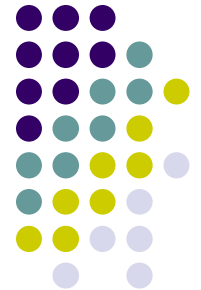


SFTR reporting update

FIX TRADING
COMMUNITY™
INDUSTRY-DRIVEN • INDEPENDENT • NEUTRAL



SFTR reporting update

- Three pillars of SFTR
 1. Reporting to repositories: who, what, when and how
 2. Client disclosures
 3. Ultimate owner consent
- Impact of SFTs on other type of regulatory issues
- Update from the SFTR FIX Working Group
- Data challenges and how FIX can solve them

SFTR reporting update

JUST ANOTHER REPORTING REGIME?



What is the Securities Financing Transactions Regulation (SFTR)?

SFTR is an EU law that introduces transaction reporting obligations for repo, buy-sell backs, securities lending and margin lending.



Who is in scope for reporting?

With some limited exemptions:

- EEA firms, including their EEA and non-EEA branches
- EEA branches of non-EEA firms
- Counterparties that re-use collateral provided by the above



How and **when** do we need to report?

Trades, lifecycle events such as collateral updates and collateral reuse will have to be reported in ISO 20022 format to a Trade Repository by T+1.

Pillar 1: SFTR reporting timeline





Pillars 2 & 3: Client disclosures and consent



Prospectuses

Statement of intention
inviting prospects to
invest

SFTR results in an increased level of
transparency. Inconsistencies would have to
be explained, not a regulatory requirement but
a client relationship requirement.



Investors Report

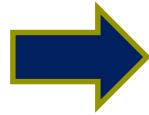
Disclosing to investors
what has happened

Ultimate Owner's Consent

To be secured before the SFT from the correct owner

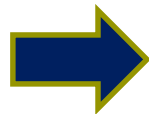
- **AUC** – Straightforward
- **AUM**
 - **Managed Accounts** – The client
 - **Funds** – Depends on the 'legal container' of the fund (limited company, trust or partnership) and on the principal of the SFT (Fund Manager or Fund)
- **Margin Re-Use** – The original collateral giver

Impact of SFTs on other type of regulatory issues



- 31 Data-fields shared with MiFID and EMIR
- 6 Data-fields shared with CSDR Notification of allocation
- Repo Transactions affect the portfolio parameters of a Money Market Fund (MMFR)

Processes



- SFTR impacts on Short Selling for UCITS and AI funds
- SFTs increase risk of settlement fails for short sales (CSDR)
- SFT & MiFID
- SFT & MMFR
- SFT & SSR

Updates from SFTR Working group



Scope of SFTR Working Group

- Clarification of data fields included in reporting to SFT Repository (60% Complete)
- Mapping data fields ► Fix Tags (not started)
- Mapping Fix Tags ► ISO 20022 (not started)



Challenges

- Map a business environment into a structured reporting logic
- Create business rules that represent the correct data
- Cross-jurisdiction issues



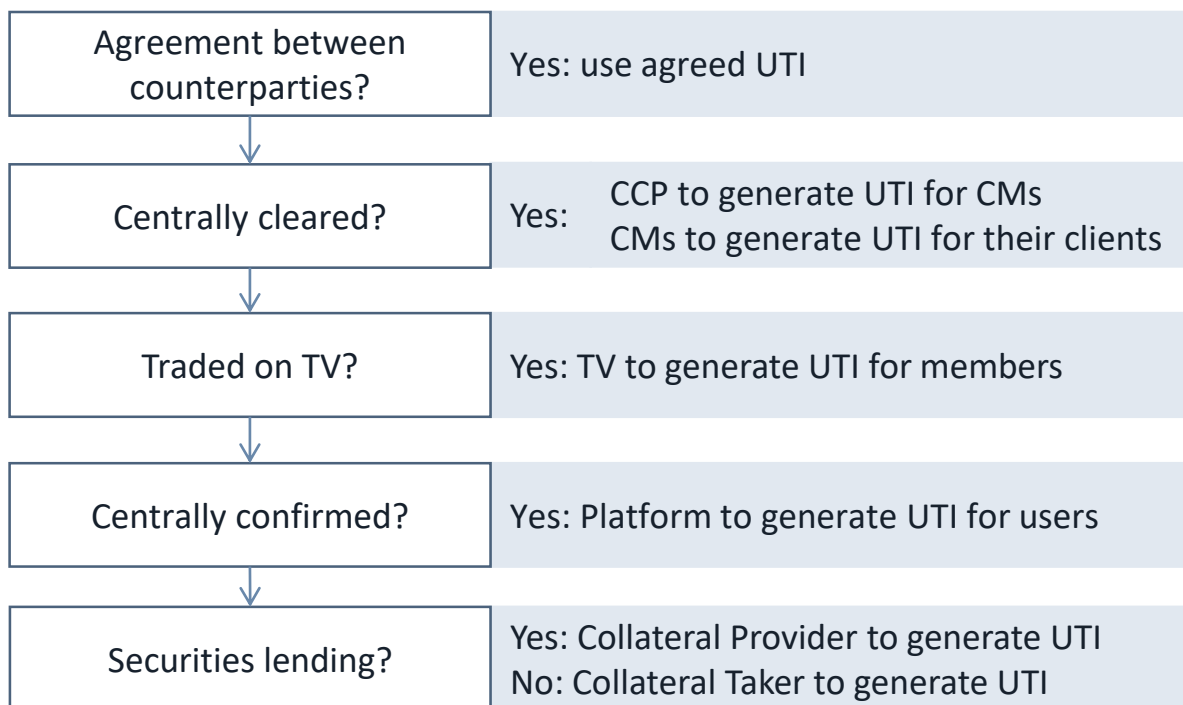
Examples of issues being discussed

- Agent Lender acting as principal in a Security Lending transaction (US Business Practice)
- Counterparty of a Cleared Repo
- Ambiguous definition of SFT type

