

ICMA Recommendations for Reporting under SFTR

ICMA European Repo and Collateral Council

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About ICMA

The **International Capital Market Association** (ICMA) has over 580 members located in 62 countries worldwide drawn from both the sell side and buy-side of the market. It is primarily a pan-European association but with strong links and a growing number of members outside Europe. ICMA market conventions and standards have been the pillars of the international debt market for almost 50 years, providing the framework of rules governing market practice which facilitate the orderly functioning of the market.

Since the early 1990's, ICMA has played a significant role in promoting the interests and activities of the international repo market, and of the product itself. The **European Repo and Collateral Council** (ERCC) was established by the ICMA in December 1999, to represent the cross-border repo and collateral markets in Europe and has become the industry representative body that has fashioned consensus solutions to the emerging, practical issues in a rapidly evolving marketplace, consolidating and codifying best market practice.

In 2015, the ICMA ERCC created its dedicated **ERCC SFTR Task Force**. The group includes representatives from over 150 firms covering the whole spectrum of the market, including buy-side, sell-side, market infrastructure providers, but also trade repositories and relevant third-party service providers that are offering SFTR reporting solutions. The main objective of the SFTR Task Force is to develop a common understanding of the requirements and to develop market best practices in relation to SFTR reporting to complement guidance provided by regulators. The work is undertaken in close collaboration with other trade associations and the relevant regulators, in particular ESMA.

*This guide has been authored by **Richard Comotto**, Senior Adviser to the ICMA, and is reflective of substantial input from members of the ERCC's SFTR Task Force.*

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Preface

The new reporting regime introduced by the EU Securities Financing Transactions Regulation (SFTR) will start its phased implementation in April 2020 and will require detailed reporting by EU-incorporated or located entities of all securities financing transactions (including repo and reverse repo) to authorised trade repositories. This measure has been introduced to improve the transparency and regulatory oversight of the EU SFT market.

The Regulation introduces extremely granular daily reporting requirements for repos and other types of SFTs, which pose a significant challenge for the industry. In total, SFTR sets out 155 reporting fields (118 are applicable to repo), most of which require the data from both sides of the trade to match with no or very limited tolerance. In addition, firms will have to report any modifications, terminations and corrections throughout the life cycle of a trade and report on a daily basis collateral market values, collateral reuse and margins.

The ICMA Guide supports members in their SFTR implementation efforts. It offers help to interpret the regulatory reporting framework specified by ESMA and sets out best practice recommendations to provide additional clarity and address ambiguities in the official guidance. It is supplemented by a suite of sample reports and an overview of repo life-cycle event reporting, which have both been published alongside the Guide.

ICMA has played a leading role in steering the industry response to the challenges of SFTR reporting, through the European Repo and Collateral Council's dedicated SFTR Task Force which represents over 150 firms covering the whole spectrum of the market. The group includes reporting firms from both buy-side and sell-side but also market infrastructures, as well as third-party service providers looking to develop solutions to help reporting firms comply with SFTR. The Guide is based on feedback from members of the SFTR Task Force and defines a market consensus on over 70 issues. It is not a static document but will evolve as we move closer to the reporting go-live date in April. The intensive cross industry collaboration coordinated by ICMA through the Task Force reflects the scale of the challenge that SFTR poses to repo and other SFT markets. Collectively it has succeeded in creating a clear and authoritative 'how to' guide for anyone obliged to report under SFTR, that supports the objective of the regulation by facilitating good data quality from the market to enhance transparency.

Complementing the work on best practices, ICMA actively provides support and technical training on the requirements of SFTR, running numerous workshops and webinars, operating a well-used 'help line' for members and participating in industry events.

Martin Scheck
ICMA Chief Executive

24 February 2020

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Purpose and scope of the Guide

- This Guide is published by ICMA’s European Repo and Collateral Council (“ERCC”). It is targeted at financial or non-financial counterparties to securities financing transactions, specifically repos, who have a direct reporting obligation under the EU SFT Regulation (SFTR), as well as relevant market infrastructure providers and any other service providers that offer SFTR reporting solutions. The overarching aim of the Guide is to establish among stakeholders a common understanding of the relevant reporting rules and definitions. It is hoped the Guide will thereby reduce reconciliation breaks and the consequent operational burden for the industry but also increase the quality of the reported data. To this end, the Guide sets out agreed understandings of the reporting requirements under SFTR as set out in the regulatory texts (see [Official SFTR sources](#)) and guidance, and provides recommendations to supplement the legal framework by providing complementary informal guidance.
- The Guide is not an alternative to the regulatory texts and the practices set out therein are recommendations only. In case of conflicts between this Guide and the regulatory texts or guidance provided by ESMA or National Competent Authorities (NCAs), the Regulatory Texts and official guidance take precedence.
- The Guide applies to both repurchase transactions and buy/sell-backs, which are both types of repo. It does not explicitly provide guidance on the reporting of other types of SFT defined in the SFTR, such as securities lending transactions or margin lending transactions, although some overlap is inevitable as many of the issues are common across SFTs. On common topics, ICMA has attempted to coordinate closely with other relevant trade bodies, in particular, ISLA.
- The Guide will be updated from time to time to reflect additional guidance from ESMA and/or the NCAs or changes in the market consensus in relation to specific questions or market practice. The latest version of the Guide is posted on the ICMA website at www.icmagroup.org/sftr. ICMA will publish updates but readers should periodically check the ICMA website to ensure that they are using the latest version of the Guide.
- Questions about the Guide, as well as suggestions for change or improvement, should be addressed to the ICMA ERCC at the offices of ICMA Ltd at 23 College Hill, London EC4R 2RP or ercc@icmagroup.org.
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List of abbreviations

<u>ABS</u>	asset-backed security
<u>AFME</u>	<u>Association for Financial Markets in Europe</u>
<u>AIF</u>	Alternative Investment Fund (as defined in Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers)
<u>AIFM</u>	Alternative Investment Fund Manager
<u>ANNA</u>	<u>Association of National Numbering Agencies</u>
<u>ATS</u>	automatic trading system
<u>BIS</u>	<u>Bank for International Settlements</u>
<u>CC&G</u>	<u>Cassa di Compensazione e Garanzia SpA</u>
<u>CCP</u>	central (clearing) counterparty
<u>CFI</u>	<u>Classification of Financial Instruments</u> (ISO 10962)
<u>CSD</u>	central securities depository (defined in the EU in Regulation (EU) No 909/2014 of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories)
<u>DTCC</u>	<u>Depository Trust & Clearing Corporation</u>
<u>ECB</u>	<u>European Central Bank</u>
<u>EGCP</u>	Euro GC Pooling offered by Eurex Repo
<u>EMIR</u>	European Markets and Infrastructure Regulation (Regulation (EU) No 648/2012 of 4 July 2012 on OTC derivatives, central counterparties and trade repositories)
<u>ESMA</u>	<u>European Securities and Markets Authority</u>
<u>ETCMS</u>	Euroclear Trade Capture and Matching Service
<u>ETF</u>	exchange-traded fund
<u>€GCPlus</u>	GCFF in euro offered by LCH SA

<u>FCA</u>	<u>Financial Conduct Authority</u>
<u>FICC</u>	<u>Fixed-Income Clearing Corporation</u>
<u>FIRDS</u>	<u>Financial Instruments Reference Data System</u>
<u>FSB</u>	<u>Financial Stability Board</u>
<u>GC</u>	general collateral
<u>GCF</u>	General Collateral Financing service offered by FICC
<u>GCFE</u>	general collateral financing facility
<u>GLEIF</u>	Global Legal Entity Identifier Foundation
<u>GMRA</u>	Global Master Repurchase Agreement
<u>GMSLA</u>	Global Master Securities Lending Agreement
<u>GSD</u>	Government Securities Division (of FICC)
<u>HQLA</u>	High Quality Liquid Assets
<u>ICMA</u>	<u>International Capital Market Association</u>
<u>ICSD</u>	international central securities depository
<u>IDB</u>	interdealer broker
<u>ISDA</u>	<u>International Swaps and Derivatives Association</u>
<u>ISIN</u>	International Securities Identification Number (ISO 6166)
<u>ISLA</u>	<u>International Securities Lending Association</u>
<u>ISO</u>	<u>International Standards Organization</u>
<u>ITS</u>	Implementing Technical Standards
<u>LCH</u>	<u>London Clearing House</u>
<u>LCR</u>	Liquidity Coverage Ratio
<u>LEI</u>	Legal Entity Identifier

MBS	mortgage-backed security
MIC	Market Identifier Code (ISO 10383)
MiFID	Market in Financial Instruments Directive (Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments)
MiFIR	Market in Financial Instruments Regulation (Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments)
MTF	Multilateral Trading Facility
MTS	Mercato Titoli di Stato
NACE	Nomenclature des Activités Économiques dans la Communauté Européenne
NCA	national competent authority
NFC	non-financial counterparty
OTC	over-the-counter
OTF	Organized Trading Facility (as defined in MiFID II)
PSE	public sector enterprise
RTN	Report Tracking Number
RTS	Regulatory Technical Standards
RWA	risk-weighted asset
SFT	securities financing transaction
SFTR	Securities Financing Transaction Regulation (Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse)
£GC	GCOFF in sterling offered by LCH Ltd
T2S	TARGET2 Securities
TR	trade repository
UCITS	Undertakings for Collective Investment in Transferable Securities (Directive

2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)

[UTC](#) Co-ordinated Universal Time

[UTI](#) Unique Transaction Identifier

Official SFTR sources

SFTR	<u>Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on Transparency of Securities Financing Transactions and of Reuse and Amending Regulation (EU) No 648/2012</u>
RTS on transaction reporting	<u>Commission Delegated Regulation (EU) 2019/357 of 13.12.2018 supplementing Regulation (EU) 2015/2365 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of securities financing transactions (SFTs) to be reported to trade repositories</u>
ITS on transaction reporting	<u>Commission Implementing Regulation (EU) 2019/363 of 13.12.2018 laying down implementing technical standards with regard to the format and frequency of reports on the details of securities financing transactions (SFTs) to trade repositories in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council and amending Implementing Regulation (EU) No 1247/2012 with regard to the use of reporting codes in the reporting of derivative contracts</u>
RTS on trade repositories	<u>Commission Delegated Regulation (EU) 2019/358 of 13.12.2018 supplementing Regulation (EU) 2015/2365 of the European Parliament and of the Council with regard to regulatory technical standards on the collection, verification, aggregation, comparison and publication of data on securities financing transactions (SFTs) by trade repositories</u>
RTS on access to data in trade repositories	<u>Commission Delegated Regulation (EU) 2019/357 of 13 December 2018 supplementing Regulation (EU) 2015/2365 of the European Parliament and of the Council with regard to regulatory technical standards on access to details of securities financing transactions (SFTs) held in trade repositories</u>

ESMA Final Reports	<u>Final Report. Guidelines on reporting under Articles 4 and 12 SFTR (ESMA70-151-2703) of 06 January 2020</u>
	<u>Final Report on Technical standards under SFTR and certain amendments to EMIR (ESMA70-708036281-82) of 31 March 2017</u>
ESMA Guidelines	<u>Guidelines. Reporting under Article 4 and 12 SFTR (ESMA70-151-2838) of 06 January 2020</u>
	<u>Consultation Paper. Guidelines for reporting under Article 4 and 12 SFTR (ESMA70-151-1985) of 23 May 2019</u>
ESMA Validation Rules	<u>SFTR Validation Rules (ESMA70-151-1019) of 06 January 2020</u>
	<u>SFTR Validation Rules (ESMA70-151-1019) of 31 October 2019</u>
	<u>SFTR Validation Rules (ESMA70-151-1019) of 27 May 2019</u>

1. Scope of SFTR reporting obligations

1.1 Do repos with central banks have to be reported?

According to SFTR Article 2(3), transactions with members of the European System of Central Banks (ESCB) do not have to be reported under SFTR. The ESCB currently consists of the European Central Bank (ECB) and the national central banks (NCBs) of all 28 member states of the EU (27 after Brexit).¹

The reporting exemption for transactions with EU central banks applies to all repos transacted with the relevant central banks, including those that they transact on a commercial basis for reserve management purposes as well as those that they transact as part of monetary policy operations.

ESMA's draft Guidelines of May 2019 (p.152, para.372) also expressly require the exclusion from re-use calculations of collateral received from and posted to members of the ESCB, and securities lending to and borrowing from such entities (see recommendation 10.3). This conclusion was confirmed in ESMA's final Guidelines of January 2020 (para.407).

Because SFTs transacted with ESCB central banks are exempted from SFTR reporting, they are in scope for MiFIR transaction reporting requirements under Article 2(5)(penultimate sub-paragraph) of Delegated Regulation (EU) 2017/590, except in the case of an auto-collateralized repo with an EU central bank, which is excluded under Article 2(5)(b) on the basis that it is "a contract arising exclusively for clearing or settlement purposes" (confirmed by ESMA to AFME). See recommendations 1.6 and 1.11.

Note that the provision in Article 2(4) of SFTR delegating power to the European Commission to amend the list of exemptions in Article 2(2) merely allows additional public institutions to be exempted from their reporting obligations under Article 4 and their re-use requirements under Article 15. It does not remove SFTs transacted with those additional institutions from the reporting obligations of other EU-established or located entities. Only transactions with members of the ESCB do not have to be reported under SFTR. Thus, SFTs transacted with the Bank of England after the Brexit transition period will have to be reported under SFTR by entities established or located in the EU, despite the Bank's exemption under Article 2(4).

Note also that non-EU central banks with offices in the EU who are trading repos are classified as non-financial entities for the purpose of *Table 1, field 5, Sector of the Reporting Counterparty*, and are specifically included in category *K, Financial and Insurance Activities*.

¹ SFTR Article 2(2) exempts members of the ESCB, other EU bodies "performing similar functions", EU public debt management agencies and the BIS from reporting their SFTs but does not exempt EU-incorporated or located entities from reporting SFTs with these institutions.

Recommendation: Repos with central banks which are members of the ESCB should not be reported under SFTR nor should collateral received from or posted to these institutions, or securities lending and borrowing transactions with these institutions, be included in re-use calculations. However, such repos will need to be reported under MiFIR, except where the transaction is an auto-collateralized repo with an EU central bank.

1.2 Reporting repos with small EU non-financial companies

Article 4(3) of SFTR delegates the reporting of SFTs concluded between an EU financial entity and a small non-financial EU entity, as well as the reporting of the re-use of collateral by the latter, to the EU financial entity. This obligation will apply nine months after the Report Starting Date (RSD, also known as the “go-live date”) for the financial entity’s own reporting obligation (see SFTR Article 33(2)(a)(iv)), although financial entities are free to choose to start delegated reporting when their own reporting obligations start. There is no provision for small non-financial EU entities to contractually take back the reporting obligation delegated to their EU financial counterparties.

An EU financial entity to which a reporting obligation on behalf of a small EU non-financial entity has been delegated is only responsible for reporting re-use on behalf of the non-financial entity while there is an outstanding SFT between them.

If the small EU non-financial entity has repos outstanding with more than one EU financial entity at the same time, all of the financial entities will have to report re-use on the behalf of that non-financial entity but each financial entity will only have to report re-use in respect of ISINs which it has repoed to the small non-financial entity. However, the small EU non-financial entity is responsible for calculating the re-use and providing the estimate to the EU financial entity (Guidelines of January 2020, p.184, para.401).

Note that this mandatory delegated reporting obligation applies only to SFTs concluded by non-financial entities established in the EU with financial entities subject to SFTR.² So, if a non-financial entity that is established in the EU concludes an SFT with a financial entity established outside the EU and operating through an office located outside the EU (which therefore excludes an EU branch of a non-EU financial entity), the latter is not subject to the SFTR, so the non-financial entity would be responsible for its own reporting.

Small non-financial entities for the purpose of SFTR are defined by reference to the definition of “medium-sized undertakings” in Article 3(3) of the EU Accounting Directive (2013/34/EU) as those which ‘on their balance sheet dates do not exceed the limits of at least two of the three following criteria:

- balance sheet total: EUR 20 000 000;
- net turnover: EUR 40 000 000;
- average number of employees during the financial year: 250.

Note that the definition of a small non-financial entity under SFTR is different from that of a so-called NFC- under EMIR.

² SFTR Article 3(5) defines “established” as:

- (a) if the counterparty is a natural person, where it has its head office;
- (b) if the counterparty is a legal person, where it has its registered office;
- (c) if the counterparty has, under its national law, no registered office, where it has its head office.

In its Final Report of March 2017 (p.36, para. 90), ESMA refers to “...NFCs checking their status as small NFCs and informing their counterparties...”. And in the final Guidelines of January 2020, ESMA expressly state that the obligation to determine the size of an EU non-financial entity falls on the non-financial entity itself.

ESMA has not clarified when a re-assessment of the size of a small EU non-financial entity should take place, which would be the moment at which its reporting obligation could be delegated or repatriated. However, given the fact that the definition of a small EU non-financial entity is based on the Accounting Directive, which requires annual reports to be published annually (within 12 months of the date of the balance sheet in the annual report) and given that those annual reports carry the data needed to determine whether a non-financial entity is small for the purposes of SFTR, it is recommended that the re-assessment of its size by an EU non-financial entity should also be annual, on the date of publication of the annual report (not on the date of the balance sheet in the report).

Given the risk that the status of a non-financial entity may change from one year to the next, it would also be prudent for EU financial counterparties to:

- consider including a representation in the legal agreement with non-financial entities requiring them to promptly communicate a change in status to the financial counterparty;
- consider assuming (subject to agreement with the non-financial entity) the obligation of delegated reporting for non-financial entities where its size is above but close to the limits (perhaps calculated by applying a margin reflecting historical variations in their size);
- make contingency plans and provisions for a prompt switch to delegated reporting in the event that the latest annual accounts of a non-financial entity reveal that it has fallen in size below the limits.

Note that the extent of the delegated reporting obligation for small EU non-financial entities may be reduced by the fact that many small non-financial entities will be unable to borrow money from investment firms through repos because Article 16(10) of MiFID II prohibits retail clients from giving collateral through a title transfer collateral arrangement with investment firms.^{3 4}

Recommendation: It should be assumed that the reporting obligation on a small EU non-financial entity transacting repos with an EU financial counterparty changes only annually, on the date when the data required to assess the size of the small EU non-financial entity is published in its annual report.

³ In fact, non-financial entities will only be able to do repos to investment firms if they have (1) a large enough balance sheet and net turnover or (2) a large enough balance sheet and enough own funds. Mandatory delegated reporting for the second group will be limited to those with an average of less than 250 employees.

⁴ The definition of “retail” in MiFID includes undertakings falling below at least two of the following criteria:

- balance sheet total: EUR 20 000 000;
- net turnover: EUR 40 000 000;
- own funds at least: EUR 2,000.000.

1.3 Is a repo by a branch of a non-EU entity located in the EU reportable if the repo is booked with its non-EU parent?

If a branch that is located in the EU of a legal entity that is established in a country outside the EU (a ‘third country’) negotiates a repo with another legal entity (in any country, whether in the EU or outside) but the transaction is “booked” by the parent, it has been argued that, for the purposes of SFTR, the parent rather than the branch would have “concluded” the repo and it should therefore not have to be reported (by the branch or, given that it is established and located outside the EU, by the parent).⁵

However, SFTR is not limited to repos concluded by a branch, whatever the meaning of “conclusion”. The reporting obligation actually applies to “a counterparty to an SFT that is established...in a third country, if the SFT is concluded in the course of the operations of a branch in the Union” (Article 2(1)(a)(ii)). In the case of the repo in the above example, its negotiation could be considered an operation of the branch.

ESMA sought to clarify the meaning of “conclusion” in its Guidelines of May 2019 but conclusively resolved the question in its final Guidelines and Final Report of January 2020, in which it expressly excluded the EU branches of third-country entities from SFTR reporting obligations where SFTs are booked with the non-EU parent (p.16, para.63; p.19, para.63 and pp.32-33, paras.137-144). It says that this approach is based on a broader interpretation of “conclusion” and is seen as more consistent with EMIR, focuses on risk rather than the activities of individuals and overcomes numerous practicable reporting difficulties.⁶

⁵ SFTR Article 3(6) defines a “branch” as “a place of business other than the head office which is part of a counterparty and which has no legal personality”.

⁶ In its draft Guidelines of May 2019 (pp.26-27, para.102 of 100-103), ESMA proposed that “conclusion” by a branch requires one of the following conditions to be met. These are taken from Article 14 of Delegated Regulation 2017/590 supplementing MiFIR.

a. where the branch received the order from a client or made an investment decision for a client in accordance with a discretionary mandate given to it by the client;

b. where the branch has supervisory responsibility for the person responsible for the investment decision concerned;

c. where the branch has supervisory responsibility for the person responsible for execution of the transaction;

d. where the transaction was executed on a trading venue or an organised trading platform located outside the Union using the branch's membership of that trading venue or an organised trading platform.

