

ERCC updates: SFTR - Latest Developments & ICMA Best Practices

30 March 2020



SFTR go-live & Covid-19



- **16 March:** [Joint ICMA-ISLA letter](#) sent to ESMA to request a delay to the phase 1 go-live given the extraordinary circumstances around Covid-19
- **19 March:** ESMA issues [public statement](#) granting a delay of the phase-1 go-live by 3 months to 13 July
- **26 March:** ESMA [updates](#) the statement, clarifying that firms (all 4 phases) are also no longer expected to comply with the backloading provisions
- Agreed ICMA interpretation of the ESMA statements published today

ESMA's final Level 3 guidance

- **On 6 January, ESMA published the long-awaited final set of Level 3 implementation guidance, including:**
 - SFTR [Reporting Guidelines](#) and accompanying [Final Report](#)
 - Amended [Validation Rules](#)
 - [Statement on the reporting of LEIs](#) (non-EU issuers)
 - Completed by the relevant [XML schemas](#) (published on 20 December 2019)
- **Following in-depth review, ICMA identified number of issues and open questions and decided to follow up with ESMA on key concerns:**
 - List of over 50 relevant updates, open questions or contradictions identified
 - Ongoing discussions with ESMA on two key concerns:
 - Reporting implications of settlement fails for repo
 - Reporting of variation margin for uncleared repos
 - Increasingly complemented by discussions with key NCAs, including the FCA in the UK

ERCC SFTR Task Force – structure and deliverables

- **In 2015, ICMA ERCC established its dedicated SFTR Task Force**
 - Group is open to a **broad range of market participants**, including sell-side, buy-side, market infrastructures, TRs and service providers
 - Membership has increased to around 700, **representing over 150 firms**
 - Bi-weekly **meetings/calls** usually attended by around 200 participants
- **Detailed ICMA best practice documents published on 24 February**
 - [ICMA Recommendations for Reporting under SFTR](#): 204-page guide setting out common interpretations and best practice recommendations on over 70 issues
 - [ICMA SFTR sample reports](#): concrete reporting examples covering over 30 repo trading scenarios
 - [Repo lifecycle event reporting](#): comprehensive overview table setting out agreed reporting approach for repo lifecycle events
 - All documents **continue to evolve** to reflect ongoing discussions within the SFTR TF and with ESMA

Links:

- [ICMA European Repo and Collateral Council](#)
- [Further details on the ERCC work in relation to SFTR](#)

SFTR workshops:

- **SFTR technical workshops:** full-day workshop to focus on SFTR regulatory requirements & ICMA best practices - 7 editions held so far (currently on hold)
- **Web-based alternatives** are being developed – to be announced soon

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