administrative burden to agree among the counterparties will remain.

Although REGIS-TR supports the definition from key reconcilable fields among the industry the following fields from Section 6.1 could be fully reconciled:

**Counterparty Data section (common for all SFT types):**

Field 3. Reporting Counterparty

Field 7. Counterparty Side

Field 9. Other counterparty

**Transaction data**

**Table 6.1.1.2**

Field 1 UTI

Field 2 Report Tracking Number

Field 4 Cleared

Field 5 Clearing Timestamp – Tolerance check should be implemented to grant full reconciliation.

Field 6 CCP

Field 8 Trading Venue

Field 9 Place of settlement

Field 13 Bilateral Amendment

Field 14 Execution - Tolerance check should be implemented to grant full reconciliation.

Field 15 Value Date

Field 16 Maturity Date

Field 17 Termination Date

Field 19 Earliest Call-back Date

Field 20 General Collateral Indicator

Field 21 DBV Indicator

Field 22 Method used to provide collateral – only if a set of close values are defined.

Field 23 Open term

Field 24 Termination Optionality – only if a set of close values are defined.

Field 25 Fixed Repo Rate- Tolerance check should be implemented to grant full reconciliation.

Field 26 Day count convention

Field 27 Floating repo rate

Field 28 Floating Repo rate -time period

Field 30 Floating Rate payment frequency

Field 32 Floating Rate reset period

Field 34 Spread - Tolerance check should be implemented to grant full reconciliation.

Field 36 Rate Date

Field 37 Principal amount on value date - Tolerance check should be implemented to grant full reconciliation.

Field 38 Principal amount on maturity date - Tolerance check should be implemented to grant full reconciliation.

Field 39 Principal amount currency

**Table 6.1.2.2**

Field 1 UTI

Field 2 Report Tracking Number

Field 4 Cleared

Field 5 Clearing Timestamp – Tolerance check should be implemented to grant full reconciliation.

Field 6 CCP

Field 8 Trading Venue

Field 9 Place of settlement

Field 13 Bilateral Amendment

Field 14 Execution - Tolerance check should be implemented to grant full reconciliation.

Field 15 Value Date

Field 16 Maturity Date

Field 17 Termination Date

Field 19 Earliest Call-back Date

Field 20 General Collateral Indicator

Field 21 DBV Indicator

Field 22 Method used to provide collateral – only if a set of close values are defined.

Field 23 Type of Asset - only if a set of close values are defined

Field 24 Security or Commodity Identifier

Field 25 Base Product

Field 28 Quantity or Nominal amount - Tolerance check should be implemented to grant full reconciliation.

Field 29 Currency of the nominal amount

Field 30 Spot price - Tolerance check should be implemented to grant full reconciliation.

Field 31 Forward price - Tolerance check should be implemented to grant full reconciliation.

Field 32 Price currency

Field 33 Trade amount on value date - Tolerance check should be implemented to grant full reconciliation.

Field 34 Trade amount on maturity date - Tolerance check should be implemented to grant full reconciliation.

Field 35 Trade amount currency

**Table 6.1.3.2**

Field 1. UTI

Field 2 Report Tracking Number

Field 4 Cleared

Field 5 Clearing Timestamp – Tolerance check should be implemented to grant full reconciliation.

Field 6 CCP

Field 8. Trading Venue

Field 9. Place of settlement

Field 13 Bilateral Amendment

Field 14. Execution - Tolerance check should be implemented to grant full reconciliation

Field 15 Value Date

Field 16 Maturity Date

Field 17 Termination Date

Field 19 Earliest Call-back Date

Field 20 General Collateral Indicator

Field 21 DBV Indicator

Field 22 Method used to provide collateral – only if a set of close values are defined

Field 23 Open term

Field 24 Type of asset – only if a set of close values are defined.

Field 25 Security or Commodity Identifier

Field 26 Base Product

Field 29 Quantity or Nominal amount - Tolerance check should be implemented to grant full reconciliation.

Field 30 Currency of the nominal amount

Field 31 Security or commodity price - Tolerance check should be implemented to grant full reconciliation.

Field 32 Price currency

Field 33 Loan value - Tolerance check should be implemented to grant full reconciliation.

Field 34 Markey value - Tolerance check should be implemented to grant full reconciliation.

Field 35 Rebate Rate - Tolerance check should be implemented to grant full reconciliation.

Field 37 Lending fee - Tolerance check should be implemented to grant full reconciliation.