In fact, these conditions are not used in Regulation 2017/590 to define what is meant by “conclusion” by a branch but to determine which country code should be reported for the branch. Moreover, conditions (b) and (c) appear superfluous for the purpose of SFTR. A client order would be subject to reporting by a branch under condition (a) simply as a result of having been received directly by the branch or being the result of a discretionary investment decision made by the branch on behalf of the client regardless of the location of supervisory responsibilities for investment decisions. And any order executed by any entity located in the EU would anyway be reportable under SFTR regardless of the location of supervisory responsibilities for execution. In the end, ESMA’s guidance gave rise to more questions. What if a client order is routed via the parent? And what about orders from entities other than clients? Are these to be regarded as having been concluded outside the branch?

1.4 Should collateral swaps, liquidity swaps and other collateral transformation transactions be reported?

Collateral swaps and liquidity swaps should be reported under SFTR (see SFTR Recital 7 and Final Report, p.12, para.1). These and similar transactions such as collateral upgrade trades are forms of “collateral transformation” whereby a holder of one type of security temporarily exchanges that security for another type. A common motive for collateral transformation is to secure a High Quality Liquidity Asset (HQLA) for the purpose of meeting the Liquidity Coverage Ratio (LCR).

Collateral transformation --- eg into security A from security Z --- can be performed by either:

- securities borrowing transaction, in which security Z is given as collateral and security A is received as a loaned security;
- reverse repo of security A and a repo of security ~~B~~Z (Table 2, field 4, Type of SFT = REPO/SBSC) executed back to back for the same purchase prices and repurchase dates (but usually different repo rates and therefore repurchase prices).

The back-to-back reverse repo v repo form of a collateral/liquidity swap should be reported as two separate transactions.

Recommendation: Collateral swaps, liquidity swaps and similar collateral transformations should be reported under SFTR. If they are composed of a back-to-back reverse repo and repo, they should be reported as two separate and unrelated transactions, each with its own UTI.

1.5 How should intra-day repos be reported?

1.5.1 Intra-day repos with custodians

Custodians who are also credit institutions sometimes provide intra-day credit to clients to facilitate securities settlement where a temporary shortage of cash is holding back the settlement of a purchase of a security. ESMA believes that such intra-day lending to facilitate securities settlement, which it calls “daylight lending”, is also used to cover daylight risk to custodians arising in delivery-versus-payment (DVP) settlement and also in mismatches between periodic net payments by custodians to and from clients and real-time gross payments by custodians on behalf of clients across securities settlement systems (see ESMA’s draft Guidelines of May 2019 (p.14, paras. 25-26). ESMA assumes daylight lending facilities consist of credit secured by liens which custodians take on securities in the settlement accounts of clients. On the grounds that (1) the underlying transactions being facilitated will be reported under SFTR, MiFID/MiFIR or EMIR and (2) the volumes of intraday lending extended and the liens taken by custodians are likely to obscure SFT-specific risks and would be extremely burdensome to report, ESMA concluded that, “ESMA is of the opinion that custody relationships and CCP [sic] “daylight lending” facilities do not fall under the definition of SFT” (pp.14-15, para. 27).⁷ As intraday repos for the purpose of facilitating settlement are part of daylight settlement facilities, it decided that they should not be reported.

In addition to daylight lending secured by liens on assets in custody, custodians can use intra-day repos to facilitate settlement. However, such use of repo would appear to be reportable under SFTR, given the treatment of auto-collateralized repos extended by custodians --- see recommendation 1.6.

Although ESMA only refers to the daylight lending facilities of custodians, this should be taken to include ICSDs given that they are global custodians.

1.5.2 Intra-day repos with the market

Where an intra-day repo is transacted between parties other than to facilitate securities settlement, it will have to be reported under SFTR. For such an intra-day repo:

- *Table 2, field 14, Maturity Date = Table 2, field 13, Value Date = the date in Table 2, field 12, Execution Timestamp = Table 2, field 3, Event Date.*

If the collateral allocation is agreed when the transaction is executed, it should be reported in the initial loan report. If the collateral allocation is not known in time to include in the initial loan report because it is managed by a tri-party or other agent, that report should include:

- *Table 2, field 96, Collateral Basket Identifier = NTAV (not available)*

⁷ The exclusive reference to *CCPs* in this sentence is probably incorrect given that the first sentence of the same paragraph talks of “*CCPs* or other financial counterparties”. *CCPs* are identified in paragraphs 25 and 26 as significant users of such facilities at custodians.

Because intra-day repos mature before the end of the day, there will be no collateral balance to update at the end of the day (note that collateral update reports only report end-of-day balances). But there needs to be a collateral update report showing the zero balance (p.24, section 4.9.3, para.103 of the final Guidelines of January 2020). This is an exception to the rule that collateral update reports are not necessary on the maturity date of an SFT and is recommended in order to fulfil the requirement to make at least one collateral update report for a transaction (which arises because a loan report sent without the details of the collateral will lead the trade repository to expect a collateral update report).

Recommendation 1: Intra-day repos, even to facilitate settlement, should be reported.

Recommendation 2: When reporting an intra-day repo, if it is not possible to report a collateral allocation in the initial loan report, the Collateral Basket Identifier should be reported as NTAV and the end-of-day collateral update report should show zero collateral.

1.6 Should auto-collateralized intra-day cash borrowing be reported?

“Auto-collateralization” is a credit facility that, within limits and subject to collateral haircuts, automatically provides intra-day credit to a participant in a securities settlement system who is purchasing securities when the system detects an insufficiency of cash in that party’s account in order to ensure settlement. There are two types of auto-collateralization:

- credit from a central bank to a payment bank --- called “central bank auto-collateralization”;
- credit from a payment bank to one of its clients (a CSD participant) --- called “client auto-collateralization”.

The collateral can be either (1) the securities being purchased (“flow” auto-collateralization) or (2) unencumbered securities already held by the party (“stock” auto-collateralization). Stock auto-collateralization is used when, for example, the securities being purchased are not eligible as collateral at the central bank.

Auto-collateralization provided by a custodian --- client auto-collateralization --- is an SFT and so should be reported under SFTR. This was confirmed by ESMA in its Final Report of January 2020 (p.17, paras.45 & 47).

On the other hand, auto-collateralization provided by an EU central bank --- central bank auto-collateralization --- is exempt from reporting under SFTR because one of the parties is an EU central bank.^{8 9}

Note that, although auto-collateralization provided by EU central banks are exempt from reporting obligations under SFTR,¹⁰ they are not in scope for the MiFIR transaction reporting requirements, even though there is a disposal and acquisition of one or more financial instruments in the form of collateral.¹¹ Auto-collateralized repo is exempted under MiFIR because it is “a contract arising exclusively for clearing or settlement purposes” (confirmed by ESMA to AFME). See [recommendation 1.1](#).

⁸ Note that an auto-collateralized repo provided by a central bank may involve a payment bank acting as a conduit for flows of cash and collateral between the central bank and a participant in the securities settlement system, there is no repo between the payment bank and the participant, as evidenced by the fact that there is only one set of settlement instructions in the auto-collateralization. The payment bank is merely inserted into the process to simplify the operational task of the central bank. For a more detailed description of the auto-collateralization process, see the [T2S Special Series on T2S Auto-collateralization \(Issue No.2, October 2012\)](#).

⁹ In addition, ESMA noted, in its draft Guidelines of May 2019, that central bank auto-collateralization in the case of T2S was managed by EU central banks and did not involve the lending of securities, which made it similar to the overdraft facilities that are sometimes offered as part of the fails-curing programmes of CSDs, which are monitored under CSDR and are not considered by ESMA to be SFTs (p.17, para.43; see also pp.16-17, paras.39-41).

¹⁰ See MiFIR RTS 22, Article 2(5)(a).

¹¹ See MiFIR RTS 22, Articles 1, 2(2)(a) and 2(3)(a).

ESMA has confirmed that auto-collateralization offered by the Bank of England to participants in Euroclear UKI (formerly Crest), which are similar in purpose to T2S auto-collateralization, will also be exempt from reporting obligations under SFTR but presumably only to the end of the Brexit transition period (final Guidelines p.9, para.11 & Final Report p.17, paras.46-47).

Recommendation 1: Auto-collateralization provided by an EU central bank to facilitate settlement in T2S is central bank auto-collateralization and should not be reported under SFTR nor under MiFIR.

Recommendation 2: Auto-collateralization provided by a payment bank to a client in T2S settling in central bank money is client auto-collateralization and should be reported under SFTR.

Recommendation 3: Auto-collateralization provided by the Bank of England to facilitate settlement in Euroclear UKI (formerly CREST) is central bank auto-collateralization and should not be reported under SFTR nor under MiFIR.

Recommendation 4: Auto-collateralization provided by an (I)CSD or custodian to a client in a settlement system settling in commercial bank money is client auto-collateralization and should be reported under SFTR.

1.7 Should intra-day securities borrowing be reported?

Yes. SFTs to borrow securities from a CSD to prevent a settlement failure (“fails-curing” transactions), where the transaction is opened and closed on the same day, must be reported individually, whether or not they are automatic (see ESMA’s Final Report of March 2017 p.58, para.174). But note that these are securities lending transactions, not repos.

Because specific securities will not be allocated as collateral against intra-day securities borrowing, and will not be transferred from the account of the borrower, and because the pool of securities in the borrower’s account at the CSD can also be used for other purposes such as to support settlement in commercial bank money, ESMA’s Final Report of March 2017 (pp.58-59, para.175(b)) says reports of this type of securities lending transaction should include:

- *Table 2, field 72, Uncollateralised SL flag = TRUE*

This treatment is inaccurate because there is collateral, which should mean *Table 2, field 20, Method Used to Provide Collateral = SICA* but this treatment has been prescribed by ESMA.

Automatic securities borrowing (widely known as “auto-borrowing”) can be collateralized with securities or cash collateral. In ESMA’s draft Guidelines of May 2019, it is suggested that auto-borrowing can also be unsecured. Such auto-borrowing is described as being against “intraday credit” or an “overdraft” (pp.16-17, para.38). In reality, it does not appear that unsecured auto-borrowing actually exists.

Auto-borrow should be distinguished from “auto-collateralisation” or “self-collateralisation”, which is the automated borrowing of cash through facilities provided by some central banks to securities settlement systems, including T2S, and by some (I)CSDs to their customers, in order to facilitate settlement by relieving temporary shortages of cash for settling purchases of securities and sometimes certain asset servicing requirements. See recommendation 1.6.

Auto-borrow should also be distinguished from the intra-day cash offered by the ICSDs and some custodians, occasionally through repos, which are discretionary loans of cash by these agents also to facilitate settlement by relieving temporary shortages of cash for settling purchases. See recommendation 1.5.

Recommendation: Fails-curing transactions, including auto-borrowing facilities, should be reported as an uncollateralized securities lending transaction.

1.8 How should a repo be reported which is constructed from a sale and a repurchase for different dates as separate contracts?

If there is no legal agreement encompassing both transactions, these constitute an undocumented buy/sell-back and, in line with recommendation 7.1, should be reported as a buy/sell-back with:

- *Table 2, field 4, Type of SFT = SBSC (sell/buy-back)*
- *Table 3, field 9, Master Agreement Type = OTHR*
- *Table 2, field 10, Other Master Agreement Type = UNDOCUMENTED*

Recommendation: A sale and repurchase outside of any legal agreement should be reported as an undocumented buy/sell-back.

1.9 How should a repo be reported which is constructed from a sale and a repurchase under an ISDA agreement?

Because this type of transaction has the same economic effect as a conventional repo, it should be reported as a repo. Repos are not characterized by the particular legal agreement under which they are transacted and managed.

If the contract provides that, upon any future payment of a coupon, dividend or other income on the collateral, the collateral-taker should make an equal and immediate payment (a “manufactured payment”) to the collateral-giver, the transaction should be reported as a repurchase transaction with:

- *Table 2, field 4, Type of SFT = REPO (repurchase transaction)*
- *Table 2, field 9, Master Agreement Type = ISDA*

If, on the other hand, the contract provides that any future payment of a coupon, dividend or other income on the collateral should be anticipated by reducing the repurchase price, then the transaction should be reported as a buy/sell-back with:

- *Table 2, field 4, Type of SFT = SBSC (buy/sell-back)*
- *Table 2, field 9, Master Agreement Type = ISDA*

Note that synthetic repos (where the repurchase leg is replaced by a derivative) are not reportable under SFTR. To do so could duplicate regulatory reporting, as the cash leg is reported under MiFID/MiFIR and the derivative leg may be reportable under EMIR (see SFTR Recital 7 and Final Report, p.12, para.1).¹² The reporting of synthetic repos is also ruled out by the definition of repos in SFTR, which requires transfers of assets. Also, it is not practicable to report synthetic repos using SFTR reporting templates. See [recommendation 1.12](#).

Recommendation: A sale and repurchase under any master agreement should be reported as a repurchase transaction or buy/sell-back depending on how payments of coupons, dividends or other income on collateral will be managed.

¹² SFTR Recital 8 also distinguishes synthetic from real SFTs by identifying the former as distinct transactions with “equivalent economic effect” and “similar risks” and fulfilling similar functions.

1.10 How should a repo documented under a securities lending agreement be reported?

While repos and securities loans perform the same economic functions, their legal construction differs in that cash in a securities loan is only ever collateral but cash in a repo is never intended (legally speaking) to be collateral and only ever provided as collateral on a temporary basis where there is an insufficiency of eligible securities in the case of tri-party repos, because of unforeseen corporate events or where a security that has been given as a variation margin is due to be returned through an opposite variation margin cannot immediately be sourced. A major example of a repo documented under a securities lending agreement is the –“reverse securities loan”, also known as a “reverse stock loan”. In a typical reverse securities loan, the cash side of the transaction is kept constant (for which reason, reverse securities loans are sometimes called “cash-driven”) and any transaction exposure is eliminated by varying the quantity and sometimes the composition of the collateral, which is usually a portfolio of more than one security.¹³ The portfolio of securities in a reverse securities loan is typically managed by a tri-party agent. Reverse securities loans are priced directly in terms of the interest rate on the cash and not as a rebate rate that is fixed on the basis of the expected cash reinvestment return, as would be the case for cash collateral in “securities-driven” securities loans.

It is not possible to report a reverse securities loan under SFTR using the loan and collateral data fields dedicated to securities lending by the RTS and ITS on transaction reporting and the Validation Rules. One obstacle to reporting reverse securities loans as securities loans arises from the fact that the SFTR reporting framework implicitly assumes, in the case of a transaction reported as a securities loan (*Table 2, field 4, Type of SFT = SLEB*), that any cash is identified as collateral while any security is identified as a loaned security. The problem here is that the framework allows only one loaned security to be reported per transaction (*Table 2, field 41, Security Identifier*), whereas reverse securities loans typically involve multiple security issues. It would be incorrect to try to resolve this problem by breaking up reverse securities loans into separate transactions each involving one security, which was one suggestion, as this approach would misrepresent the legal structure of the transaction and would also produce a set of apparently unrelated transactions. Many of these could be terminated at different times, as they could be substituted, obscuring the true term of the exposure agreed by the parties. This approach would also be prohibitively complicated in view of the typical frequency and size of changes to the securities. In addition, any loaned security must be identified in the report of the new transaction on T+1, whereas the securities in a reverse securities loan are typically allocated by a tri-party agent and will usually be reported by the agent too late to report on T+1.

In view of the obstacles to reporting a reverse securities loan using the loan and collateral data fields intended for securities lending transactions, it was proposed that reverse securities loans should be reported using the loan and collateral data fields intended for repos. This would allow the securities to be reported as collateral, using repeatable fields. The cash would be reported as:

- *Table 2, field 37, Principal Amount on Value Date*

¹³ Transaction exposure is a difference between the market value of collateral and the repurchase price (cash owed by the seller) of a repo taking into account any haircut or initial margin.

- *Table 2, field 38, Principal Amount on Maturity Date*

To achieve access to repo data fields, it was proposed not to change the RTS or ITS, which is not a practicable option, but by reporting the reverse securities loan as a repo but under a securities lending master agreement.¹⁴

- *Table 2, field 4, Type of SFT = REPO*
- *Table 2, field 9, Master Agreement Type = [securities lending master agreement]*

In its final Guidelines and Final Report of January 2020, ESMA expressly accepted the proposal to report reverse securities loans using the repo data fields (Guidelines p.12, para.36 & p.22, para.78). It also accepted that Gentan repo (which economically is a repo but is described legally as a securities loan) should be reported using repo data fields (Guidelines p.11, para.23 & Final Report, p.19, para.58(f)).

However, in the case of CCP-cleared securities loans, where some cleared loans are reverse securities loans, reclassification of these loans as repos would create a problem under the proposed ISO 20022 XML Schema, as collateral updates reports are differentiated by type of SFT.

Note that where a securities lending transaction is reported as a repo, subsequent life-cycle events will reflect the mechanics of a securities loan rather than of a repo.

Recommendation: When a party to a securities lending transaction wishes to report that transaction using repo data fields, it should ensure that the other party is in agreement.

¹⁴ To keep field 2.4 = SLEB, but allow the use of fields 2.37 and 2.38, it would be necessary to amend the definition the ITS on transaction reporting to allow *Table 2, field 40, Type of Asset* to include cash.

1.11 How should a repo with an EU central bank (ESCB member) be reported under MiFIR?

According to SFTR Article 2(3), SFTs concluded with members of the European System of Central Banks (ESCB) --- the ECB and the current 28 national central banks in the EU (27 post Brexit transition period) --- are exempt from the SFTR transaction reporting obligation. However, SFTs exempt from transaction reporting under SFTR have been explicitly brought into scope for MiFIR transaction reporting requirements under Article 2(5) of the related RTS 22 --- see [recommendation 1.1](#) and [recommendation 1.6](#).

ESMA have provided a partial example of a repo report under MiFIR (ESMA Guidelines on Transaction Reporting, Order Record Keeping and Clock Synchronisation under MiFID II (ESMA/2016/1452 of 10 October 2016, corrected on 7 August 2017), p175, Example 87). The example highlighted five fields:

- *field 4 Executing Entity Identification Code* = LEI
- *field 7 Buyer Identification Code* = LEI
- *field 16 Seller Identification Code* = same LEI as 4
- *field 41 Instrument Identification Code* = collateral ISIN
- *field 65 Securities Financing Transaction Indicator* = TRUE

Two proposed MiFIR reports have been added to the portfolio of draft sample reports published by the ICMA's SFTR Task Force (5.1 to 5.2). The key principle underlying the sample reports is that repo is not a financial instrument for the purposes of MiFID II/MiFIR and repo reports under MiFIR should therefore be of the underlying movement of securities and not of the repo itself. These proposals were submitted to ESMA on 4 December 2019. A response is awaited.

Sample report 5.1

It has been necessary to add some fields to the ESMA example in order to provide a report recognizable as a repo (although the example provided by ESMA was not intended to be a complete report). In particular, sample report 5.1 also includes:

- *field 2 Transaction Reference Number* --- code of up to 52 alphanumeric characters.
- *field 28 Trading Date Time* --- date and time when the repo was executed. The date is the transaction date (T) of the repo.
- *field 33 Price* --- the clean price of the purchase leg of a repo expressed for fixed-income securities as a percentage --- in line with market practice, we assume that the price does not include any haircut (but note that this is not fully consistent with field 35 which is inclusive of any haircut).
- *field 35 Net Amount* --- for the purchase leg, this is the amount paid on the purchase date for the collateral security, which is the purchase price of the repo and so reflects any haircut.
- *field 36 Venue* --- MIC code XOFF is required where the securities being provided as collateral are trading or have been admitted to trading on a regulated trading venue (which is likely to be the case).

- *field 62 Short Sell Indicator* --- the fact that the sale of securities in a repo is not a short sale is recognized by filling this field with SELL in the case of securities subject to the Short Selling Regulation, ie EU government securities and equities.

The sample reports do not include the repurchase leg of the repos as these are not the result of a new investment decision but are part of the original contract. Moreover, the use of *field 65 SFT Indicator* makes it clear that there will be a repurchase in the future.

Sample report 5.2

The ESMA example of a MiFIR report of a repo does not provide for repos against multiple securities. Unless ESMA accepts that only one security in a basket is reported, the only option would appear to be to report a repo against multiple securities as a complex trade, which would be identified by *field 40 Complex Trade Component ID* (up to 35 alphanumeric characters) but with the sale of each security treated as a component transaction of the complex trade with its own *field 2 Transaction Reference Number*. This option is illustrated in sample report 5.2.

Characterizing a transaction as a complex trade is only possible if the transaction is executed at a single price, so *field 33 Price* must be the same for each component. *Field 28 Trade Date Time* will also be the same for each component.

