

PRESS RELEASE

ESMA consults on future reporting rules for securities financing transactions

The European Securities and Markets Authority (ESMA) has issued today a [consultation paper](#) on draft technical standards implementing the Securities Financing Transaction Regulation (SFTR), which aims to increase the transparency of shadow banking activities. Securities financing transactions (SFTs) are transactions where securities are used to borrow cash (or other higher investment-grade securities), or vice versa – this includes repurchase transactions, securities lending and sell/buy-back transactions.

The SFTR will require both financial and non-financial market participants to report details of their SFTs to an approved EU trade repository. These details will include the composition of the collateral, whether the collateral is available for reuse or has been reused, the substitution of collateral at the end of the day and the haircuts applied.

Steven Maijoor, ESMA Chair, said:

“Regulating securities financing is important as it will reduce financial stability risks from financial market activities, which so far only faced little to no regulation.

“The SFTR will provide transparency to regulators and investors on the use of SFTs, and will better allow to identify risks associated with collateral and its reuse.”

ESMA is seeking stakeholder’s views on its draft SFTR implementing measures. The key areas of the draft rules include:

- the procedure and criteria for the registration as a trade repository under the SFTR;
- the use of internationally agreed reporting standards, the reporting logic and the main aspects of the structure and content of SFT reports;
- the requirements regarding transparency of data, data collection, aggregation and comparison; and
- the access levels for different competent authorities.



ESMA has developed its proposals on reporting of SFTs building on its experience with the European Market Infrastructure Regulation (EMIR), and other EU-wide reporting regimes in order to align reporting standards to the maximum extent possible.

In addition to the SFTR, ESMA is proposing certain amendments to the existing standards implementing EMIR. These amendments are drafted to ensure a level-playing-field for market participants with regards to registration and access rules.

Next steps

The consultation is open for feedback until 30 November 2016. ESMA will use the feedback received to finalise its draft technical standards which are to be submitted to the European Commission for endorsement by the end of Q1/beginning Q2 2017. Consequently, the finalised SFTR implementing measures would then be expected to become applicable from 2018.

Notes for editors

1. [2016-1409 Consultation Paper - Draft RTS and ITS under SFTR and amendments to related EMIR RTS](#);
2. Regulation [\(EU\) 2015/2365](#) of the European Parliament and of the European Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- i. assessing risks to investors, markets and financial stability;
 - ii. completing a single rulebook for EU financial markets;
 - iii. promoting supervisory convergence; and
 - iv. directly supervising specific financial entities.
3. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

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