Field 38 Type of Contract

**Table 6.1.4.2**

Field 1. UTI

Field 2 Report Tracking Number

Field 4 Trading Venue

Field 5 Place of settlement[[2]](#footnote-3)

Field 6 Margin Agreement - Tolerance check should be implemented to grant full reconciliation.

Field 7. Execution - Tolerance check should be implemented to grant full reconciliation

Field 8 Value Date

Field 9 Maturity Date

Field 10 Termination Date

Field 12 Earliest Call-back Date

Field 13 Method used to provide collateral – only if a set of close values are defined

Field 14 Principal Amount - Tolerance check should be implemented to grant full reconciliation.

Field 15 Loan currency

Field 16 Open term

Field 17 Fixed Lending rate - Tolerance check should be implemented to grant full reconciliation.

Field 18 Day count convention

Field 20 Floating lending rate reference period

Field 22 Floating rate payment – time period

Field 24 Floating rate reset frequency –time period

Field 26 Spread Tolerance check should be implemented to grant full reconciliation.

Field 27 Outstanding loan - Tolerance check should be implemented to grant full reconciliation.

Field 28 Currency of outstanding loan

Field 29 Free credit balances - Tolerance check should be implemented to grant full reconciliation.

Field 30 Free credit balances currency

Field 31 Short market value - Tolerance check should be implemented to grant full reconciliation.

Field 32 Short market value currency

<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>

For the purpose of answering this question it is understood that details defined in tables 1, 2 and 3 may be reported in the same message under action type N. It is also understood that details defined in table 3 may be also reported through a separate action type “Collateral Update”.

For the collateral data reported as per specifications in Table 3, the first alternative would imply developing two separate reconciliation processes that will take place in parallel. This means that the cost of implementation and daily process monitoring would be duplicated. Additionally, it is not clear how the collateral data in table 3 are identified towards a successful reconciliation with the data reported by the counterparty.

On the other hand, a reconciliation process that reconciles the collateral data in table 3 individually for each SFT would be embedded in the reconciliation process of the common data that would be implemented individually for each SFT. However, the impact on market participants would need to be analyzed as it needs to be confirmed how counterparties would update the collateral data. Ideally, if the collateral data is identified with a unique code which is reported in the SFT trade, the collateral data reported at code level would update all the STFs linked to that code.

<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>

Towards the requirements set out in paragraphs 296- 301, REGIS-TR believes that the feedback should be provided to the submitting entity and to the reporting counterparty only if it is member of the TR. Otherwise, REGIS-TR is not able to identify a Non-member that has delegated the reporting in the counterparty or a Third Party.

Regarding paragraph 297, REGIS-TR currently provides such information before the required time period described. However, without the knowledge of the reporting flow for SFTs and expected volumes, it could be too early to commit to such deadlines.

REGIS-TR understands that the format of the TR responses should follow a standard. However, the level of standardization should be limited to the format. REGIS-TR agrees with the implementation of ISO 20022. In addition, minimum set of feedback may be defined by the regulators as proposed in section 5.1.3. However, TRs should be able to decide when they provide this information (i.e. immediately or at the end of the day). Regarding the definition of the error codes and exact content of the XSD, it would be positive in case these specifications are endorsed prior to TR authorization to provide services for SFTR.

The benefits of standardizing the feedback generated by TRs could encourage portability between TRs from a market participant perspective. However, this harmonization will not be sufficient for participants, if they still need to adapt to the inbound reports which are not harmonized and if a portability protocol is not agreed.

<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>

REGIS-TR believes that the current granularity offered to the authorities in EMIR should be maintained in SFTR. The current aggregation allows the interested parties the identification of the investment areas with more volumes. Giving a more granular approach could cause in markets with lower liquidity, the identification of entities. It is our believe, that a more granular information is only needed for supervision purposes and this is already provided to the relevant authorities. For REGIS-TR increasing the granularity would suppose an additional implementation cost but we expect that the maintenance cost would remain as it is. <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>

No, REGIS-TR is currently publishing public data on a weekly basis and therefore does not foresee any issue on this. <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>

For the purpose of this question, REGIS-TR would like to clarify that trades that have not been processed due to incorrect schema reporting, cannot be provided in a report as the system is not able process and register it in the database. Additionally, REGIS-TR currently provides a daily Trade Status report at transaction level which informs, in addition to the transaction details, of the reconciliations status of those trades that are under the Regulator´s jurisdiction according to their access levels.