Field 33 Price in this report is implied from *field 35 Net Amount*. This means it is a dirty price adjusted by the haircut on the collateral. This is contrary to the rule in MiFIR to report the clean price. However, a clean price would not be meaningful for a complex trade with several securities, whereas a price implied from the purchase price of the repo reflects the reality of the transaction in that this measures the cash actually paid and is common to all its components.

In the sample report, *field 35 Net Amount* has been filled in, as this may be necessary to ensure validation by the ARMs.

Other issues

One problem that has not been resolved relates to the timing of reports. In the case of certain repos, e.g. most trades that involve a tri-party agent, the collateral will be allocated too late to be reported by the MiFIR reporting deadline on T+1. A solution would be to follow SFTR and allow for a delay in such cases in reporting to S+1 (at the latest), perhaps also conditional on *field 65, Securities Financing Transaction Indicator*, being filled in.

Another unresolved problem is on the exact scope of the MiFIR reporting requirements and in how far this covers pledge-based repo structures. These are used by some EU central banks as “repos”. On the one hand, according to Articles 2(2) and 2(3) of the relevant RTS, a transaction is defined as an acquisition or disposal of financial instruments. This would seem to apply only to transactions in which, in the case of non-derivatives, legal title is transferred. This is also supported by Article 2(5)(o) which excludes acquisitions or disposals that are solely a result of a transfer of collateral. On the other hand, Article 2(5) refers to SFTs more generally as defined in SFTR, which would seem to in turn include pledge-based repo-like structures, particularly in view

of ESMA's decision, announced in its final Guidelines of January 2020, to include such false repos (see p.13, para.23; p.11, para.9.

This problem was posed to ESMA on 4 December 2019.

1.12 Do synthetic repo have to be reported under SFTR?

Synthetic repos are combinations of a normal purchase leg (an exchange of cash and securities) and a derivative, usually a total return swap (TRS), to replace the normal repurchase leg. Such structures are not reportable under SFTR as they do not fall within the definitions of SFTs in Article 3 and Recital 8 distinguishes synthetic from real SFTs by identifying the former as distinct transactions with “equivalent economic effect” and “similar risks” and fulfilling similar functions. Moreover, the cash leg is reported under MiFID/MiFIR and the derivative leg could be reportable under EMIR (see SFTR Recital 7 and Final Report, p.12, para.1). Nor is it practicable to report synthetic repos using SFTR reporting templates.

Recommendation: Synthetic repos should not be reported under SFTR.

1.13 Do “pledged repos” have to be reported?

The SFTR definition of a buy/sell-back is clear that collateralization is by title transfer. Thus, Article 3(8) says a party “buys or sells”.

SFTR would also appear to be clear about the legal basis of the collateralization of a repurchase transaction. Article 3(9) starts by saying one of the parties “transfers” collateral at the start of a repurchase transaction but then talks of a commitment to “repurchase” (meaning that the collateral must have been purchased in the first place) and describes one party selling in the case of a repurchase agreement and the other buying in the case of a reverse repurchase agreement. This language is incompatible with any suggestion that the collateral is pledged under a repurchase transaction.

However, in its Guidelines of January 2020, ESMA state, “Where the collateral of repo is taking a different form of transfer, which is still part of the collateral arrangements that are defined under the Collateral Directive, the counterparties should still report it as repo. Repos concluded under rules of other jurisdictions, such as Gentan repos, should be reported accordingly and by providing complete and accurate details in accordance with the TS on reporting.”

ESMA are arguing that any transaction collateralized under the EU Financial Collateral Directive (2002/47/EC) is a repo. The Directive in fact distinguishes between title transfer financial collateral arrangements and security financial collateral arrangements. This is a novel interpretation. It has never previously been argued that loans secured by pledges or other security interests are repos.

ESMA also appear to be arguing that transactions called repos that are not subject to the Financial Collateral Directive by virtue of being governed by a non-EU law should be reported according to the rules of the non-EU jurisdiction (“repos concluded under rules of other jurisdictions...should be reported accordingly”). While the example given, that of Gentan repos, is not problematic, as these are really repos disguised as securities loans by being documented under a securities lending agreement (originally to avoid a securities transaction tax), they are actually title transfer transactions. But the ESMA guidance appears to open the door to the inclusion of secured loans that are incorrectly called repos being reported as repo under SFTR, notwithstanding the Level 1 text or the legal reality of repos. One example would be Chinese “pledged repos”.

Unless and until ESMA rescind or suitable clarify its guidance, it would seem that any transaction called a repo should be reported as Table 2, field 4, Type of SFT = REPO, even if Table 2, field 20, Method Used to Provide Collateral ≠ TTCA.

Recommendation: Unless and until ESMA provide contrary guidance, any transaction called a “repo” that is not a buy/sell-back should be reported as a repurchase transaction, even if it is collateralized by a security interest and not by title transfer.

2. Back-loading

2.1 What transaction data have to be back-loaded and how should this be done?

~~2.1.1 Start of transaction reporting~~

SFTR Article 4(1)(b) requires the reporting of all repos executed on or after the date on which the SFTR reporting requirements come into force. The reporting requirements start on different dates for different types of entity. For banks and securities dealers (“credit institutions” and “investment firms” as defined in EU legislation), this Reporting Start Date --- generally called the “go-live” date (G) --- is 12 months after the date that the RTS on transaction reporting comes into force. That RTS came into force on 11 April 2019, so the go-live date for banks and securities dealers ~~is~~should be 11 April 2020. Other types of entity ~~are~~were required to start reporting in three subsequent waves, each separated by three months (but can report earlier if so they wish)¹⁵.

~~Allowing~~However, because of the Covid-19 pandemic, the go-live date for ~~weekends~~banks and ~~Easter~~securities dealers has been delayed, effectively until 13 July 2020, the same go-live date as ~~CCPs and CSDs. Therefore,~~ the complete schedule of go-live dates ~~will likely be~~is currently:

- ~~Tuesday 14 April~~Monday 13 July 2020 --- reporting go-live for **credit institutions and investment firms** ~~(or on Monday, 13 April 2020, if this is not a public holiday,)~~
- Monday 13 July 2020 --- reporting go-live for **CCPs and CSDs**
- Monday 12 October 2020 --- reporting go-live for **insurance firms, UCITs, AIFs and pension funds**
- Monday 11 January 2021 --- reporting go-live for **non-financial entities**

In addition to the transaction reporting obligations that come into effect on the above go-live dates, SFTR imposes what is generally called a “back-loading” requirement to report historic transactions that were transacted before the above reporting obligations came into force and are still outstanding 180 days after an entity’s reporting go-live date.

The purpose of the back-loading requirement is to allow ESMA to start to calculate the outstanding position or stock of SFTs, in part, in order to fulfil their reporting obligations to the FSB.

~~2.1.2 Back-loading of fixed term repos~~

With respect to back-loading, Article 4(1)(a(i)) requires the reporting, at any time up to but excluding 190 days after the relevant go-live date (from G to G+189), of any repo with a **fixed term** to maturity which:

- was executed before the relevant go-live date; and

¹⁵ ESMA’s draft Guidelines of May 2019 (p.48, para.188) states that “should the non-banking counterparties find it easier, they could start reporting in advance of the relevant reporting start date indicated in Article 33(2)(a) SFTR”.

- is still outstanding on the relevant go-live date with more than 180 days remaining to maturity.

~~If a party wants to report as early as its go-live date, it can back-load all fixed-term repos that still have more than 180 days remaining to maturity on that date. Of course, should any of these repos be terminated early before G+181, the party would have to report the termination when it occurs. It would also have to report any modifications after the go-live date. If, on the other hand, a party waited to report until G+189, it would have to back-load only those historic fixed-term repos still outstanding on G+180 and would not have had to report any early termination and interim modifications.~~

~~For example, given that the reporting go-live date for a bank is 14 April 2020, banks will have to report all fixed-term repos negotiated before and still outstanding on Saturday 11 April 2020 that have maturities on or after Thursday 8 October 2020 (which is 180 days after 11 April 2020). The report would have to be made by Sunday 18 October 2020 (which is last business day within the 190-day deadline).~~

~~2.1.3 Back-loading of open repos~~

~~In addition to the back-loading of fixed-term repos, Article 4(1)(a)(ii) requires the reporting from and including 181 days up to but excluding 190 days after the relevant go-live date (G+181 to G+189) of any open repo which:~~

- ~~was executed before the go-live date; and~~
- ~~is outstanding on the go-live date; and~~
- ~~and is still outstanding 180 days after the go-live date for the reporting party.~~

~~For example, given that the reporting go-live date for a bank is 14 April 2020, banks will have to report all open repos negotiated before and still outstanding on Saturday 11 April 2020 which are still open on Thursday 8 October 2020 (which is 180 days after 11 April 2020). The report would have to be made between Sunday 9 October 2020 (which is 181 days after 11 April 2020 and Saturday 17 October (which is last business day within the 190-day deadline).~~

~~2.1.4 Summary of back-loading deadlines~~

~~In summary, ESMA requires the back-loading of all repos (fixed-term and open) which were executed before and are outstanding on the relevant go-live date and are still outstanding on G+180. The complete schedule of back-loading dates is summarised in the table below.~~

~~The phased approach to back-loading means that reports by entities back-loading in the earlier phases of transactions with entities in later phases will remain unmatched until the latter start back-loading. In addition, the back-loading requirement means that, until all phases of back-loading are complete, there are likely to be mismatches between the net exposure of transactions reported from the relevant go-live date and any variation margins given or taken on transactions not cleared by a CCP, as the variation margins will cover the net exposure of all transactions under the same master agreement, even those awaiting back-loading.~~

Start back-loading on (G+1 or G+181)	Who backloads	What is back-loaded	Finish back-loading on (G+189)
Tuesday 14 April 2020 (G = 11 April)	credit institutions & investment firms	all fixed-term repos live on Saturday 11 April 2020 (G) & due to mature after Thursday 8 October 2020 (G+180)	Saturday 17 October 2020
Monday 13 July 2020 (G = 11 July)	CCPs & CSDs	all fixed-term repos live on Saturday 11 July 2020 (G) & due to mature after Thursday 7 January 2021 (G+180)	Saturday 16 January 2021
Friday 9 October 2020 (G+181)	credit institutions & investment firms	all open repos live on Saturday 11 April 2020 (G) & still live on Thursday 8 October 2020 (G+180)	Saturday 17 October 2020
Monday 12 October 2020 (G = 11 October)	insurance firms, managers of UCITs & AIFs, pension funds	all fixed-term repos live on Sunday 11 October 2020 (G) & due to mature after Friday 9 April 2021 (G+180)	Sunday 18 April 2021
Friday 8 January 2021 (G+181)	CCPs & CSDs	all open repos live on Sunday 11 July 2020 (G) & still live on Thursday 7 January 2021 (G+180)	Saturday 16 January 2021
Tuesday 12 January 2021 (G = 11 January)	non-financial entities	all fixed-term repos live on Monday 11 January 2021 (G) & due to mature after Saturday 10 July 2021 (G+180)	Monday 19 July 2021
Monday 12 April 2021 (G+181 = 10 April)	insurance firms, managers of UCITs & AIFs, pension funds	all open repos live on Sunday 11 October 2020 & still live on Friday 9 April 2021 (G+180)	Sunday 18 April 2021
Monday 12 July 2021 (G+181 = 11 July)	non-financial entities	all open repos live on Monday 11 January 2021 (G) & still live on Saturday 10 July 2021 (G+180)	Monday 19 July 2021

~~Reports of back-loaded transactions will need to be matched and supplied with *UTIs* and *Execution Timestamps* in order to match and so that life-cycle events can be subsequently reported. In addition, other data may need to be provided which are currently not exchanged between parties.~~

~~It is recommended that parties do not carve out historic repos from their data whether these transactions are back-loadable or not. See [recommendation 10.1](#).~~

~~2.1.5 Task Force proposed recommendation --- report all repos that are live on go-live date on the go-live date~~

~~The ICMA's SFTR Task Force reviewed a number of alternative approaches to meeting the back-loading requirement (see the discussion paper issued on 8 October 2018). The initial consensus approach was to simplify reporting by combining the reporting of new and historic data by agreeing that **all fixed term and open repos that were executed prior to the first go-live date but are still live on that date would be reported on and from that date regardless of whether or not they were due to be back loaded under the official requirement.** The only extra functionality required for SFTR reporting systems would be the retrieval of historic repos, which would anyway have been required under all the other options considered.~~

~~It was recognized that this full upfront reporting approach would add to the burden of reporting by (1) including fixed term repos with less than 180 days to maturity on the first go-live date and (2) also requiring the reporting of the termination and modification of historic repos during the period from go-live to G+180. However, these extra burdens were not seen as material given that the approach avoids having to differentiate historic fixed term repos in terms of whether they have more or less than 180 days remaining to maturity on the relevant go-live date. And the reporting of terminations and modifications would be part of the standard reporting procedure. It would also mean that there would be smaller mismatches between the net exposure of reported transactions and any variation margins during the six months after the first go-live date.~~

~~2.1.6 Task Force reconsideration of the proposed recommendation~~

~~As the first go-live date has approached, a number of member firms of the Task Force have reconsidered the previous proposal and have expressed a wish to stay with the official schedule in SFTR.⁴⁶ However, other firms have indicated that they still plan to back load from the first go-live date. Consequently, it is expected that different firms will be adopting different approaches. Where two parties adopt different approaches, the back loaded reports sent early by one party will not be matched by the trade repositories until the matching reports are back loaded by the other. In its final Guidelines and Final Report of January 2020, ESMA has confirmed that back-loading from a go-live date is allowed (Final Report p.54, para.310) but requires counterparties to agree with each other the date as of which they will back-load historic repos (p.35, para.144; p.54, para.305(b)).~~

Recommendation: ~~Parties should try to agree the same back-loading date with as many of their counterparties as possible.~~

⁴⁶ The change of opinion is largely because the advancing of back-loading by six months would reduce the time available to build the required functionality into their systems and to retrieve, check and enrich reports with UTIs and other reference data. These firms also felt that back-loading within the nine-day window proposed by ESMA would reduce any problems arising from the mismatching of reports. And, in light of the experience of back-loading derivatives under EMIR, some firms commented that back-loading tends to be most successful when a known population is refined over a longer period of time, away from the core reporting project, to ensure that everything is in place to meet the back-loading deadline.

~~2.2 Back loading historic extendible repos extended after go-live~~

~~If an extendible repo transacted by a party before its go-live date (G) has less than 180 days remaining to maturity on G, it does not have to be back loaded. If the extension option on that repo can still be exercised after G and would extend the maturity of that repo beyond G+180 180 days, that repo should only be back loaded if the reporting party back loads after the date on which the option is exercised.¹⁷~~

~~By way of example, consider a party that, on G, has a historic extendible repo maturing before G+180 with an unexercised extension option that would extend the maturity to beyond G+180. If that party back loads historic repos before the option is exercised, the repo falls outside the scope of the back loading requirement under SFTR and should not be included. Having not been back loaded, if the extension option is subsequently exercised and the extended repo is under the same contract and has the same UTI, it does not constitute a new transaction and so should not be reported.~~

~~If, on the other hand, the party above back loads historic repo after the extension option has been exercised, the historic repo will fall within the scope of the back loading requirement under SFTR and so should be reported.~~

Recommendation: ~~If an extendible repo transacted by a party before G has less than 180 days remaining to maturity on G and an unexercised option that would extend maturity to beyond G+180, it is recommended that this repo is included in back loading if the extension option is exercised before the reporting party back loads its historic repos but should not be included in back loading if the extension option is exercised after back loading.~~

However, as a result of the Coronavirus pandemic, on 19 March 2020, ESMA announced the delay of the reporting start date for credit institutions and investment firms from 13 April to 13 July. On 26 March, ESMA announced the effective permanent abolition of the back-loading requiring (it remains a requirement of SFTR but will not be enforced). It is assumed that back-loading will not be required by any type of entity.

¹⁷ Fixed term repos, including extendibles, can be back loaded any time from G+1 to G+189 inclusive, if they have more than 180 days remaining to maturity on G.

3. UTIs & MICs

3.1 How should UTIs be structured, generated and distributed (field 2.1)?

3.1.1 General

Each pair of repo transaction or position reports made by parties subject to SFTR is required to have a matching UTI (*Table 2, field 1, Unique Transaction Identifier*). It is therefore essential that reporting parties agree on how UTIs should be generated and distributed.

ESMA have provided a UTI Generation Flowchart in their Guidelines of January 2020 (p.37) and Final Report of March 2017 (p.78, fig.1), which sets out the order of different generation options under Article 3(2) of the ITS on transaction reporting to be used where parties cannot reach a bilateral agreement on who should generate the UTI (bilateral agreement is ESMA waterfall scenario 2). In the absence of bilateral agreement, it is expected that parties to a repo which involves a financial market infrastructure (FMI) such as a CCP (scenario 3), a trading venue (scenario 4) or a confirmation-matching service (scenario 5) will make use of one of these FMIs, in that order, given that they are obliged to generate UTIs for their users.

Where there is no agreement between reporting parties, no use of a CCP, trading venue or confirmation-matching service, and one of the parties is the financial counterparty to a small EU non-financial entity, the financial counterparty is obliged to generate the UTI (scenario 6).

In all other cases, the buyer in a repo is obliged to generate the UTI (scenario 8)¹⁸

Where it is agreed by the parties that one of them will be responsible for generating and sharing the UTI or they have agreed how the allocation of the responsibility between them will depend on the type of repo, it is best practice for the agreement to be recorded in writing so that the parties can demonstrate to the regulator, should the need arise, that they have made appropriate arrangements. It is up to the parties to agree the degree of diligence to be required of the generating party but this should be clearly defined. Where one of the parties is delegating the operational responsibility for reporting to the other, it is recommended that the parties set out their agreement on responsibility for generating the UTI in the Master Regulatory Reporting Agreement (MRRA) published in December 2019 by market associations including ICMA.

¹⁸ Note that scenario 7 is for securities lending only.

3.1.2 Principal-to-principal repos not cleared on a CCP, not executed on a trading venue and not confirmed on a third-party matching service

Where a CCP, trading venue or confirmation-matching service is not involved in the generation and sharing of UTIs, the parties should conclude, and record in writing, a **bilateral agreement** as to who will generate UTIs and how they will be shared between them (ESMA waterfall scenario 2). It is recommended that the agreement should be based on one of the following options chosen in the following order of precedence.

First option --- if **both parties are users of the same FMI** --- other than a CCP, trading venue or confirmation-matching service --- and that **FMI provides a UTI-generation service** at a mutually-acceptable cost, the parties should agree in writing to use this service.

Second option --- if **one party but not the other is a user of an FMI that provides a UTI-generation service** --- other than a CCP, trading venue or confirmation-matching service --- and this service is available at a mutually-acceptable cost, the parties should agree that the user of the FMI will employ this service and immediately share the UTI with the other using the means of communication agreed between the parties and specified in the written record of their agreement. Moreover, the UTI should be shared in writing, never by voice, as soon as possible, preferably within one hour after the execution of the transaction and never on the next day (note that the Article 3(3) of the SFTR ITS on transaction reporting requires the provider of a UTI to do so in a “timely manner”).

Third option --- if **one or both parties are users of the same FMI** --- other than a CCP, trading venue or confirmation-matching service --- but that **FMI does not provide a UTI-generation service** at a mutually-acceptable cost, the parties should consider using the FMI to immediately share the UTI, if that function is available, as generated in the way agreed in writing between the parties. The UTI should be shared in writing, never by voice, as soon as possible, preferably within one hour after the execution of the transaction and never on the next day.

Fourth option --- if **neither party is a user of an FMI** --- other than a CCP, trading venue or confirmation-matching service --- that provides a UTI-generation service at a mutually-acceptable cost, they should agree and record in writing which one of them will generate and share UTIs with the other or how responsibility will be allocated between them if they wish to share that responsibility. In this case, when conducting a negotiation orally or by means of electronic messaging, the party which has accepted the obligation to generate and share the UTI with the other should ensure that this is automatically generated and shared with the other party using the means of communication agreed between the parties and specified in the written record of their arrangement. The UTI should be shared in writing, never by voice, as soon as possible, preferably within one hour after the execution and never on the next day.

In support of this recommendation, all financial market infrastructures should offer a UTI generation and/or distribution service, even if they are not obliged to do so under SFTR.

3.1.3 Structuring the UTI

It is universally accepted that the format of UTIs should conform to the “mint and value” model of the Technical Guidance on the Harmonisation of the Unique Transaction Identifier published in February 2017 by CPMI-IOSCO, where the mint component is the LEI of the generating party and the value component is a number generated by that party to ensure uniqueness among the UTIs generated by that party. The total number of characters should not exceed 52. CPMI-IOSCO does not prescribe any further structuring.