How FIX can solve SFTR data challenges (1/3)

SFT markets rely on multiple systems, manual processes, inefficient workflows and limited standardisation! Examples of challenges:

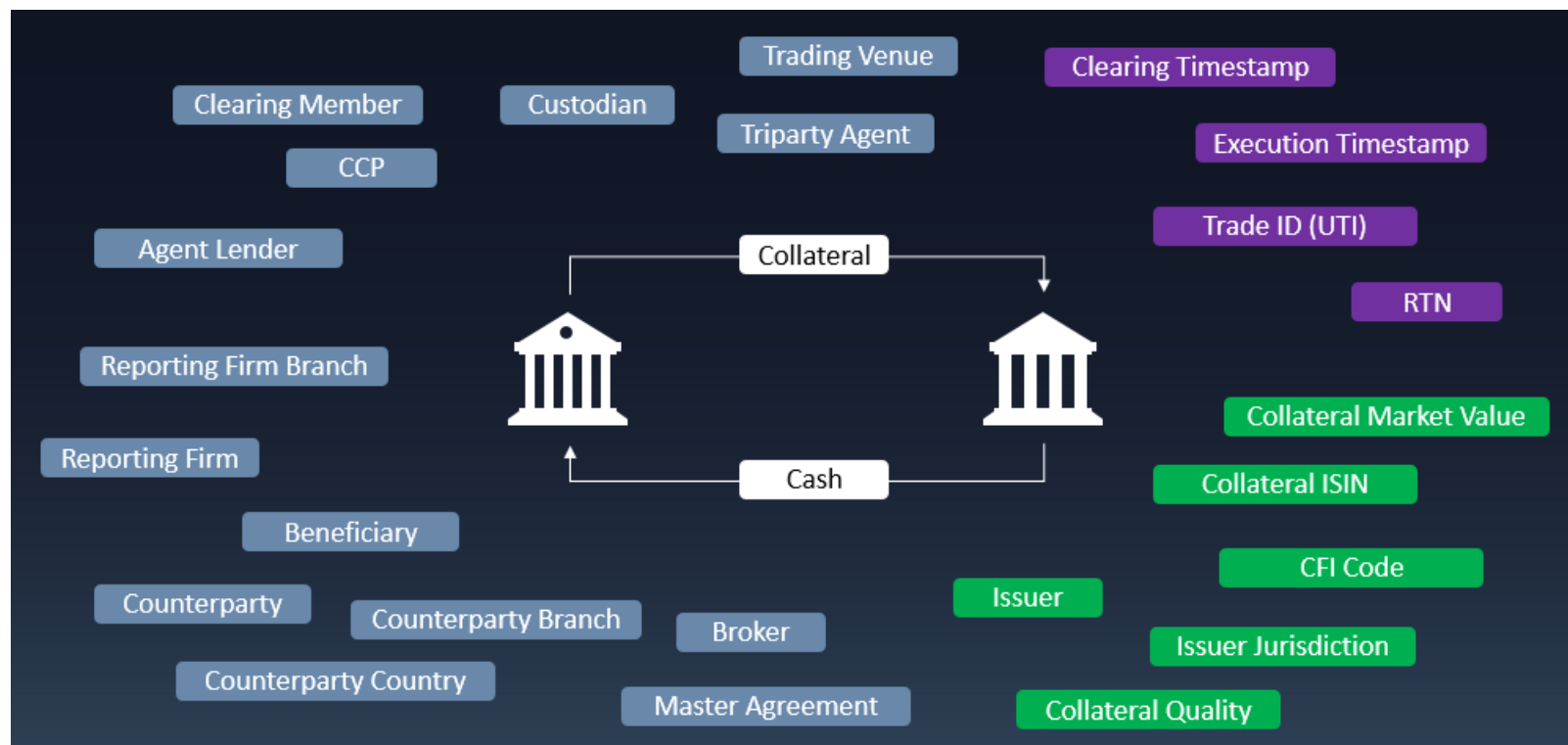
Challenge 1: Matching trade economics and trade identifiers (UTI)



How FIX can solve SFTR data challenges (2/3)

SFT markets rely on multiple systems, manual processes, inefficient workflows and limited standardisation! Examples of challenges:

Challenge 2: Incomplete and inconsistent reference data



How FIX can solve SFTR data challenges (3/3)

SFT markets rely on multiple systems, manual processes, inefficient workflows and limited standardisation! Examples of challenges:

Challenge 3: Translating proprietary formats into ISO 20022 format