With regards to question 139, REGIS-TR is currently generating weekly reports (we could increase the frequency to daily as defined in section 5.3.3. 319) on rejections and reconciliation details at counterparty level, as requested by ESMA.

REGIS-TR would be able to generate this report at trade level (per SFT) with the required reconciliation status. Nevertheless, this information would not be cumulative as the size of the report and recordkeeping requirements would heavily increase.

Regarding, rejections, REGIS-TR could generate a report informing of the UTI and reason of rejection if the trade passed the schema validations and was reported with a valid UTI. However, this information would need to be provided at counterparty level, as if the UTI is rejected, REGIS-TR cannot apply additional filtering criteria aside from the LEI of the reporting party. Nevertheless, REGIS-TR believes that this information could be too detailed and prevent from a holistic view of the level of compliance.

If these reports are specifically defined by ESMA (i.e format, frequency, other requirements), REGIS-TR would be able to implement the required reports by the entry on force of SFTR. If REGIS-TR may use the same logic (as the one described in this answer), the potential costs would be derived from the implementation, hardware infrastructure, software and system maintenance costs.

Finally, REGIS-TR believes that no further data elements would be required if the information on the rejections and trade status is provided to authorities.<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>

REGIS-TR will be able to offer reports as described in point "a" and "b". Regarding reports defined in point "c", REGIS-TR would be able to provide information reported to the TR on the day after it has been processed, never on the same day as the end of day process could end at mid-night.

Reports defined in points d" and "e" of that section, could be generated on a daily basis if the information to be provided does not need to be cumulative.

If reports "d" and "e" are non-cumulative, the costs would derive from the implementation, hardware infrastructure, software and system maintenance costs. However, in case it is requested to generate these reports "as of" (or reflecting the information cumulatively), in addition to the mentioned costs for non-cumulative reports, the hardware infrastructure would be highly and exponentially impacted in order to record and generate the information in this way.

REGIS-TR believes that the required reports will support the monitoring of reconciliation and rejection rates, towards enhancing compliance with the reporting obligation.<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>

According to the tables provided in the Annexes of the Discussion Paper, the proposed fields by which the reports to the authorities should be filtered are common in the different schemas of SFT type. REGIS-TR understands that each authority will receive one report containing all the information from section "a-j" according to the criteria set by the regulators' mandate.

REGIS-TR confirms the feasibility of filtering the report by fields "a-j" at least on a daily basis and, if ESMA decides it, on a lower frequency.

<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>

REGIS-TR estimates that the costs of generating position-level reports would derive from the implementation, hardware infrastructure and software and system maintenance costs. For clarification purposes, REGIS-TR understands the “position report” as that representing the latest status of the SFT, such as the reports that currently exist under EMIR. <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>

As explained in question 142, for the purpose of this questions, REGIS-TR is not referring to a position-level reporting such as the one referred in questions 16-20, but the reflection of the latest status of a transaction report. REGIS-TR recommends one single position report including both reconciled and non-reconciled data, as currently done for EMIR due to two different reasons: mitigate the operational risks and offer more tracking facility to the authorities.

From the TR perspective, generating one single report will reduce the operational risks while having two reports duplicates the possibility of an error.

Additionally, we understand that monitoring one single report will give the authorities the facility to track the reconciliation specially when turning from non-reconciled to reconciled.

REGIS-TR believes that it is better to implement one single report. <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>

REGIS-TR does not foresee any technical issue with format ISO 20022 for the XSD.

REGIS-TR does not foresee any potential issue for using a cut-off time across TRs. Actually, we understand that it is a necessary measure to deliver the data to the authorities in a timely manner.

It is our believe that establishing a standardised xml format for the aggregation and comparison of data is highly recommended. Not having a common algorithm of how generating the output could lead to different interpretations among the different TRs. <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>

As suggested in answer to Q144, REGIS-TR supports the existence of a common algorithm to calculate the aggregation and comparison of data since this will mitigate the possibility of having deviations in the calculations performed by the TRs on an individual basis and likewise will mitigate the possibility of double counting. <ESMA\_QUESTION\_SFTR\_145>

1. The feasibility of implementing a technical control for members that do not hold an account in REGIS-TR is under discussion with ESMA. [↑](#footnote-ref-2)
2. Typo in Table 6.1.4.2- field incorrectly numbered [↑](#footnote-ref-3)