However, it is recommended that parties generating a UTI should apply a uniform structure for the value component (that is, when there is no FMI involved) to help keep the length of bilaterally-generated UTIs short in order to facilitate the manual processing required where no FMI is involved in generating the UTI. Specifically, it is recommended that the UTI should consist of (1) the LEI of the party generating the UTI, followed by (2) the date of execution of the transaction (ie transaction date) in the format YYYYMMDD followed by (3) three or more letters selected by the generating party. A three-letter ending allows for 17,576 unique codes per day. The first letter could be used to identify different trading desks, who could then allocate the other letters to their own trades. It is not foreseen that such an initiative would compromise global attempts to harmonize the UTI format.

In its final Guidelines and Final Report of January 2020, ESMA has recommended the CPMI-IOSCO principles (p.38, para.154; p.55, para.322). The recommendation above is consistent with this guidance.

Note that the Validation Rules appear to be contradictory about whether UTIs can include special characters. It is recommended that UTIs should not include any special characters.

3.1.4 Sharing the UTI

~~It is also recommended that UTIs generated by one of the parties in the absence of an FMI should be in a format that accommodates the simplest written medium of communication. This includes fax messages but~~ Best practice in sharing UTIs and related data in the absence of an FMI is to use a digital medium of communication that avoids ~~the need~~ having to manually key the UTI data into the recipient’s records and ~~has a structure that is easily interpreted, including~~ facilitates the automation of the required workflows. However, some parties currently rely on manual processes and faxes. It is recommended therefore that UTIs and related data generated by one of the parties in the absence of an FMI should be in a message format that can be used both in automated workflows and manual workflows using faxes. To accommodate the latter, parties should be able to be able to share UTIs and related data using delimited text files (text files with lines of data separated by a delimiter such as a comma punctuation marks or tab) in order to maximise the ability of parties to efficiently ingest the data tabs).

Efficient sharing of UTIs and related data requires by a common format for messages. It is recommended that parties use the XML schema that has been constructed by a working group co-ordinated by PwC. This is consistent with ISO 15022 and 20022 although it is not an ISO-recognized schema. The schema can be downloaded here. It can be read in any simple text editor or web browser and text delimited files can be

generated using most XML editors. As an alternative, parties can use a CSV file template, which can be downloaded here. The schema and examples of the XML and CSV messages that it generates are provided in Annex V to these Recommendations. Note that both the XML schema and the CSV template covers securities lending and so include the minimum fields added by ISLA. In addition, the XML schema incorporates the data field format rules of SFTR but not its validation rules.

3.1.5 Minimum fields to be shared with a UTI

When a party receives a UTI under a bilateral agreement, in order to assist the identification in their own records of the transaction to which the UTI applies, it is recommended that the UTI, when shared, is accompanied by the following minimum set of data fields:

- 1.3 Reporting Counterparty
- 1.9 Counterparty Side
- 1.11 Other Counterparty
- 2.1 UTI
- 2.4 Type of SFT
- 2.12 Execution Timestamp (subject to a difference of up to one hour)
- 2.13 Value Date
- 2.14 Maturity Date [it can be assumed that no entry means open]
- 2.23 Fixed Rate
- 2.25 Floating Rate
- 2.37 Principal Amount on Value Date
- 2.39 Principal Amount Currency
- 2.49 Security or Commodity Price (needed for buy/sell-backs)
- 2.78 Identification of Security Used as Collateral (where available)
- 2.83 Collateral Quantity or Nominal Amount

In addition, for agency transactions, the following fields should be included:

- 1.14 Triparty Agent
 - 1.18 Agent Lender
 - 2.14 Termination Date¹⁹
- and

- proprietary trade reference number generated by the agent lender to distinguish client funds
- LEI of the fund from which collateral is being re-allocated.

There are additional data fields for securities lending.

The XML schema and examples of an XML file and a CSV file, as well as the shared data fields' specifications, are provided in Annex V.

¹⁹ This field is not included for the purpose of identifying transactions for which ~~bilaterally generated~~ UTIs have been generated. It has been requested to facilitate the identification of agency transactions which have been re-allocated on the transaction date.

Recommendation 1: Where a CCP, trading venue or confirmation-matching service is not involved in the generation and sharing of UTIs, the parties should conclude, and record in writing, a bilateral agreement as to who will generate UTIs and how they will be shared. Where other types of infrastructure are involved and can generate and share UTIs at a mutually-acceptable cost, these infrastructures should be used. Otherwise, parties should agree and record in writing which one of them will generate and share UTIs, which automatic and shared using an agreed means of communication other than voice, as soon as possible, preferably within one hour after the execution and never on the next day.

Recommendation 2: Bilaterally-generated UTIs should consist of (1) the LEI of the party generating the UTI, followed by (2) the date of execution of the transaction in the format YYYYMMDD followed by (3) three or more letters selected by the generating party. UTIs should consist of alphanumeric characters only.

Recommendation 3: When a party receives a UTI under a bilateral agreement, in order to assist the identification in their own records of the transaction to which the UTI applies, it is recommended that the UTI is accompanied by a minimum set of data fields.

3.2 If a report is made in error because it is out of scope for one of the parties, what happens to the UTI?

A transaction could be reported under SFTR by both parties and then one of the parties realizes that, on its side, the transaction was out of scope of the SFTR. An example would be where the transaction was executed by a subsidiary in the US and reported by mistake by its EU-based back office. The out-of-scope party would have to send an error report to its trade repository to cancel the report (*Table 2, field 98, Action Type = EROR*). This action would destroy the *UTI* of the cancelled report (note that *UTIs* cannot be changed by modification (*Table 2, field 98, Action Type = MODI*) or correction (*Table 2, field 98, Action Type = CORR*)). However, the transaction may remain in scope for reporting by the other party, who will therefore need a *UTI*. In this case, a new *UTI* will have to be created. Best practice is for both parties to cancel the original transaction and create a new one with a new *UTI*, which the in-scope party will report under the appropriate reporting regime but the out-of-scope party will, of course, not report again under SFTR.

See also recommendation 9.6.

Recommendation: Where a repo is mistakenly reported under SFTR, the report should be cancelled as an error and, in order to allow the other party to report that transaction under another reporting regime, the parties should report a new transaction to generate a new *UTI*.

3.3 What should be the MIC code for OTC repos (field 2.8)?

Parties are required to report the segment *Market Identifier Code (MIC)* of any entity reported in Table 2, field 8, *Trading Venue*. For OTC transactions, Annex I of the SFTR RTS on transaction reporting requires either XOFF or XXXX, depending on whether the SFT has been admitted to trading on a MiFID-regulated *Trading Venue*.²⁰ But ESMA's draft Guidelines of May 2019 (pp.89-91, paras.246-251) define "admitted to trading on a trading venue" differently from MiFID, as whether or not a transaction has been registered on a *Trading Venue* post trade, stating that:²¹

- for repos executed on a *Trading Venue*, field 2.8 = segment MIC of the *Trading Venue*;
- for repos not executed on a *Trading Venue* but "brought into the rules of the venue" post trade, field 2.8 = XOFF;
- for all other repos, field 2.8 = XXXX.

Recommendation: All repurchase transactions and buy/sell-backs not executed on a *Trading Venue* nor registered with a *Trading Venue* post trade should be reported with a MIC of XXXX. Repos registered on a *Trading Venue* post trade should be reported with a MIC of XOFF.

²⁰ Note that Annex I of the SFTR RTS on transaction reporting applies this rule to the collateral securities in the repo and not the repo itself.

²¹ Post trade registration of a repo on a *Trading Venue* is usually done in order to facilitate the registration of the transaction with a CCP by using the links between the *Trading Venue* and CCP.

4. Counterparty data

4.1 Who are the entities who should be reported as being involved in transacting a repo?

4.1.1 Who are the entities involved in reporting?

- **Reporting Counterparty** (*field 1.3*) is one of the contracting parties to the repo transaction or the change in position which is being reported, both of whom are at immediate risk of making a loss on the transaction or position. The *Reporting Counterparty* is the entity who or on behalf of whom the report is being made. In repo, unless special legal arrangements are being employed (about which, see the section below about the *Beneficiary*), the *Reporting Counterparty* will also be the *Beneficiary*, who is the party ultimately at risk of making a loss. If the *Reporting Counterparty* and the *Beneficiary* are the same, *Table 2, field 13, Beneficiary* does not have to be filled in with the LEI of that entity (see recommendation 4.3). In addition, unless the *Reporting Counterparty* is a UCITS, AIF or small non-financial EU entity transacting with an EU financial entity,²² it will also be the *Entity Responsible for the Report* (*field 1.10*), that is, the entity who is answerable to regulators for ensuring timely, accurate and complete reporting (see the section below).
- **Other Counterparty** (*field 1.11*). The contracting party to the transaction or change in position that is being reported who is not itself the Reporting Counterparty. In other words, it is not the party who or on behalf of whom a report is being made but is a contracting party to the transaction or position being reported.
- **Entity Responsible for the Report** (*field 1.10*) is the entity who is answerable to regulators for ensuring complete, accurate and timely reporting. It cannot contractually dispose of that responsibility by outsourcing the operation of reporting to a third-party service-provider. The *Entity Responsible for the Report* entity will be one of the following:
 - (1) a UCITS management company or an Alternative Investment Fund Manager (AIFM) reporting on behalf of the funds under their management (the funds being the *Reporting Counterparties*) --- this delegation of reporting responsibility is mandated by SFTR;²³
 - (2) if a fund management company outsources portfolio management to another legal entity in the form of an asset or investment manager, the fund management company remains

²² A small financial entity is a legal entity with a balance sheet that does not exceed two of following three levels: (1) balance sheet total of EUR 20 million; (2) net annual turnover of EUR 40 million; and (3) average number of employees of 250. See [recommendation 1.2](#).

²³ Note that AIFs based outside the EU do not have to be reported under SFTR, even if the AIFM is based in the EU. The contrary statement in ESMA's Final Report of January 2020 (p.31, para.132) was contradicted by the European Commission in a letter to the Alternative Investment Managers' Association (AIMA) of 7 February 2020.

the *Entity Responsible for the Report* (see recommendation 4.4 for reporting of the asset or investment manager);²⁴

- (3) an EU financial counterparty who is trading with a small non-financial EU entity --- this delegation of reporting responsibility is mandated by SFTR;
 - (4) in all other cases, the *Reporting Counterparty*.
- **Report Submitting Entity** (*field 1.2*) is a purely operational role and imposes no regulatory responsibility for the report. This entity could therefore be one of the following:
 - (1) the *Entity Responsible for the Report* in the form of a UCITS management company or AIFM reporting on behalf of a UCITS or AIF, respectively;
 - (2) the *Entity Responsible for the Report* in the form of an EU financial counterparty reporting on behalf of a small non-financial EU entity;
 - (3) the *Reporting Counterparty* --- other than UCITSs, AIFs or small non-financial EU entities -- - who will also be the *Entity Responsible for the Report*;
 - (4) if a fund management company outsources portfolio management to another legal entity in the form of an asset or investment manager, the asset or investment manager becomes the *Report Submitting Entity*, unless the fund management company expressly retains that operational role or it is outsourced to a third-party service-provider;²⁵
 - (5) a third-party service-provider to whom the *Entity Responsible for the Report* and/or the *Reporting Counterparty* has outsourced the operational responsibility for reporting.

Where operational responsibility for reporting to a trade repository has been delegated along a chain of entities, the *Report Submitting Entity* will be the party directly facing the trade repository, as this is the party whose identity has to be authenticated by the trade repository and whose authority to report on behalf of the *Reporting Counterparty* or *Entity Responsible for the Report* has to be checked by the trade repository before accepting reports or returning data.

- **Beneficiary** (*field 1.13*) is the legal entity who is ultimately at risk of making a loss on a transaction or position. In repo, the *Beneficiary* is very likely to also be the *Reporting Counterparty*, in which case, field 1.13 does not have to be filled in with the LEI of that entity. In its final Guidelines of January 2020, ESMA suggests that the two types of entity may differ in the cases of (1) umbrella and sub-fund structures and (2) a “ring-fenced pool” of securities (p.38, paras.155-156). However, many umbrella structures seem to be management constructs that do not legally consolidate sub-funds and do not have their own balance sheets. And the legal basis of ring-fenced pools is often not clear. ESMA seems to have taken a pragmatic approach and recommended that, if sub-funds, ring-fenced pools and similar sub-structures have LEIs of their own, then these LEIs are reported in field 1.13, while the super-

²⁴ Note that ESMA’s Validation Rules do not allow an Agent Lender to be reported where the transaction is a buy/sell-back (Table 2, field 4, Type of SFT = SBSC). ESMA plan to remove this restriction but this will have to wait until the RTS and ITS are amended.

²⁵ Note that ESMA’s Validation Rules do not allow an Agent Lender to be reported where the transaction is a buy/sell-back (Table 2, field 4, Type of SFT = SBSC). ESMA plan to remove this restriction but this will have to wait until the RTS and ITS are amended.

structure is reported in field 1.3.^{26 27} Where parties believe they are transacting in their own name on behalf of a *Beneficiary* that is separate from their own legal entity, they should satisfy themselves that the purported *Beneficiary* is in fact sufficiently distinct to justify treatment and that the purported *Beneficiary* should not itself report or be reported as the *Reporting Counterparty*.

- Agent Lender (field 1.18)** is usually defined in the context of the repo market as a legal entity who is employed to transact repurchase transactions (but not reverse repurchase transactions or buy/sell-backs --- in other words, the lending of securities) on behalf of one or more client funds to each of whom it owes a fiduciary duty.²⁸ But, in its final Guidelines of January 2020, ESMA expressly extended the definition of an *Agent Lender* to include agents lending cash on behalf of client funds (see the next section). Where an *Agent Lender* signs a GMRA and Agency Annex, or similar agreement, with each counterparty collectively on behalf of a group of clients (the single agreement is taken to legally represent a bundle of separate but identical agreements between the counterparty and each client). The *Agent Lender* then negotiates and transacts repos collectively with a borrowing counterparty on behalf of some or all of its clients and then divides up (“allocates”) the transaction into separate transactions between the borrowing counterparty and each of the individual clients. The counterparty and clients take risk on each other but the *Agent Lender*, who is not a principal in such an agency repo, is not exposed. Any fund on behalf of whom an *Agent Lender* transacts is a *Reporting Counterparty* and probably also the *Beneficiary*, although this field will not need to be filled in if the *Reporting Counterparty* and the *Beneficiary* are the same entity. The *Agent Lender* has no reporting obligation under SFTR. It will not be the *Entity Responsible for the Report* nor is it likely to be the *Report Submitting Entity* but will be likely, in practice, to be asked to provide information to those entities so that they can complete their reports as is the *Agent Lender* will be the only source of the identities of the client funds and the allocations to them. See [recommendation 1.3](#).
- Agent lending cash.** An asset manager or investment manager who lends cash as an agent through reverse repos on behalf of client funds is not lending securities, so it was previously assumed that such an agent could not be reported as an *Agent Lender (field 1.18)*, as this is nominally defined in terms of lending securities. The Investment Association has recommended that, in this situation, the manager should be identified as a *Broker (field 1.15)* but the manager’s role does not fit ESMA’s definition of a *Broker* and there was no consensus among its members. In its final Guidelines of January 2020, ESMA specified that “an entity that facilitates, arranges or otherwise participates but not on a principal basis nor on its own account, in the conclusion of an SFT, either on the loan or the collateral side, and acts on behalf of a client, should not be defined as a counterparty but as either broker, agent lender, tri-party agent or CSD participant, as applicable” (p.9, para.13). This definition brings fund

²⁶ Asset pools and other segregated parts of a legal entity may possess rights and obligations that provide them with sufficient independence from the legal entity to be eligible for an LEI (Recommendation 8 of the FSB’s 2012 report on “A Global Legal Identifier for Financial Markets”).

²⁷ But note that the legal entity which is the super-structure should be recognized in the report made by the counterparty in *Table 1, field 11, Other Counterparty*.

²⁸ Note that ESMA’s Validation Rules do not allow an *Agent Lender* to be reported where the transaction is a buy/sell-back (*Table 2, field 4, Type of SFT = SBSC*). ESMA plan to remove this restriction but this will have to wait until the RTS and ITS can be amended.

managers lending cash on behalf of client funds into the definition of *Broker* or *Agent Lender* (given that the other types of entity are obviously not appropriate). It is recommended that such agents are reported as *Agent Lenders*. See [recommendation 4.3](#). Note that, if the agent is an asset or investment manager to whom portfolio management has been delegated by the fund management company which has ultimate control over the fund, the asset or investment manager becomes the *Report Submitting Entity (field 1.2)*, unless the fund management company expressly retains that role or unless the operational task of reporting is outsourced to a third-party service-provider.²⁹ The fund management company is the *Entity Responsible for the Report (field 1.10)*. The fund is the *Reporting Counterparty (field 1.3)* and, in the case of repo, will probably also be the *Beneficiary (field 1.13)*, although this field will not need to be filled in if the *Reporting Counterparty* and the *Beneficiary* are the same entity.

4.1.2 Reporting configurations

In **principal-to-principal** repos, on each side of a transaction or position, the *Entity Responsible for the Report (field 1.10)* will also be the *Reporting Counterparty (field 1.3)* and probably also the *Beneficiary (field 1.13)*, although this field will not need to be filled in if the *Reporting Counterparty* and the *Beneficiary* are the same entity. Unless it has outsourced the operation of reporting, the *Entity Responsible for the Report* will also be the *Report Submitting Entity (field 1.2)*.

In the case of an **agency repo** on behalf of UCITS or AIFs (and other types of fund), the *Agent Lender (field 1.18)* will not itself make a report. This will be made by the *Report Submitting Entity (field 1.2)*, who may also be the *Entity Responsible for the Report (field 1.10)* and *Reporting Counterparty (field 1.3)* or a third-party service-provider to whom the operational task of reporting has been outsourced. If portfolio management of a fund has been delegated to an asset or investment manager which is a separate legal entity from the fund management company which has ultimate control over the funds, the fund management company will be the *Entity Responsible for the Report* but the asset or investment manager will be the *Report Submitting Entity*, unless the fund management company has expressly retained that role or the operational task of reporting has been outsourced to a third party. The *Reporting Counterparty (field 1.3)* will be the client fund and, in the case of repo, the fund will probably also be the *Beneficiary (field 1.13)*, although this field will not need to be filled in if the *Reporting Counterparty* and the *Beneficiary* are the same entity.³⁰

In the case of repos between a **small non-financial EU entity** and an EU financial counterparty, the latter will be the *Entity Responsible for the Report* for both entities (*field 1.1*) and, unless it has outsourced the operation of reporting, it will also be the *Report Submitting Entity (field 1.2)* for both entities. The small non-financial EU entity will be the *Reporting Counterparty* and probably the *Beneficiary (field 1.13)* on one side: the EU financial counterparty will be the *Reporting Counterparty* and *Beneficiary* on the other side. If the *Reporting Counterparty* and *Beneficiary* on

²⁹ Note that ESMA's Validation Rules do not allow an Agent Lender to be reported where the transaction is a buy/sell-back (Table 2, field 4, Type of SFT = SBSC). ESMA plan to remove this restriction but this will have to wait until the RTS and ITS are amended.

³⁰ The management of funds can be divided between a fund management company (which is ultimately responsible to the underlying fund clients) and an asset or investment manager (who conducts portfolio management, signs legal agreements on behalf of underlying fund clients and trades on their behalf).

either side are the same entity, field 1.13 does not need to be filled in. If a small EU non-financial entity transacts a repo with any other type of entity, it will be responsible for its own reporting and will become the *Entity Responsible for the Report*.

These reporting sets are summarised in the table below.

party A	party B	in report by party A (assuming no outsourcing of reporting)			
		1.2 Report Submitting Entity	1.3 Reporting Counterparty	1.10 Entity Responsible for Report	1.13 Beneficiary
EU principal	EU principal	A	A	A	A
UCITS management company or AIFM	EU principal	A [1]	UCITS or AIF	A [1]	UCITS or AIF
small EU non- financial entity	EU financial entity	B	A	B	A

[1] Where the management of the funds is divided between a fund management company and an asset/investment manager, the former will be the Entity Responsible for the Report and the latter will be the Report Submitting Entity unless it outsources the operational task of reporting to a third-party service provider.

[2] This entity does not have to be reported as it is also the Reporting Counterparty.

Recommendation 1: If a party is transacting a repo in its own name but on behalf of a business that is part of its legal entity but has its own LEI, the party should report that LEI as the *Beneficiary* of the repo. In all other cases, they should satisfy themselves that the purported *Beneficiary* is in fact sufficiently distinct from the rest of the legal entity to be separately identified.

Recommendation 2: Agents lending cash on behalf of clients through reverse repos should be reported as *Agent Lenders*.

4.2 Identifying the country of the branch of the *Other Counterparty* (field 1.12)

The location of branches inside and outside the EU with whom EU parties transact must be reported in *Table 1, field 8, Branch of the Other Counterparty*, using the relevant ISO 3166 country code.³¹ However, it is currently not general market practice for the country in which the branch of a counterparty is located to be recorded in front office systems. Where parties currently do not record the location of counterparty branches in their front office systems, it is recommended that parties establish the location of any branches inside and outside the EU with whom they trade and add it to the static counterparty data that they compile for the purpose of SFTR reporting. Such information should already be available to a party's legal department, as they need to know the jurisdictions in which the trading operations of counterparties are located in order to properly assess the legal risk.

Recommendation: Parties should establish the location of the branches of all counterparties with whom they have a trading relationship and add it to the static data that they maintain on their counterparties.

³¹ The draft RTS on transaction reporting specified the branch LEIs but this was over-ruled by the European Commission. However, the intention is to require this type of LEI to be reported when it becomes available.

4.3 Differentiating Agent Lenders, Brokers and Trading Venues (fields 1.18, 1.15, 2.8)

Voice-brokers

In the case of voice-brokers, ESMA have indicated that, if such an entity in the repo market is authorized as an Organized Trading Facility (OTF) or a Multilateral Trading Facility (MTF) under MiFID II, it should be reported under SFTR in *Table 2, field 8, Trading Venue*. Many voice-brokers are operating as OTFs and MTFs. However, voice-broking firms which include an OTF or MTF may locate their voice-broking operation outside the OTF or MTF, albeit within the same legal entity (therefore with the same operating MIC but a different segment MIC). Parties should therefore seek confirmation from entities that they believe to be voice-brokers that these entities are authorized as OTFs or MTFs in respect of their voice-broking activities and are therefore to be reported as *Trading Venues*. Entities who see themselves as voice-brokers should pro-actively notify customers of their SFTR status.

If a voice-broking operation is not located within an OTF or MTF and is not reported as a *Trading Venue*, the intuitive assumption may be to report it as a *Broker*. Strictly-speaking, this is not correct, given the ESMA definition of *Broker* (see below).³² However, this is the only SFTR field that is remotely relevant. It is therefore recommended that, where a voice-broker is not operating as an OTF or MTF, it should be reported as a *Broker*. But note that *Broker* is not a matching field, so agreement between the reporting parties on which category to use is not necessary.

Broker

There is no definition of a *Broker* in SFTR or in the RTS and ITS on transaction reporting but ESMA's Final Report of March 2017 defines a *Broker* as "a party to an SFT that acts as an intermediary in the conclusion of an SFT and on behalf of a customer" (para.92).³³ And the Validation Rules provide a similar definition as an "entity that acts as intermediary for the reporting party without becoming a counterparty to the SFT itself..."

In addition, ESMA's Final Report identifies four types of broker:

- **broker/agent** (para.137);
- **entity acting as broker but on its own account** (para.140);
- **matched-principal brokers** including inter-dealer brokers (IDBs) (para.142); and
- **prime brokers** (para.92)³⁴.

³² In its final Guidelines of January 2020, ESMA specifies that "an entity that facilitates, arranges or otherwise participates but not on a principal basis nor on its own account, in the conclusion of an SFT, either on the loan or the collateral side, and acts on behalf of a client, should not be defined as a counterparty but as either broker, agent lender, tri-party agent or CSD participant, as applicable" (p.9, para.13). This definition is mistaken in including tri-party agents and CSD participants as being involved in the conclusion of transactions. It also fails to cover the case of a non-OTF/MTF voice-broker since such an entity does not meet the general requirement that it "acts on behalf of a client".

³³ Note that, because a *Broker* is defined as acting "on behalf of a customer", it has an implied fiduciary duty to only one of the contracting parties and so cannot be an impartial arranger like a voice-broker.

³⁴ A prime broker is defined in Directive 2011/61/EU on AIFM as "a credit institution, a regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional investors primarily to finance or execute

However, the Final Report specifically excludes the last three of these four types of broker from field 1.15, that is, brokers acting on their own account, matched-principal brokers and prime brokers. The remaining ESMA concept of a broker/agent and the excluded concept of a broker acting on its own account are alternative manifestations of the classic US-style “broker-dealer”, which is a dual capacity firm that can sometimes act as a “broker” (trading as an agent for other parties) and at other times act as a “dealer” (trading for own account).

In practice, broker-dealers acting as agents in the repo market for customers lending securities do so only as *Agent Lenders* (contracting under the GMRA and Agency Annex or similar documentation). But ESMA does not expect to see the same entity being reported as *Agent Lender* and *Broker* (Final Report, p.55). Therefore, a choice will have to be made by the reporting parties. In practice, *Agent Lenders* will have an exclusive relationship with their clients and exercise discretionary mandates to transact on behalf of their client, whereas *Brokers* have a transactional relationship and transact as instructed. However, neither *Agent Lender* nor *Broker* is a matching field, so agreement between the reporting parties on which category to use is not necessary.

Fund managers lending cash on behalf of client funds

An asset manager or investment manager who lends cash as an agent through reverse repos on behalf of client funds is not lending securities, so it was previously assumed that such an agent could not be reported as an *Agent Lender* (field 1.18), as this is nominally defined in terms of lending securities. The Investment Association has recommended that, in this situation, the manager should be identified as a *Broker* (field 1.15) but the manager’s role does not fit ESMA’s definition of a *Broker* and there is no consensus among its members. In its final Guidelines of January 2020, ESMA specified that “an entity that facilitates, arranges or otherwise participates but not on a principal basis nor on its own account, in the conclusion of an SFT, either on the loan or the collateral side, and acts on behalf of a client, should not be defined as a counterparty but as either broker, agent lender, tri-party agent or CSD participant, as applicable” (p.9, para.13). This definition brings fund managers lending cash on behalf of client funds into the definition of *Broker* or *Agent Lender* (given that the other types of entity are obviously not appropriate). It is recommended that such agents are reported as *Agent Lenders*. See [recommendation 4.3](#). Note that, if the agent is an asset or investment manager to whom portfolio management has been delegated by the fund management company which has ultimate control over the fund, the asset or investment manager becomes the *Report Submitting Entity* (field 1.2), unless the fund management company expressly retains that role or unless the operational task of reporting is outsourced to a third-party service-provider. The fund management company is the *Entity Responsible for the Report* (field 1.10). The fund is the *Reporting Counterparty* (field 1.3) and, in the case of repo, will probably also be the *Beneficiary* (field 1.13), although this field will not need to be filled in if the *Reporting Counterparty* and the *Beneficiary* are the same entity.

transactions in financial instruments as counterparty and which may also provide other services such as clearing and settlement of trades, custodial services, securities lending, customized technology and operational support facilities...”

Trading Venues and MICs

A trading venue should be reported in *Table 2, field 8, Trading Venue*, using a segment (rather than an operating) *Market Identifier Code* (MIC). However, possession of a MIC is not of itself an indicator that an entity is a *Trading Venue*. MICs are not restricted to execution venues. They are issued under ISO 10383 to identify exchanges, trading platforms and regulated or non-regulated markets acting as sources of prices and related information. For example, third-party post-trade service-providers such as online information services can have MICs.

Recommendation 1: A voice-broker in the repo market may be authorized under MiFID as an OTF or MTF, in which case, it should be identified under SFTR as a *Trading Venue*.

Recommendation 2: Where a voice-broker is not operating as an OTF or MTF, it should be reported as a *Broker*.

Recommendation 3: An entity acting as an agent for client funds in the lending of cash rather than securities should nevertheless be reported as an *Agent Lender*.

Recommendation 4: Reporting parties should ensure that, in the case of entities with MICs, that they can differentiate *Trading Venues* from other types of entity which have MICs.

~~4.4 What should be the MIC code for OTC repos (field 2.8)?~~

~~Parties are required to report the segment Market Identifier Code (MIC) of any entity reported in Table 2, field 8, Trading Venue. For OTC transactions, Annex I of the SFTR RTS on transaction reporting requires either XOFF or XXXX, depending on whether the SFT has been admitted to trading on a MiFID regulated Trading Venue.³⁵ But ESMA's draft Guidelines of May 2019 (pp.89-91, paras.246-251) define "admitted to trading on a trading venue" differently from MiFID, as whether or not a transaction has been registered on a Trading Venue post trade, stating that:³⁶~~

- ~~• for repos executed on a Trading Venue, field 2.8 = segment MIC of the Trading Venue;~~
- ~~• for repos not executed on a Trading Venue but "brought into the rules of the venue" post trade, field 2.8 = XOFF;~~
- ~~• for all other repos, field 2.8 = XXXX.~~

~~**Recommendation:** All repurchase transactions and buy/sell backs not executed on a Trading Venue nor registered with a Trading Venue post trade should be reported with a MIC of XXXX. Repos registered on a Trading Venue post trade should be reported with a MIC of XOFF.~~

³⁵ Note that Annex I of the SFTR RTS on transaction reporting applies this rule to the collateral securities in the repo and not the repo itself.

³⁶ Post trade registration of a repo on a Trading Venue is usually done in order to facilitate the registration of the transaction with a CCP by using the links between the Trading Venue and CCP.

4.5 Who should be reported as the CSD Participant or Indirect Participant in a settlement chain (field 1.17)?

Table 1, field 17, *CSD Participant or Indirect Participant*, is defined, in paragraph 347 of ESMA's Final Report of March 2017, as "the first entity in the custody chain (ie the custodian of the counterparty)". ESMA explains that this means the custodian in immediate contact with the counterparty ("if an SFT counterparty has an account with a global custodian that holds securities at a CSD via a local agent, the SFT counterparty would report the global custodian as indirect CSD participant in the field CSD participant or indirect participant").

Therefore, a *Reporting Counterparty* should report:

- its **own LEI**, if it is settling directly at any CSD (in other words, it is a CSD participant);
- its **own LEI**, if it is settling securities at any of the two ICSDs, even where the ICSD is not the issuer CSD (in other words, it is an ICSD participant);
- **LEI of its custodian bank**, irrespective of whether the custodian is using any sub-custodian or not.

Note that the CSD or ICSD being used for settlement never has to be reported.³⁷

Although field 1.17 is described as optional in ESMA's Validation Rules, the final Guidelines and Final Report of January 2020 make it clear that it should always be filled (p.33, para.122 and p.39, para.187). ~~Note that the CSD or ICSD being used for settlement never has to be reported.~~³⁸ This field is optional because it is not relevant to margin lending or commodity SFTs.

Recommendation: If a *Reporting Counterparty* is settling directly at a CSD or ICSD, it should report its own LEI in field 1.17. Otherwise, it should report the LEI of the settlement agent with whom it has direct contact.

³⁷ In its final *Guidelines of January 2020*, ESMA states that "in the case of fails-curing SFT, the CSD should report as its counterparties the relevant CSD participants and not the clients of those [CSD participants]. This is applicable also when the SFT is executed against an omnibus account". This is a concession to (I)CSDs to accommodate the fact that, in the auto-borrowing facilities provided by these market infrastructures, they often borrow via agent lenders operating omnibus accounts and do not know the identities of underlying client funds. In this case, the (I)CSD --- which, despite being called an agent lender, effectively acts as a principal and is therefore subject to SFTR reporting obligations --- is required to report the agent as its *Other Counterparty* (field 1.11).

³⁸ In its final *Guidelines of January 2020*, ESMA states that "in the case of fails-curing SFT, the CSD should report as its counterparties the relevant CSD participants and not the clients of those [CSD participants]. This is applicable also when the SFT is executed against an omnibus account". This is a concession to (I)CSDs to accommodate the fact that, in the auto-borrowing facilities provided by these market infrastructures, they often borrow via agent lenders operating omnibus accounts and do not know the identities of underlying client funds. In this case, the (I)CSD --- which, despite being called an agent lender, effectively acts as a principal and is therefore subject to SFTR reporting obligations --- is required to report the agent as its *Other Counterparty* (field 1.11).

5. Loan data fields

5.1 Are open repos fixed or floating-rate?

The repo rate on an open repo is fixed at the start of the transaction and is typically changed only upon the request of one of the parties and the agreement of the other. An agreed change in the repo rate of an open repo is called a “re-rate” (but the term can also be applied to a change in the repo rate of a fixed-term repo). Re-rating is therefore likely to be irregular. In contrast, the available fields for reporting floating repo rates (*Table 2, fields 2.26 to 2.31*) only envisage regular changes in rates. It is not possible to report irregular re-rates. Consequently, unless an open repo rate is linked to an interest rate index --- which means that the repo rate would be regularly and automatically updated --- open repos should be reported as fixed-rate repo and not floating-rate repo, and re-rates of open repos should be reported as modifications (*Table 2, field 98, Action Type = MODI*) of the fixed repo rate (*Table 2, field 23, Fixed Rate*).

Note also that open repos are single transactions that run continuously until they are terminated and are not daily roll-overs into new transactions, so do not need new *UTIs* each new business day.³⁹

Recommendation: Open repos should be reported as fixed-rate repos unless they are linked to interest rate indexes.

³⁹ See the question asked in ESMA’s final Guidelines of January 2020 (p.38, para.150).

5.2 How should floating repo rate periods be reported (2.26-2.31)?

Table 2, fields 2.26 to 2.31, are used to report floating repo rates. Together with Table 2, field 25, *Floating Rate*, these fields constitute the “rate schedule” referred to in Table 2, field 35, *Adjusted Rate*. Alternate fields 2.26, 2.28 and 2.30 (time periods) report the units of time in which the tenor of the rate and the payment and reset frequencies are expressed --- which can be days, weeks, months or years.⁴⁰ The other alternate fields 2.27, 2.29 and 2.31 (“multipliers”) report the number of time units in the tenor of the rate and in the payment and reset frequencies. For example, a repo rate linked to 1-week LIBOR which is re-fixed daily and which pays interest annually could be reported as:

- Table 2, field 2.26, *Floating Rate Reference Period - Time Period* = WEEK
- Table 2, field 2.27, *Floating Rate Reference Period – Multiplier* = 1
- Table 2, field 2.28, *Floating Rate Payment Frequency - Time Period* = YEAR
- Table 2, field 2.29, *Floating Rate Payment Frequency - Multiplier* = 1
- Table 2, field 2.30, *Floating Rate Reset Frequency – Time Period* = DAYS
- Table 2, field 2.31, *Floating Rate Reset Frequency – Multiplier* = 1

However, the same interest rate could be reporting as:

- Table 2, field 2.26, *Floating Rate Reference Period - Time Period* = DAYS
- Table 2, field 2.27, *Floating Rate Reference Period – Multiplier* = 7
- Table 2, field 2.28, *Floating Rate Payment Frequency - Time Period* = DAYS
- Table 2, field 2.29, *Floating Rate Payment Frequency - Multiplier* = 365
- Table 2, field 2.30, *Floating Rate Reset Frequency – Time Period* = DAYS
- Table 2, field 2.31, *Floating Rate Reset Frequency – Multiplier* = 1

Given the alternative ways of expressing the same time period, there is a risk that two parties reporting the same floating-rate repo may use different time periods for the same interval. As these are matching fields, this would result in their reports being rejected by the trade repository.

In order to avoid mismatches when reporting units of time (fields 2.26, 2.28 and 2.30), it is recommended that parties always report in terms of the longest applicable time period that does not result in a fractional period or frequency. Thus, weeks would always be used in preference to days, months would be used in preference to weeks or days, and years would be used in preference to months, weeks or days. But, for example, the calendar month of January would have to be reported as 31 days and not 4.43 weeks (which is anyway impossible to report within the SFTR template).

Note that, where repo rates on a fixed-term transaction are linked to an overnight or tom/next index, payment is conventionally on the repurchase date, in which case, fields ~~2.2628-2.2729~~ should be the same as the original term of the repo (Table 2, field 14, *Maturity Date*).

⁴⁰ The tenor of an interest rate is the time period to which the interest rate applies, in other words, the period over which interest accrues.

In the case of open repos which pay a floating repo rate, the maturity will be unknown. Some parties will agree to pay off (“clean up”) accrued repo interest regularly, often at or just after end-month, in which case, they should report this agreed payment frequency (ignoring any “stub” period until the first payment is due). However, where parties do not have such an arrangement in place in respect of their open floating-rate repos and simply wait to collect repo interest as part of the eventual repurchase price at termination or make ad hoc decisions to clean up accrued interest, they will not be able to fill in these fields. However, these fields are mandatory for floating-rate repos. Parties who have not agreed a payment frequency for open floating-rate repos and who do not wish to fix a contractual payment frequency will need to agree to report the same assumed payment frequency in fields 2.2628-2.2729. In other words, they should make a non-contractual agreement solely for reporting purposes. It is recommended that this assumed payment frequency should be monthly. If it turns out that the actual payment of interest as part of the eventual repurchase price at termination is more or less than one month, fields 2.2628-2.2729 should not be retrospectively corrected. Note that parties will have 33 months after their reporting start date to put arrangements in place before fields 2.2628-2.2729 have to match at trade repositories.

See [recommendation 9.7](#) on re-rating floating-rate repos.

Recommendation 1: Time periods for reporting floating repo rates should be measured in weeks rather than days, months rather than weeks or days, and years rather than months, weeks or days, except if this would result in a fractional frequency, in which case, the immediately shorter time period should be used.

Recommendation 2: Parties trading open floating-rate repos who do not agree a regular clean-up frequency for accrued repo interest should non-contractually agree to report the same assumed payment frequency. This should be monthly.

5.3 What is the Minimum Notice Period (field 2.16)?

Table 2, field 16, Minimum Notice Period is the shortest notice period allowed in order to terminate or extend the term of a repo in terms of the number of business days between the effective service of a notice by one party on another and the settlement date of the termination or the new maturity date.

The use of business days is consistent with market practice for open repos and fixed-term repos with termination options for which the notice period is a standard settlement period (notice periods of T+0, T+1 or T+2) and for the agreed early termination of fixed-term repos on standard terms, but diverges from market practice for the termination of evergreen repos with extended notice periods and the extension of extendible repos, where the notice period is expressed in terms of calendar days. Accordingly, it is recommended that, in the case of evergreen repos with extended notice periods and in the case of extendible repos, the *Minimum Notice Period* should be reported in the initial loan report (*Table 2, field 98, Action Type = NEWT*) as the number of business days from the earliest option date to:

- termination settlement date that would be fixed by immediate exercise of the termination option in the case of evergreen repo with an extended notice period (which will in fact be the transaction date); or
- the new maturity date in the case of extendible repos;

This number of days should be reported in any subsequent reports over the remaining life of the transaction (unless the *Minimum Notice Period* is renegotiated). In other words, the Minimum Notice Period for evergreen repos with extended notice periods and extendible repos should not be updated after the initial report unless it is renegotiated. This recommendation is consistent with ESMA's guidance on the same problem for *Table 2, field 17, Earliest Call-Back Date* --- see [recommendation 5.4](#).

ESMA's Validation Rules make field 2.16 conditional on *Table 2, field 21, Open Term = TRUE* or *Table 2, field 22, Termination Optionality = EGRN or ETSB*.⁴¹ Accordingly, the *Minimum Notice Period* is not required for fixed-term repos, even if they have termination options for which the termination notice period is the standard settlement period. While *Minimum Notice Period* should be applicable to such fixed-term repos, in view of the Validation Rules, it is recommended that this type of repo should be reported when transacted (*Table 2, field 98, Action Type = NEWT*) as having a fixed term to maturity (so *Table 2, field 21, Open Term = FALSE* and *Table 2, field 14, Maturity Date = [maturity date]*) but without reporting the option. If the option is subsequently exercised, this event should be reported as an early termination (*Table 2, field 98 = ETRM or MODI*, depending on whether the termination is on the same day or on a future date --- see recommendation 9.4).

The recommendations for reporting the *Minimum Notice Period* are summarized in the table below.

⁴¹ However, there is a contradiction/mistake in the Consolidated Validation Rules on extendibles, inasmuch as the rules also say that *Minimum Notice Period* only applies to terminations.

fixed-term repo without termination option	fixed-term repo with termination option with standard termination notice period	open repo	EGRN (fixed-term)	EGRN (open)	EGRN (rolling maturity date)	ETSB
n/a	do not report	NEWT report should give business days from final notice date to settlement date (for X-Y-Z ETSB, MNP = Z)* no subsequent MODI reports for this field (unless MNP is renegotiated)				

* For example, consider a 3-1-6 extendible repo (where X = 3, Y = 1 and Z = 6). This is a repo with an initial term to maturity of 3 months and an option on a date 1 month prior to the initial maturity date (that is, at the end of month 2) to extend the maturity by 6 months to month 8. Table 2, field 16, Minimum Notice Period, for this repo would be Z = 6 months.

Recommendation 1: The *Minimum Notice Period* for an evergreen repo with an extended notice period should be reported in the initial loan report as the number of business days between the first date on which a termination notice could be served if that decision was taken immediately after transacting the repo and the date of settlement of termination. The number of days reported in the initial loan report should not be updated in any subsequent reports unless the Minimum Notice Period is renegotiated by the parties.

Recommendation 2: The *Minimum Notice Period* for an extendible repo should be reported as the number of business days' notice between the first date on which the notice of extension could be served ~~if that decision was taken immediately after transacting the repo~~ and the optional extended maturity date. The number of days reported in the initial loan report should not be updated in any subsequent reports unless the *Minimum Notice Period* is renegotiated by the parties.

Recommendation 3: The *Minimum Notice Period* for a fixed-term repo with a termination option with a standard notice period should not be reported.

5.4 What is the Earliest Call-Back Date (2.17)?

Table 2, field 17, Earliest Call-Back Date, is the first date on which an option to terminate or amortize a repo can be triggered (the RTS on transaction reporting says the “earliest date that the cash lender has the right to call back a portion of the funds or to terminate”). In other words, it is the earliest notification date and not the date on which a call for termination would be settled. It can be the same or earlier than *Table 2, field 14, Maturity Date*.

ESMA’s Consolidated Validation Rules of May 2019 made field 2.17 in new reports conditional on *Table 2, field 21, Open Term = TRUE* or *Table 2, field 22, Termination Optionality = EGRN or ETSB*. Accordingly, *Earliest Call-Back Date* was not reportable for fixed-term repos. But this rule was incorrect for fixed-term repos with standard termination options (notice periods of T+0, T+1 or T+2). However, in its Validation Rules of January 2020, ESMA removed the rule linking field 2.17 to fields 2.21 and 2.22. Accordingly, the *Earliest Call-Back Date* can now be reported for fixed-term repos with standard termination options.

Another historic problem with the *Earliest Call-Back Date* was that, as open and evergreen repos age, the *Earliest Call-Back Date* would also change (becoming the latest business day). This meant there was an implied obligation to update the *Earliest Call-Back Date* for open repos and evergreen repos with extended notice periods on every business day during their life to reflect the fact that the option to terminate moved forward by one business day to the current business day. However, there is little information of value to the regulator. Accordingly, it was recommended that the *Earliest Call-Back Date* for open repos and evergreen repos with extended notice periods (but not evergreen repos for which the maturity date moves forward by every day by one day until terminated) should be reported in the initial report (*Table 2, field 98, Action Type = NEWT*) but that this field should not be subsequently updated using modification reports over the remaining life of the transaction, despite the fact that this field will change each business day. This recommendation was consistent with the revised Validation Rules of October 2019, under which modifications of field 2.17 were made optional.⁴² And it was confirmed by ESMA in its and final Guidelines and Final Report of January 2020, which require that “Unless the counterparties have agreed to a new earliest call-back date, they should report the original earliest call-back date applicable to the SFT” (p.89, para.241; p.66, para.411).

In the case of extendibles, the *Earliest Call-Back Date* should be the first date on which the extension option can be exercised (thus, for example, in a 3-2-3 extendible, this would be two months before the original maturity, which is one month after the transaction date).

The recommendations for reporting the *Earliest Call-Back Date* are summarized in the table below.

⁴² – The revised Validation Rules of October 2019 have made field 2.17 optional for new reports, modifications and corrections, but have failed to remove the conditionality rule was the previous version of the rules. It is assumed that this is a mistake and will be rectified by ESMA in due course.

fixed-term repo without termination option	fixed-term repo with termination option with standard termination notice period	open repo	EGRN (fixed-term)	EGRN (open)	EGRN (rolling maturity date)	ETSB
n/a	termination option exercise date	NEWT report should give business days from final notice date to settlement date (for X-Y-Z ETSB, MNP = Z)* no subsequent MODI reports for this field (unless MNP is renegotiated)				
fixed-term repo without termination option	fixed-term repo with termination option with standard termination notice period	open repo	EGRN (fixed-term)	EGRN (open)	EGRN (rolling maturity date)	ETSB
n/a	termination option exercise date	NEWT report should give business days from final notice date to settlement date (for X-Y-Z ETSB, ECBD = start date of Z) no subsequent MODI reports for this field (unless ECBD is renegotiated)				

Note that the Validation Rules in respect of field 2.17 are semantically incorrect for extendible repos, which are fixed-term transactions for which the maturity date can be extended (but not called back) subject to notice. It is recommended to ignore this mistake in drafting and report the first date on which an extension option can be exercised as the *Earliest Call-Back Date*.

Recommendation 1: The *Earliest Call-Back Date* for open and evergreen repos should be reported in the initial transaction report as the earliest date on which a termination notice could be served if that decision was taken immediately after transacting the repo. This date should not be updated in any subsequent reports unless the *Earliest Call-Back Date* is renegotiated by the parties.

Recommendation 2: The *Earliest Call-Back Date* for extendible repos should be the earliest date on which an extension notice could be served if that decision was taken immediately after transacting the repo. This date should not be updated in any subsequent reports unless the *Earliest Call-Back Date* is renegotiated by the parties.⁴³

⁴³ For example, consider a 3-1-6 extendible repo (where X = 3, Y = 1 and Z = 6). This is a repo with an initial term to maturity of 3 months and an option on a date 1 month prior to the initial maturity date (that is, at the end of month 2) to extend the maturity by 6 months to month 8. Table 2, field 17, *Earliest Call-Back Date*, for this repo would be $X - Y = 3 - 1 = 2$ months from the purchase date.

5.5 How should multi-currency repo be reported?

A repo can occasionally involve the payment of more than one currency:

- The purchase price may be paid in several currencies (eg if it was denominated in a unit such as the SDR (Special Drawing Right)).
- Where the buyer agrees to allow the seller to repay in a currency different from that of the purchase price.

In the first case, where the parties agree to a multi-currency purchase and/or repurchase price (rather than transacting several repos, each of a different currency), ESMA requires the repo to be reported as several transactions, one for each currency and each with its own UTI (p.10, para.21).

~~However, in order to link the component repos, they should be reported as a portfolio collateralized on a net basis, which means, in each report: transactions.~~⁴⁴

~~• Table 2, field 74, Collateralization of Net Exposure = TRUE~~

In cases where the purchase and repurchase prices are in different currencies, ESMA requires that the repurchase price be reported in the currency of the purchase price. ESMA's final Guidelines of January 2020 provide contradictory guidance as to the source of the exchange rates to be used for such conversion. On the one hand, it says to use "the FX rates that those counterparties have used during the course of that business day for exposure management purposes" (p.34, para.132). On the other hand, it says to use exchange rates published by the European Central Bank (ECB) (p.35, para.139). It is recommended that parties follow the first approach, as the use of ECB rates may introduce inconsistencies with internal rates.

Recommendation: Where the purchase and repurchase prices of a repo are in different currencies, the repurchase price should be reported in the currency of the purchase price, into which it should be converted applying the exchange rates used to revalue collateral securities for the purpose of calculating the transaction exposures in individual repos, their overall net exposure to other parties and the consequent variation margins.

⁴⁴ ~~A proposal to use Table 2, field 73, Collateralization of Net Exposure = TRUE, to link the components is not feasible. This is because there may be other reports of net exposure collateralization, eg for variation margin. Where several reports that indicate net exposure collateralization are submitted to a trade repository on the same day, the earlier reports will be over-written by the later reports to leave only the latest such report as the trade state at the end of the day.~~

5.6 How should fractions of a basis point be reported for spreads over floating rate indexes (field 2.32)?

Table 2, field 32, Spread, is defined in the Annex to the SFTR RTS on transaction reporting as “the number of basis points to be added to or subtracted from the floating interest rate in order to determine the interest rate of the loan” and is limited in Annex 1 of the ITS to five numerical characters (ESMA allows one of the numerical characters to be a negative sign). It has assumed that basis point spreads to floating rate indexes are integers. In practice, particularly in CCP-cleared repos, such spreads can be fractions of a basis point. Unless and until the ITS is amended, it is recommended that, in the case of spreads which are fractions of a basis point, the fractional part should be rounded up to the next basis point if the fraction is at least half of a basis point (0.5 bp) but should otherwise be rounded down to zero.⁴⁵

Recommendation: In the case of spreads to a floating rate index which are fractions of a basis point, the fractional part should be rounded up to the next basis point if the fraction is at least half of a basis point but should otherwise be rounded down to zero.

⁴⁵ Note that fractional basis points are allowed by the ISO 20022 XML Schema.

5.7 How should decimal places be rounded (fields 2.23, 2.37, 2.38, 2.49, 2.76, 2.88, 2.89)?

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The following data fields have to be reported subject to a maximum number of decimal points.

- 2.23 (Fixed Rate) --- maximum 10 decimal places.
- 2.37 (Principal Amount at Value Date) --- maximum 5 decimal places.
- 2.38 (Principal Amount at Maturity date)--- maximum 5 decimal places.
- 2.49 (Security or Commodity Price) --- maximum 5 decimal places.
- 2.76 (Cash Collateral Amount) --- maximum 5 decimal places.
- 2.87 (Price Per Unit) --- maximum 10 decimal places.
- 2.88 (Collateral Market Value) --- maximum 5 decimal places.
- 2.89 (Haircut or Margin) --- maximum 5 decimal places.

However, some of the quantities to be reported in these fields may be agreed or implied to more decimal places than the maximum or parties may wish to report quantities to fewer decimal places. As in the case of spreads over or under floating repo rates (see recommendation 5.6), rounding should be up to the next decimal place if the first unwanted decimal place is at least half of the next decimal place but should otherwise be rounded down to zero. For example, if the number 10.012345 has to be rounded up to five decimal places, it should become 10.01235, but the number 10.012344 should become 10.01234.

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Recommendation: Rounding of decimal places should be up to the next decimal place if the first unwanted decimal place is at least half of the next decimal place but should otherwise be rounded down to zero.

5.8 What Type of SFT should be specified in collateral update reports if both repurchase transactions and buy/sell-backs are being transacted under the same Master Agreement Type (field 2.4)?

Collateral updates reports (Table 2, field 89, Action Type = COLU) require Table 2, field 4, Type of SFT to be completed with one of the four types of SFT specified in SFTR. However, where Table 2, field 73, Collateralization of Net Exposure = TRUE, the collateral being reported may relate to a portfolio of repos under the same master agreement (Table 2, field 9, Master Agreement Type) which include both repurchase transactions (Table 2, field 9, Master Agreement Type = REPO) and buy/sell-backs (Table 2, field 9, Master Agreement Type = SBSC). As this is a matching field, parties will need to agree which type of repo is identified. It is recommended that parties report the type of repo which accounts for most of their business with each other but, if that is not easy to establish or changes frequently, they should report a repurchase transaction (REPO).

Recommendation: Where parties are transacting both repurchase transactions and buy/sell-backs under the same legal agreement, they should report the type of repo which accounts for most of their mutual business or, if that is not clear, they should report a repurchase transaction (REPO).

6. Collateral data fields

6.1 Should collateral allocation be reported on a net exposure basis (field 2.73)?

Most repos are individually collateralized. In these cases, there must be a single report for each new repo with its own set of populated collateral fields or, where the collateral is not known in time to be reported on T+1, an initial report, consisting largely of counterparty and loan data, followed no later than S+1 by a subsequent end-of-day collateral update report for that repo (*Table 2, field 89, Action Type = COLU*), giving all the required details about the collateral allocation. The collateral update report should be linked to the first report by the *UTI*. In ESMA's Final Report of March 2017, this is called "**trade-based collateral allocation**" (section 4.3.7.2.1, para.259).

In the case of GC financing facilities, repos are cleared and collateralized by a single pool of collateral which covers the net exposure of all GC financing repos outstanding between the same two parties (or, in the case of £GC, all repos in the same netting set, which means all repos with the same maturity date). The Final Report of March 2017 calls such an approach "**collateral allocation based on net exposure**" (para.260(a)).⁴⁶ In this case, there would be one end-of-day collateral update report for each netting set of GC financing repos. Each net collateral pool is supposed to be linked to a set of repos by the following fields:

- *Table 1, field 3, Reporting Counterparty = [LEI]*
- *Table 1, field 11, Other Counterparty = [LEI]*
- *Table 2, field 9, Master Agreement Type = OTHR⁴⁷*

Where field 2.9 = OTHR, it will also be necessary to include:

- *Table 2, field 10, Other Master Agreement Type = [name of CCP rulebook for repo]*

The list of fields formerly included *Table 2, field 74, Value Date of Collateral*, which was intended to link a set of GC financing repos with its particular net collateral pool. However, as field 2.74 did not adequately fulfil this function, it was dropped by ESMA in its final Guidelines of January 2020 (p.126, para.352) and in its Validation Rules.

⁴⁶ GC financing facilities offer both CCP-clearing and tri-party collateral management services. They are often accessed through automatic trading systems (ATS). Collateral is allocated against the net exposure of a portfolio of GC financing facility repos. There are three such facilities in the EU at the moment: Eurex Repo's EGCP and LCH's €GC Plus and £GC (formerly, Term DBV). Parties in the EU can also access GCF in the US, which is a GC financing facility operated by the US CCP, FICC, for which Bank of New York Mellon acts as tri-party agent (see recommendation 8.6)

⁴⁷ In fact, where field 2.9 = OTHR, it will only help provide a link to the portfolio of underlying repos if the reporting party has only one master agreement type under the category OTHR. It is likely that parties will have several agreements (CCP rule book) in place with a CCP, one for each agreement, so the three linking fields would not be a unique connection between the portfolio and collateral.

In addition to GC financing facilities, a portfolio of repos can also be collateralized by a single pool of collateral where the tri-party agent is JP Morgan (other tri-party agents collateralize repos trade by trade).

In the Final Report of March 2017, collateral allocation on a net exposure basis seems to be limited to “open” repos, by which ESMA means repos not cleared by a CCP and yet to mature or be terminated (not open repos). ESMA’s draft Guidelines of May 2019 did not confirm or reject this restriction. However, Article 3(7) of SFTR does not limit the reporting of the collateralization of net exposures to repos not cleared by a CCP. Given the reality that the net collateralization of repos applies mainly to those executed on GC financing facilities, it is recommended that such repos should be reported as being collateralized on a net exposure basis, notwithstanding the uncertainty in ESMA’s guidance.

If the collateral allocation on a repo transacted on a GC financing facility or managed on a tri-party basis by JP Morgan is not known in time to report to a trade repository by T+1, the report of the loan data of new transaction (*Table 2, field 98, Action Type = NEWT*) should include:

- *Table 2, field 96, Collateral Basket Identifier* = [ISIN of the collateral basket from which the allocation is being made or, if there is no ISIN for the basket, the code NTAV (not available)]

The collateral allocation will be reported subsequently in an end-of-day collateral update report (*Table 2, field 98, Action Type = COLU*), as soon as it is known, but not later than S+1.

The way in which repos other than those traded on a GC financing facility or managed on a tri-party basis by JP Morgan are initially collateralized should not be confused with the way in which variation margining work for this type of repo. Variation margining is usually calculated on a net exposure basis even for repos that are not traded on a GC financing facility or managed on a tri-party basis by JP Morgan (the reporting of variation margins is discussed in recommendation 9.10).

See sample reports 2.17 and 2.18 for examples of the recommended reporting of GC financing repos.

Recommendation: Collateral allocated to repos traded on GC financing facilities or repos managed on a tri-party basis by JP Morgan should be reported on a net exposure basis.

6.2 What is the Value Date of Collateral (field 2.74)?

This field was introduced in ESMA's Final Report of March 2017, the intention being to allow the regulator to identify collateral delivered in advance of the value date of a securities loan in order to avoid such collateral being interpreted as unintended over- or under-collateralization (p.90, paras.273-275). Advance delivery of collateral is a common feature of securities lending and is called "pre-payment".⁴⁸

However, the use of field 2.74 was subsequently extended to repos to try to help link a portfolio of repos collateralized on a net basis with the relevant net pool of collateral in concert with a number of other fields:

- *Table 1, field 3, Reporting Counterparty* = [LEI]
- *Table 1, field 11, Other Counterparty* = [LEI]
- *Table 2, field 9, Master Agreement Type*

In ESMA's Validation Rules, field 2.74 is defined as "Where trades have been collateralized on a net exposure basis, the latest value date contained in the netting set of SFTs, taking into consideration all of the transactions for which the collateral was provided". The field is conditional for collateral update reports on *Table 2, field 73, Collateralization of Net Exposure* = TRUE.

In practice, field 2.74 applies only to repos transacted on a GC financing facility or tri-party repos managed by JP Morgan.⁴⁹

In reality, field 2.74 is not useful as a link between a portfolio of repos and a net pool of collateral, as there is no reason why net collateralized repos will have later value dates than repos collateralized trade by trade under the same agreement.⁵⁰ In the case of LCH Ltd's £GC, field 2.74 is at odds with the fact that the sets of £GC repos which are net collateralized are defined in terms of their common maturity date. In view of these problems, ESMA's Validation Rules have been amended to remove the need to report field 2.74 for new transactions (*Table 2, field 98, Action Type* = NEWT). This field is now only required for collateral update reports (*Table 2, field 98, Action Type* = COLU) and correction reports (*Table 2, field 98, Action Type* = CORR).⁵¹

⁴⁸ The Final Report specifically refers to securities lending, describing "collateral delivered before the loan is released".

⁴⁹ GC financing facilities offer both CCP-clearing and tri-party collateral management services. They are often accessed through automatic trading systems (ATS). Collateral is allocated against the net exposure of a portfolio of GC financing facility repos. There are three such facilities in the EU at the moment: Eurex EGCP and LCH's £GC Plus and £GC (formerly called Term DBV). JP Morgan is the only tri-party agent in the EU that collateralizes repos on a net basis.

⁵⁰ Thus, repos transacted on a GC financing facility involving a CCP (Eurex EGCP, LCH's £GC Plus and £GC repos) will be governed by the same CCP rule book as other cleared repos, repos transacted on a GC financing facility not involving a CCP (some £GC repos) will be governed by the same bilateral master agreement as other ~~uncleared~~bilaterally-cleared repos and tri-party repos managed by JP Morgan will be governed by the same bilateral master agreement as other repos not involving a CCP or another tri-party agent.

⁵¹ In its final Guidelines of January 2020, ESMA states that, "regarding the value date of the collateral, this field is only applicable to SLB in the context of prepaid collateral". This statement contradicts the Validation Rules or may be poorly drafted and actually mean that, in the specific case of securities lending, the field only applies when there is prepaid collateral.

Note that the requirement to fill out field 2.74 in correction reports but not in new reports has caused problems for reporting systems which have been built to expect fields in correction reports to be the same as fields in the corresponding new reports. In the case of field 2.74, this is not required.

When field 2.74 is used in a collateral update or correction report for a portfolio of repos that will be transacted in the future --- in other words, for true pre-payment of collateral --- it is recommended that this field should be the latest of the values date of the future repos. On the other hand, when field 2.74 is used in a collateral update or correction report for a portfolio of repos that have already been transacted and to which new repos may be added, it is recommended that this field should be the same as the *Event Date* of the report, regardless of the actual value dates.

Recommendation: When field 2.74 is used in a collateral update or correction report for a portfolio of repos that will be transacted in the future, this field should be the latest of the values date of the future repos. Otherwise, field 2.74 should be the same as the *Event Date* of the report.

6.3 How should the General Collateral Indicator be reported (field 2.18)?

The SFTR RTS on transaction reporting requires that parties report whether a repo is against “general collateral” (GENE) or “specific collateral” (SPEC) in the mandatory matching field:

- *Table 2, field 18, General Collateral Indicator*

ESMA’s Validation Rules define:

- general collateral repo as involving “a general collateral arrangement...in which the collateral giver may choose the security to provide...amongst a relatively wide range of securities meeting predefined criteria” and
- specific collateral as involving “a collateral arrangement for a transaction in which the collateral taker requests a specific security (individual ISIN) to be provided by the collateral provider”.

Note that general collateral is not entirely synonymous with the allocation of multiple securities, although that is common. Specific collateral can also include multiple security issues. For example, equity repos are frequently collateralized by indexes.

Originally, field 2.18 was intended to differentiate general collateral (GC) repo from special collateral (trading at a repo rate below the GC repo rate), until ESMA accepted that this was not practicable. It is therefore important to recognize that the definition of general collateral for field 2.18 is not the same as in the market, where general collateral means securities of the same class which are trading at the same or very similar repo rate.

It is recommended that, in order to avoid reporting mismatches, the ESMA definition of general collateral should be followed closely, which means that, in practice, the only repos that should be reported as general collateral should be those:

- traded on what are advertised as GC trading facilities provided by a *Trading Venue* which is an automatic trading system (ATS) where such repos are not cleared by a *CCP* --- but note the problem discussed below;
- traded on GC financing facilities which are cleared by a *CCP* and managed by a tri-party agent (which, in the EU, are Eurex EGCP and LCH’s €GC Plus and £GC);
- not traded on a *Trading Venue* but are managed by a tri-party agent.

In effect, SPEC becomes the default option for reporting field 2.18.

In all the above cases, the seller or its agent can allocate collateral from “a relatively wide range of securities meeting predefined criteria”, which is ESMA’s definition of general collateral.

In theory, the definition of GC repo should include repos traded on what are advertised as GC trading facilities provided by a *Trading Venue* which is an automatic trading system (ATS) where such repos are cleared by a *CCP*. However, technical obstacles mean that, where several securities are allocated as collateral, *CCPs* cannot currently recognize the securities that have been allocated as collateral for a single GC repo. Instead, the *CCP* sees each security as collateral for a separate

repo and will report each as a specific repo with its own UTI. All repos with a CCP should therefore be reported with field 2.18 = SPEC, except for those transacted across a GC financing facility. See [recommendation 8.2.1.3](#).

The recommendation does not include traditional OTC ~~uncleared~~bilaterally-cleared and bilaterally-managed GC transactions in the definition of general collateral for field 2.18. This is because of the inexact content of GC baskets in most repo markets, which means that it could be difficult in practice to ensure that both reporting parties agree, record and report the same transaction as being against general collateral.

In addition, ESMA's definition of GC implies that whatever the collateral-giver selects from the collateral basket has to be accepted by the collateral-taker. In contrast, in traditional OTC ~~uncleared~~bilaterally-cleared and bilaterally-managed GC transactions, the collateral-taker can ultimately refuse what is proposed as collateral, even if the collateral-giver believes that the proffered securities meet pre-defined criteria.⁵²

The recommendation made here was one of the two options given by ESMA in its draft Guidelines of May 2019 (the other is to go back to the original idea of equating specific collateral with special collateral as identified by a differential between the repo rate on the reported transaction and the GC repo rate prevailing in the market at the same time). However, ESMA's Final Report of January 2020 gave no specific guidance one way or the other (p.67, para.422), but supported a "flexible approach", so the recommendation remains unchanged.

In its final Guidelines of January 2020, ESMA raised the highly unusual case of a repo transacted on the GC basis but subsequently converted, by agreement between the parties, to a specific collateral transaction in which the buyer allocates the collateral (whereas, in a GC repo, the seller allocates the collateral) (p.92, para.251). ESMA requires that, in this case, the original GC repo be modified (*Table 2, field 98, Action Type = MODI*) by changing 2.18 from GENE to SPEC.

Recommendation: Only repos transacted on GC facilities on an ATS that is not connected to a CCP or on GC financing facilities and/or repos managed by a tri-party agent should be reported as general collateral.

⁵² In contrast, collateral allocated in GC facilities and tri-party arrangements cannot be refused by the collateral-taker as the list of eligible collateral is pre-agreed.

6.4 How should the Collateral Basket Identifier be used (field 2.96)?

Table 2, field 96, Collateral Basket Identifier, identifies the fact that a list (a so-called “collateral basket”) has been pre-agreed of securities that will be acceptable as collateral to the collateral-taker, any of which can therefore be selected from the account of a collateral-giver, typically by a tri-party collateral manager, to collateralize a GC (general collateral) repo between the two parties. The list is pre-agreed between the parties or could be prescribed by any *Trading Venue* or *CCP* that the parties might be using.⁵³

Where the ISINs of the specific securities actually selected by reference to a collateral basket are not known by the parties in time to report by the T+1 deadline and the basket has its own ISIN (often called a “shell” ISIN), this ISIN should be reported in field 2.96. The specific ISINs that are subsequently allocated must then be reported in an end-of-day collateral update report (*Table 2, field 98, Action Type = COLU*) for that repo, no later than S+1, and should be linked to the original loan report by its *UTI*.⁵⁴

The Validation Rules have confused the rules on field 2.96. On the one hand, they say that filling in field 2.96 (and 2.75) is conditional on *Table 2, field 72, Uncollateralised Securities Lending Flag = FALSE*, and that otherwise field 2.96 is optional for new reports (*Table 2, field 98, Action Type = NEWT*) of repos and securities lending. On the other hand, the Validation Rules say that, “where the collateral basket cannot be identified with an ISIN, this field [2.96] shall be completed with the code ‘NTAV’”. This guidance is repeated in the final Guidelines of January 2020 (p.112, para.319). It is recommended that the latter rule is observed, given that field 2.72 does not apply to repos and use of the code NTAV indicates to the trade repository that the absence of information on specific collateral securities is not an error and will be provided in a later collateral update report.

In practice, most collateral baskets do not have ISINs. Instead, the collateral-giver uses a proprietary code to describe the basket in any instructions to the tri-party agent and for internal use. These codes can have the same format as ISINs and are consequently sometimes called “dummy” ISINs. Parties should not report these proprietary codes as the *Collateral Basket Identifier* but should instead report *Collateral Basket Identifier = NTAV* (not available). This approach was confirmed in ESMA’s draft Guidelines of May 2019 (p.121, para.320).

Field 2.96 will also have to be reported as NTAV where a collateral allocation is unknown in time to report by T+1 but the allocation will not be by reference to a defined basket. This approach appears to have been accepted by ESMA in its draft Guidelines (p.121, para.320), which say to

⁵³ LCH have sourced the ISINs for €GCPlus (XS0708254148 and XS0708254817 for the LCR Equivalent and ECB Restricted baskets, respectively) and for £GC (GB00BC7H8L40). Eurex Repo has sourced the ISINs for EuroGC Pooling (DE000A0E077, DE000A0WKKX2, DE000A1PHUP5, DE000A1EZN6 and DE000A1PHUN0 for the ECB, ECB EXTended, INT MXQ, Equity and CTD baskets).

⁵⁴ The Consolidated Validation Rules of May 2019 made some of the fields describing specific securities allocated as collateral (specifically, fields 2.78, 2.79, 2.83, 2.85-2.90 and 2.92-2.95) conditional on *Table 2, field 2.75, Type of Collateral Component = SECU*, and field 2.96 ≠ NTAV. This would have meant that, if field 2.96 was filled in with a basket ISIN, it would still have been necessary to include in the loan report the details of specific securities, even though they would not be known in time. However, the revised Validation Rules of October 2019 have made the fields describing specific securities conditional only on field 2.75 = SECU.

“use NTAV if collateral is unknown at the time of reporting” and in paras.324-326 and in Table 86, which give an example of a single transaction without a basket at the time of reporting which uses NTAV in field 2.96).⁵⁵

Note that field 2.96 only applies to a GC repo, where collateral securities are allocated with reference to a basket of collateral (final Guidelines of January 2020 p.112, para.322). This field (and the code NTAV) cannot be used where there is no collateral basket being used but the specific collateral securities being allocated are for some reason not known in time to report by T+1.

Where the allocation of collateral by reference to a basket will be known in time to report by T+1 but a party wishes to report the loan data as soon as possible, although before the collateral allocation is known, the party can, if it wishes, send a report with field 2.96 = NTAV as soon as it is ready to report the loan data and subsequently send a collateral update that lists the collateral allocation at any time up to and including S+1.

Recommendation 1: Where the specific security or securities allocated to a GC repo are not known in time to report by T+1, field 2.75 should be left blank and field 2.96 should be filled in with either the ISIN for the collateral basket from which the allocation will be made where one has been issued by a national numbering agency or, if there is no such basket ISIN, the code NTAV.

Recommendation 2: Where a collateral basket has an ISIN issued by a national numbering agency, that so-called “shell” ISIN should be reported in field 2.96 when the reporting of collateral allocations is not possible by ~~S~~T+1. Dummy ISINs or other proprietary codes for collateral baskets should not be reported. Instead, the field should be filled in with the code NTAV. This code should also be used where the delayed allocation of collateral is to be made from a basket that has not been identified by the reporting deadline.

⁵⁵ It is not acceptable, as an alternative to reporting field 2.96 as NTAV, where a collateral allocation that is unknown in time to report by T+1, to report a repo as uncollateralized (*Table 2, field 72, Uncollateralized Securities Lending Flag = TRUE*), even if the report is subsequently modified once the collateral allocation is known. In its Final Report (p.60, para.179), ESMA states “The field “Uncollateralised SL flag” should not be used when an SFT is collateralized but the collateral allocation at an ISIN level is not known by the reporting deadline of T+1. In that case, the counterparties should report the transaction as collateralized and provide the information on collateral in accordance with the relevant timelines included in section 4.3.7”. In any case, by definition, field 2.72 applies only to securities lending.

6.5 What is the Currency of the Collateral Nominal Amount (field 2.85)?

Table 2, field 85, Currency of the Collateral Nominal Amount, should be the ISO 4217 code for the currency in which the principal is to be repaid at the maturity of a collateral security (ie the currency of the redemption proceeds), regardless of the currency in which coupons may be paid or in which currency the market price of the security may be quoted. The *Currency of the Collateral Nominal Amount* should be the same currency as that of *Table 2, field 88, Collateral Market Value* other than in the exceptional case of a security being issued in one currency but being redeemed in another.

This field should not be filled in if the collateral is equity given that it is a nominal amount (ESMA's Guidelines of January 2020, p.126, para.355).

Recommendation: The *Currency of the Collateral Nominal Amount* should typically be the currency in which the principal is to be repaid at the maturity of a security.

6.6 What is the Price Currency of a collateral security (field 2.86)?

In most cases, fixed-income securities are quoted as a percentage of their nominal value. In this case, *Table 2, field 86, Price Currency*, should be left blank. But in the case of a security for which prices are expressed in a currency unit (for example, an equity), that currency should be the *Price Currency*.

Recommendation: Where the price of a security is quoted as a percentage of the nominal value of the security, the *Price Currency* of the collateral should be left blank.

6.7 What is the Price Per Unit of a collateral security (field 2.87)?

Table 2, field 87, Price Per Unit, of a fixed-income security should be the dirty market price of the security (that is, including accrued interest) expressed as a percentage of the nominal value (in which case, *Table 2, field 86, Price Currency*, should be left blank --- see recommendation 6.6). Where price is quoted in currency units (for example, in the case of equity), *Price Per Unit*, should be the price as quoted in those currency units (which should therefore be reported as the *Price Currency*).

Price Per Unit should not incorporate any haircut in order to be consistent with the recommendation on *Collateral Market Value* (see ESMA's draft Guidelines of May 2019, p.141, para.355). Nor should discounts, mark-ups or add-ons.

Where the price of a fixed-income security that is quoted in the market is subject to an adjustment for the purpose of calculating the cash proceeds to be paid at settlement --- for example, a "pool factor" adjustment in the case of asset-backed securities (ABS) and mortgage-backed securities (MBS) or an "index factor" in the case of inflation-linked securities --- field 2.87 should be the adjusted price which, when multiplied by *Table 2, field 83, Collateral Quantity or Nominal Amount*, gives the settlement proceeds of the security, which should be equal to the *Collateral Market Value*. The difference between these factor adjustments, which are reflected in field 2.87, and price adjustments such as discounts, mark-ups and add-ons, which are not reflected in field 2.87, appears to be that factor adjustments are a market convention whereas the price adjustments are specific to individual transactions.

The *Price Per Unit* of collateral in the initial report of a repo (*Table 2, field 98, Action Type = NEWT*) should be that agreed between the parties at the point of trade. However, the *Price Per Unit* for collateral updates after the initial report (*Table 2, field 98, Action Type = COLU*) should be those used to revalue collateral securities for the purpose of calculating the transaction exposures in individual repos, their overall net exposure to another party and the consequent variation margins (see recommendation 9.3). In its draft Guidelines of May 2019, ESMA proposed that parties use the reconciliation of *Table 2, field 88, Collateral Market Value*, to "identify and fix any bad/erroneous market prices/FX rates in their own systems before they are used to calculate an updated market value to be reported to a trade repository". This means that firms would have to recalibrate internal valuations made for the purpose of firm-wide risk management to match those agreed with counterparties for the purpose of reporting *Collateral Market Value*. However, different parties will frequently use different price sources, collect prices at different times and apply different validation procedures. Many prices are also subject to considerable uncertainty because of market illiquidity, in which case, prices will tend to differ because of information asymmetries and differing expectations. Consequently, the prices used for risk management will often differ between parties. These are legitimate differences and not an indication that either party is using incorrect prices, as prices should have been rigorously validated by independent risk functions. Suggesting that parties should replace prices that they have been carefully validated by independent risk functions with consensus numbers that have been agreed with other parties at a portfolio level merely to ensure a match for reporting purposes would undermine prudent risk management. It is therefore recommended that parties do not "correct" prices in their internal risk management systems to match reconciled prices used in reporting. Where parties disagree on

the *Collateral Market Value* of a security, it would be prudent to check the validation of their own price but, assuming this is correct, they should agree a realistic consensus price for the purpose of reporting.

It is recommended that, for field 2.87 in collateral update reports, the parties look first to the market prices that they have used to revalue collateral securities for the purpose of calculating the transaction exposures in individual repos, their overall net exposure to another party and the consequent variation margins. These are typically taken at close of business on the business day before the calculation, both for repo and securities lending, but could be same-day prices, for example, where margin is being called in response to exceptional movements in prices or could be older prices in the case of illiquid securities or where there are significant time zone differences. The prices used to revalue collateral securities for the purpose of calculating exposures and variation margins are likely to be the easiest to reconcile since variation margining requires consensus between the parties on the net exposure. This recommendation is consistent with the ESMA requirements that, “counterparties should report the market value of SFTs using the market prices FX rates that those counterparties have used during the course of that business day for exposure management purposes” and “when reporting under SFTR, counterparties should use the value they use for collateral management and exposure management purposes” (final Guidelines of January 2020, p.34, paras.132 and 134, respectively).⁵⁶ However, it should be noted that the prices used to calculate exposures and variation margins can still diverge between parties because, except for most tri-party repos and structured repos margined individually, variation margin is usually calculated for a portfolio of repos, so price differences could net to zero or close to zero across a portfolio, in which case, the parties will be unaware that there are any differences.

Recommendation 1: The *Price Per Unit* of fixed-income securities should be the dirty market price expressed as a percentage of the nominal value and should exclude any haircut but include any adjustment for the purpose of calculating the cash proceeds to be paid at settlement.

Recommendation 2: In collateral update reports, where parties disagree about the *Price Per Unit* of a collateral security, they should try to agree a price for the purpose of reporting, for which, they should look first at the market prices that they have used to revalue collateral securities for the purpose of calculating the transaction exposures in individual repos, their overall net exposure to another party and the consequent variation margins. Parties should not “correct” prices in their internal risk management systems to match agreed prices used in reporting.

⁵⁶ ESMA’s Final Report of January 2020 dismisses industry concerns over the reconciliation of collateral price and value fields. It believes the industry has ample time to change systems and procedures to align with the requirement, given that matching of these fields in January 2023 (p.50, para.276) and sees the “necessary cost” of SFTR (p.50, para.272).

6.8 How should haircuts or initial margins on non-CCP repos be calculated (field 2.89)?

The SFTR RTS on transaction reporting requires the reporting of “haircut or margin” in:

- *Table 2, field 89, Haircut or Margin*

By “margin”, ESMA appears to mean an initial margin but not in the sense that this term is used by CCPs. An initial margin in the ~~uncleared~~bilaterally-cleared repo market is the ratio, expressed as a percentage, of:

- *Table 2, field 88, Collateral Market Value*
- *Table 2, field 37, Principal Amount on Value Date*

For example, a repo with a purchase price of 100 and an initial market value of collateral of 102, would have an initial margin of $102/100 * 100 = 102\%$. But a repo with a purchase price of 100 and an initial market value of collateral of 100 --- that is, no initial margin --- would have an initial margin of $100/100 * 100 = 100\%$. See the concept of Margin Ratio in the GMRA 2000 and the concept of Transaction Exposure Method A in the GMRA 2011.

A haircut is a percentage discount of the purchase price of a repo relative to the initial market value of the collateral, which is the difference between:

- *Table 2, field 37, Principal Amount on Value Date*
- *Table 2, field 88, Collateral Market Value*

with that difference expressed as a percentage of the *Principal Amount on Value Date*.

For example, a repo with a purchase price of 100 and an initial market value of collateral of 102, would have a haircut of $(102-100)/102 * 100 = 1.9608\%$. But a repo with a purchase price of 100 and an initial market value of collateral of 100 --- that this no haircut --- would have a haircut of $(100-100)/100 * 100 = 0\%$. See the concept of Transaction Exposure method B in the GMRA 2011.

ESMA’s Validation Rules define field 2.89 as a haircut: “For repos and buy-sell backs: collateral haircut, a risk control measure applied to underlying collateral at ISIN level whereby the value of that underlying collateral is calculated as the market value of the assets reduced by a certain percentage.”

However, many market participants use initial margin rather than haircut in defining their repos. The GMRA 2000, which is still the most widely-used version of that agreement, only makes provision for initial margin. In order to avoid mismatches between reports to the trade repository (as this field is a matching field), parties using initial margin need to convert this number into a haircut. The relationship between the two fields is given by the following formula:

$$\% \text{ haircut [field 89]} = \left(1 - \frac{\text{field 37}}{\text{field 37} \times \frac{\% \text{ initial margin}}{100}} \right) \times 100$$

For example, a repo with a purchase price of 100 and an initial market value of collateral of 102 would have an initial margin of $102/100 * 100 = 102\%$. The equivalent haircut would be:

$$\left(1 - \frac{100}{100 \times \frac{102}{100}}\right) \times 100 = 1.9608\%$$

Haircuts are usually in favour of the buyer in a repo but, in exceptional cases, can be in favour of the seller. In the latter case, the haircut, as calculated, would be negative. The Validation Rules allow negative numbers in field 2.89. Note that the Validation Rules require the same arithmetic sign to be reported by both parties. Thus, if the collateral is valued at 102 and the cash at 100, both parties report a haircut of (+)1.9608%. On the other hand, if the collateral is valued at 100 and the cash at 102, both parties report a haircut of -2.0%.

If a haircut is renegotiated during the term of a repo, this change should be reported in the end-of-day collateral update report (*Table 2, field 98, Action Type = COLU*), not as a modification (*Table 2, field 98, Action Type = MODI*).

Recommendation: Field 2.89 (*Haircut or Margin*) should be reported as a haircut, not as an initial margin.

6.9 How should pledged initial margins linked to repos be reported?

A proposal has been made to the ICMA to adapt the special initial margin mechanism developed by the Basel Committee on Banking Supervision (BCBS) for OTC derivatives not cleared across a CCP for use with repos where initial margins or haircuts are given to parties with high risk weights. This would eliminate the unsecured exposure represented by initial margins and haircuts. A set of legal agreements may be produced in the near future. This arrangement will apply only to repos not cleared by a CCP.

Where all collateral is provided by means of title transfer, initial margin is an integral part of the collateral allocated to a specific repo. However, where initial margin would be pledged under its own legal agreement, separate from the master repurchase agreement governing the repo itself, it is not a repo as defined in SFTR as it is not in itself a loan and should not be reported. Nor could the initial margin be reported as an uncollateralized securities loan, given that the securities being pledged are not loaned securities but collateral. Accordingly, a pledged initial margin is not subject to the requirement in ESMA's final Guidelines and Final Report of January 2020 to report "repos" which are in fact secured loans collateralized by pledges (p.11, para.23; p.11, para.9).

Recommendation: Where the initial margin on a repo is pledged under its own legal agreement, separate from the master repurchase agreement governing the repo itself, that initial margin is not an SFT as defined in SFTR and should not be reported.

6.10 What is reported for the LEI of the Issuer of collateral if the issuer does not have an LEI (field 2.93)?

Table 2, field 93, *LEI of the Issuer*, is mandatory for new reports (Table 2, field 98, *Action Type = NEWT*) if:

- Table 2, field 75, *Type of Collateral Component* = SECU and
- Table 2, field 96, *Collateral Basket Identifier* ≠ NTAV

However, it is recommended that, if an *LEI* is not available from the Global LEI Foundation (GLEIF), parties should not consider themselves obliged to search any further. This means that the report will be rejected by the trade repository, as the field is conditionally mandatory and matchable, but the rejection will not be the fault of the reporting party. In order to demonstrate this fact to the regulator, the lack of an *LEI* on the GLEIF database should be documented.

In the case of securities issued outside the [EU/EEA](#), ESMA has waived the requirement to report field 2.93 for 12 months from 11 April 2020 [until 13 April 2021](#) ([ESMA74-362-388](#) of 6 January 2020 [and Validation Rules](#)).

Recommendation: If the *LEI of the Issuer* of collateral cannot be found on the GLEIF database, reporting parties should not search further but should document the fact.

6.11 Identifying the Jurisdiction of the Issuer of collateral (field 2.92)

Reporting parties are required to report the jurisdiction (legal domicile) of the issuer of each security being given as collateral using the relevant ISO country. If the issuer is a subsidiary of another legal entity, field 2.92 should be the jurisdiction of the ultimate parent. The ultimate parent can be identified in the Level 2 data of the issuer's LEI.

For example, the issuer of the security with ISIN XS1206541366 is Volkswagen International Finance NV based in the Netherlands, which is a subsidiary of Volkswagen AG, which is based in Germany. The Level 1 LEI reference data for this security gives the country code NL (Netherlands). But the Level 2 data gives DE (Germany) and DE is what should be reported in field 2.92.

However, if the jurisdiction of the ultimate parent is not known, the RTS on transaction reporting allows the jurisdiction of the subsidiary to be reported (see Annex I, p.17).

In the case of depository receipts, the *Jurisdiction of the Issuer* is that of the underlying security.

In the case of securities issued by the EU on behalf of itself or Euratom or by EU bodies such as the European Financial Stability Fund (EFSF) or European Stability Mechanism (ESM), it is not possible to use the code EU as this is not a country code as required for field 2.92 by the RTS on transaction reporting. Until that is made possible, it is recommended that EU securities are reported with country code BE for Belgium but that EFSF and ESM securities are reported with country code LU for Luxembourg, which is where those bodies are incorporated.

Recommendation 1: Each party should draw on Level 2 LEI data to establish the jurisdiction of the ultimate parent of a subsidiary which is the issuer of a security being used as collateral and include this data in their static database, which should be governed by policies and managed by procedures that ensure the data is kept up to date.

Recommendation 2: Until the EU code is enabled for field 2.92, EU securities should be reported with country code BE but EFSF and ESM securities should be reported with country code LU.

6.12 Classification of Securities Used as Collateral (field 2.79)

Reporting parties are required to classify and report collateral given or received in repos using the six-letter ISO Classification of Financial Instruments (CFI) code (ISO 10692). For example, DBFTFB is the classification for debt (D) in the form of a bond (B) paying fixed income (F) and issued by a government (T) for a fixed maturity (F) in bearer form (B).

All six letters of a CFI code have to be reported. Only where an attribute does not exist can it be represented by an “X”.

ESMA’s Final Report of January 2020 confirmed that all six letters of the CFI code will be matched by the trade repository.

ESMA also mandated in its draft Guidelines of May 2019 that CFI codes must be taken from “official” sources. These include the Financial Instruments Reference Data System (FIRDS) databases maintained by ESMA and the FCA in the UK, and the Lookup Service of the Association of National Numbering Agencies (ANNA) Service Bureau. Once sourced, the code should be recorded in each party’s static database.

In its final Guidelines and Final Report of January 2020, ESMA states that, if a CFI code is not available from ANNA, parties should make a request to their National Numbering Agency for a code. But it also advises that, “If the CFI does not exist in the official sources, then it should be agreed between the counterparties, as the CFI is a reconcilable field” (p.35, paras.141-142; p.52, para.297). On this basis, it is recommended that, where a CFI code is not available from ANNA, parties should synthesize and agree the code, perhaps including it in confirmations exchanged with their counterparties but should also make a request to the relevant National Numbering Agency for a code to be allocated.

Recommendation: If a CFI code is not available from an official source, the parties should request a code from the relevant National Numbering Agency and, pending a response, try to synthesize and agree the code. When having to synthesize and agree a code, parties should consider, if practicable, including this field in their confirmations in order to ensure matching.

6.13 How should the Collateral Quality of security collateral be determined (field 2.90)?

ESMA's draft Guidelines of May 2019 require that:

- Parties should rely on their internal assessment of the credit quality of collateral. This assessment can take account of but should not place “mechanistic reliance” on external credit ratings.
- As part of the process of agreeing the credit quality of collateral, the parties should reconcile their internal assessments with each other in order to agree the classification of the collateral. To do this, they should use the six credit quality steps employed to map the ratings provided by External Credit Assessment Institutions under the EU Capital Requirements Regulation (575/2013).
- In the case of lack of agreement, the parties should use the lowest rating proposed.
- *Table 2, field 90, Collateral Quality* = NOTR only for securities that could be rated but have not.
- *Table 2, field 90, Collateral Quality* = NOAP ~~only~~always for:
 - main index equities, for which *Table 2, field 94, Collateral Type* = MEQU
 - securities for which *Table 2, field 94, Collateral Type* = OEQU
- ~~securities~~*Table 2, field 90, Collateral Quality* = NOAP for a type of asset which is classified as *Table 2, field 94, Collateral Type* = OTHR- where ratings are not provided for this type of asset by rating agencies.⁵⁷

ESMA's requirements pose serious issues for reporting parties and are not, in their current form, practicable as parties may properly have different credit assessments of the same security.

Concerns have also been expressed about having to reveal confidential risk assessments to other parties. In its final Guidelines and Final Report of January 2020, ESMA acknowledged that some parties might be prevented from sharing “security quality information”, in which case, the parties should report “the value that best reflects their internal assessment” (p.99, para.281; p.69, para,434~~),~~).

⁵⁷ See ESMA's Guidelines of January 2020, p.89, para.278. This says, “The value “NOAP” should be used for the following collateral types (Field 2.94): Main index equities (MEQU), Other equities (OEQU), and Other assets (OTHR) for which credit ratings within the meaning of the Regulation (EG) No 1060/2009 (CRAR) are not applicable. The value “NOTR” should only be used for instruments that can be rated but do not have a credit rating”. Equities can have credit ratings but ESMA's intention appears to be that all equities will be reported with field 2.90 = NOAP but any asset classified as OTHR would only be reported with field 2.90 = NOAP where credit rating agencies do not provide ratings for the type of asset.

6.14 Classifying Collateral Type (field 2.94)

Reporting parties are required to classify and report collateral given or received in repos using the eight-category taxonomy issued by the FSB in its *Securities Financing Global Data Standards*.

- GOVS government securities
- SUNS supra-nationals & agencies securities
- FIDE debt securities (including covered bonds) issued by banks & other financials
- NFID corporate debt securities (including covered bonds) issued by non-financials
- SEPR securitized products (including CDO, CMBS, ABCP)
- MEQU main index equities (including convertible bonds)
- OEQU other equities (including convertible bonds)
- OTHR other assets (including shares in mutual funds)

Most of the categories in the taxonomy have not been detailed- fully if at all. The FSB established a Data Management subgroup under its Data Experts Group to work on, among other things, “identification of the codes for classification; development of the detailed guidelines and definitions” with the aim of producing “implementation guidelines” but these have yet to appear.

~~However, the FSB’s taxonomy has been based in part on the Basel III Standardized Approach to regulatory capital calculations. Drawing on this source and guidance from ESMA on the classification of equities, and subject to further guidance from the FSB or ESMA, the following recommendations are proposed for the classification of Collateral Type:~~

~~**GOVS** is defined by the FSB To categorize a security for the purpose of reporting *Table 2, field 94, Collateral Type*, the following schedule of criteria should be used sequentially.⁵⁸ In other words, securities should be checked first against the criteria for the first category (GOVS) and, if that is not an appropriate category, they should then be checked against the criteria for the second category (SUNS) and so on down the list. If none of the first seven categories is appropriate, the security should be categorized as field 2.94 = OTHR.~~

~~Field 2.94 should be reported as consistently as possible with *Table 2, field 79, Classification of a Security Used as Collateral*, which is a six-letter CFI code. It should be noted that some CFI codes in official sources appear not to be correct but as they are from an official source, they have to be accepted.~~

1 GOVS (government securities)

- ~~All these securities will be debt securities, so should also be reported in *Table 2, field 79, Classification of a Security Used as Collateral*, with a six-letter CFI code in which the Category (first letter) must be D for debt.~~
- ~~The FSB definition of government securities (see footnote 19 on page 9 of *SFT Global Data Standards*) asis “claims on sovereigns under the Basel III Standardised Approach-This” (but~~

⁵⁸ ~~This schedule is based on work conducted by the Association of German Public Banks (Bundesverband Oeffentlicher Banken Deutschlands, VOEB) in association with WM Datenservice.~~

note that parties can diverge from this method of categorization and reach an agreement between themselves).⁵⁹ The Basel III Standardised Approach expressly includes claims on:

- **central governments**
- ~~and their~~ **central banks**
- ~~};~~ **certain non-central government public sector entities (PSEs)** identified as sovereigns in under the Standardised Approach
- ~~;~~⁶⁰ **multilateral development banks (MDBs)** that meet the criteria for a 0% risk-weight under the Standardised Approach;⁶¹ currently:
 - World Bank Group comprised of the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Development Association (IDA)
 - Asian Development Bank (AsDB)
 - African Development Bank (AfDB)
 - European Bank for Reconstruction and Development (EBRD)
 - Inter-American Development Bank (IADB)
 - European Investment Bank (EIB)
 - European Investment Fund
 - Nordic Investment Bank
 - Caribbean Development Bank
 - Islamic Development Bank
 - Council of Europe Development Bank
 - International Finance Facility for Immunization
 - Asian Infrastructure Investment Bank
- Bank for International Settlements (BIS); the
- International Monetary Fund (IMF); the

⁵⁹ See ESMA's Guidelines of January 2020, p.123, para.343.

⁶⁰ The Basel Committee on Banking Supervision give the following examples to outline how PSEs might be categorised when focusing on one specific feature, namely revenue raising powers (see footnote 6 on page 6 of *Calculation of RWA for Credit Risk* (CRE20, 1 January 2019). However, they note that there may be other ways of determining the different treatments applicable to different types of PSEs, for instance by focusing on the extent of guarantees provided by the central government:

- (a) Regional governments and local authorities could qualify for the same treatment as claims on their sovereign or central government if these governments and local authorities have specific revenue raising powers and have specific institutional arrangements the effect of which is to reduce their risks of default.
- (b) Administrative bodies responsible to central governments, regional governments or to local authorities and other non-commercial undertakings owned by the governments or local authorities may not warrant the same treatment as claims on their sovereign if the entities do not have revenue raising powers or other arrangements as described above. If strict lending rules apply to these entities and a declaration of bankruptcy is not possible because of their special public status, it may be appropriate to treat these claims in the same manner as claims on banks.
- (c) Commercial undertakings owned by central governments, regional governments or by local authorities may be treated as normal commercial enterprises. However, if these entities function as a corporate in competitive markets even though the state, a regional authority or a local authority is the major shareholder of these entities, supervisors should decide to consider

⁶¹ MDBs currently eligible for a 0% risk weight are: the World Bank Group comprised of the International Bank for Reconstruction and Development, the International Finance Corporation, the Multilateral Investment Guarantee Agency and the International Development Association, the Asian Development Bank, the African Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the European Investment Bank, the European Investment Fund, the Nordic Investment Bank, the Caribbean Development Bank, the Islamic Development Bank, the Council of Europe Development Bank, the International Finance Facility for Immunization and the Asian Infrastructure Investment Bank (see footnote 7 on page 8 of *Calculation of RWA for Credit Risk* (CRE20, 1 January 2019). The criteria applied by the Basel Committee on Banking Supervision are set out in paragraph 2.10 of CRE20.

- European Central Bank (ECB); and the)
- European Union (EU)”)–) which includes **European Atomic Energy Community (Euratom)**
- The Basel paper on *Calculation of RWA for Credit Risk – Standardized Approach: Individual Exposures (CRE20)*, which is due to take effect in 2022, adds the following institutions to the list of sovereign-equivalent international financial institutions :
 - European Stability Mechanism (ESM)
 - European Financial Stability Facility (EFSF)
- **Regional governments and local authorities** are treated as public sector enterprises (PSEs) under the Basel III Standardised Approach but ~~should only~~ can be included ~~in this category~~ as issuers of government securities if they have “specific revenue raising powers and have specific institutional arrangements the effect of which is to reduce their risks of default”. ~~This definition follows Basel III exactly~~⁶² The treatment of PSEs should be known by parties for the calculation of their regulatory capital ratios. Otherwise, parties will have to be check with their NCA.
- ~~SUNS is defined~~ Administrative bodies responsible to central governments, regional governments or to local authorities and other non-commercial undertakings owned by the ~~FSB to~~ governments or local authorities will only be treated as sovereign if the entities have revenue-raising powers or other arrangements to reduce their risks of default or “if strict lending rules apply to these entities and a declaration of bankruptcy is not possible because of their special public status”. The treatment of administrative bodies should be known by parties for the calculation of their regulatory capital ratios. Otherwise, parties will have to be check with their NCA.²
- Commercial undertakings owned by central governments, regional governments or by local authorities will probably be treated as normal commercial enterprises. In particular, if these entities function as a corporate in competitive markets even though the state, a regional authority or a local authority is the major shareholder of these entities, Basel guidance is that supervisors should decide to consider them as corporates. The treatment of publicly-owned commercial undertakings should be known by parties for the calculation of their regulatory capital ratios. Otherwise, parties will have to be check with their NCA.²
- Securities issued by entities with the NACE classification “central banking” (Class 64.11) under Section K (Financial and Insurance Activities).
- Securities issued by entities with the NACE classification “general public administration activities” (Class 84.11) under Section O (Public Administration and Defence) does not necessarily indicate a sovereign entity. This depends on the revenue-raising and institutional default-reduction arrangements of the entity as discussed above.
- Definitions in Article 4(1)(60)-(61) of MiFID II (2014/65/EU) of “sovereign issuer” and “sovereign debt”. The former includes:
 - [European] Union;
 - Member State, including a government department, an agency, or a special purpose vehicle of the Member State;
 - in the case of a federal Member State, a member of the federation;
 - a special purpose vehicle for several Member States;

⁶² See footnote 7 on page 8 of *Calculation of RWA for Credit Risk (CRE20, 1 January 2019)*.

- an international financial institution established by two or more Member States which has the purpose of mobilising funding and provide financial assistance to the benefit of its members that are experiencing or threatened by severe financing problems;
- European Investment Bank (EIB).
- Securities should be categorized as GOVS where their issuers, if they were parties to a repo, would be reported in Table 1, field 4, Nature of Reporting Counterparty as N for non-financial entity and Table 1, field 5, Sector of Reporting Counterparty = K (financial and insurance activities) with the class of activity being 64.11 for central banking.
- GOVS should include unsecuritized money market instruments (eg treasury bills and central bank bills) where the issuer's other securities would be classified as GOVS.

Using Collateral Type to determine CFI codes where these have to be synthesized

ESMA's guidance says that, "If the CFI does not exist in the official sources, then it should be agreed between the counterparties (see recommendation 6.12). In this case, fixed-income securities reported as GOVS in field 2.94, should be reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code in which:

- Category (first letter) should be D for debt;
- Second Attribute (fourth letter) may be T for government/state guarantee, unless the issuer is an MDB or an international financial institution in the list above, in which case, the Second Attribute should be C for supranational.

2 SUNS (supranational and agency securities)

- All these securities will be debt securities, so should also be reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter code in which the Category (first letter) must be D for debt.
- The FSB defines a sub-set of this category in the form of "agency-sponsored securitisation where ~~they~~ the securities benefit from an explicit agency guarantee", which". This would appear to ~~include~~ refer to the government-sponsored enterprises in the US (eg FNMA~~),~~). There does not appear to a European equivalent.
- ~~FIDE is recommended to include~~ Other securities in this category would include those issued by **supranationals** not listed under GOVS, which should also be reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code in which the Category must be D and the Second Attribute can be C for supranational.
- A list of EU-based agencies compiled by WM Datenservice includes:
 - Agence Française de Développement
 - Caisse d'Amortissement de la Dette Sociale (CADES)
 - Caisse des Depots et Consignations
 - F.T.A. Déficit del Sistema Eléctrico
 - Instituto de Credito Oficial
 - Landwirtschaftliche Rentenbank
 - NRW.Bank,
 - Union Nationale Interprofessionnelle pour l'Emploi dans l'Industrie et le Commerce (UNEDIC)

- SUNS should include unsecuritized money market instruments where the issuer's other securities would be classified as SUNS.

Using Collateral Type to determine CFI codes where these have to be synthesized

ESMA's guidance says that, "If the CFI does not exist in the official sources, then it should be agreed between the counterparties (see recommendation 6.12). In this case, fixed-income securities reported as SUNS in field 2.94, should also be reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code in which:

- Category should be D for debt;
- Group (second letter) could be G for MBS and A for ABS if the securities benefit from an explicit agency guarantee.
- Group should not be N for municipal bonds.
- Second Attribute (fourth letter) can be T for government/state guarantee, unless it is an MDB or an international financial institution that is not categorized under GOVS, in which case, the Second Attribute would be C for supranational.

3 FIDE (debt securities (including covered bonds) issued by banks and other financial institutions)

- All these securities will be debt securities, so should also be reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code in which the Category (first letter) must D for debt. The Second Attribute (fourth letter) cannot be A for ABS or G for MBS or Y for money market instruments, where these instruments are securitized issues (which should be categorized as SEPR).
- Securities issued by financial institutions and guaranteed by central government.
- Securities including covered bonds, but not other securitized issues or those categorized as GOVS or SUNS, would be categorized as FIDE where their issuers, if they were parties to a repo, would be reported in Table 1, field 4, Nature of Reporting Counterparty as:
 - F for financial entity;
 - N for non-financial entity, where Table 1, field 5, Sector of Reporting Counterparty = NACE category K (financial and insurance activities) except for NACE class 64.11 for central banking;
 - N for non-financial entity, where Table 1, field 5, Sector of Reporting Counterparty = NACE category L (real estate activities) and Table 1, field 6, Additional Sector Classification = REIT.
- FSB recommends the inclusion of public national development banks but not central banks nor multilateral development banks with a 0% risk-weight under the Basel III Standardised Approach (which are GOVS). Like Basel III, this category may also include "administrative bodies responsible to central governments, regional governments or local authorities" (see sub-paragraph (b) in footnote 17 below), and are listed in that section above). This would include the following European agencies (proposed by WM Datenservice as SUNS):
 - BNG Bank N.V.
 - BPIFrance Financement SA
 - Cassa Depositi e Prestiti
 - Kreditanstalt für Wiederaufbau (KfW)

- Under the terms of the Basel III Standardised Approach cited in the first section, financial institutions should include “administrative bodies responsible to central governments, regional governments or local authorities”, depending on their activities, if those entities do not have revenue-raising powers or other arrangements to reduce their risks of default or do not have strict lending rules and are at risk of bankruptcy. The treatment of such bodies should be known by parties for the calculation of their regulatory capital ratios. Otherwise, parties will have to be check with their NCA.
- FIDE should include unsecuritized money market instruments where the issuer’s other securities would be classified as FIDE.
- FIDE should include depository receipts where the issuer’s other securities would be classified as FIDE.

Using Collateral Type to determine CFI codes where these have to be synthesized

ESMA’s guidance says that, “If the CFI does not exist in the official sources, then it should be agreed between the counterparties (see recommendation 6.12). In this case, fixed-income securities reported as FIDE in field 2.94, should also be reported in *Table 2, field 79, Classification of a Security Used as Collateral*, with a six-letter CFI code in which:

- Category (first letter) must be D for debt;
- if guaranteed by a national or regional government, the Second Attribute (fourth letter) should be T for government/state guarantee;
- Second Attribute (fourth letter) should not be C for supranational.

4 NFID includes (corporate debt securities (including covered bonds) issued by non-financial institutions-)

- All these securities will be debt securities, so should also be reported in *Table 2, field 79, Classification of a Security Used as Collateral*, with a six-letter CFI code in which the Category (first letter) must be D for debt.
- Securities including covered bonds, but not other securitized issues or those categorized as GOVS or SUNS, would be categorized as NFID where their issuers, if they were parties to a repo, would be reported in *Table 1, field 4, Nature of Reporting Counterparty = N for non-financial entity* but not where *Table 1, field 5, Sector of Reporting Counterparty* is:
 - NACE category K (financial and insurance activities); nor
 - NACE category L (real estate activities) and *Table 1, field 6, Additional Sector Classification = REIT.*
- Under the terms of the Basel III Standardised Approach cited in the first section, non-financial institutions may also include “administrative bodies responsible to central governments, regional governments or local authorities”, depending on their activities, if those entities do not have revenue-raising powers or other arrangements to reduce their risks of default or do not have strict lending rules and are at risk of bankruptcy. The treatment of such bodies should be known by parties for the calculation of their regulatory capital ratios. Otherwise, parties will have to be check with their NCA.
- NFID should include unsecuritized money market instruments where the issuer’s other securities would be classified as NFID.
- NFID should include depository receipts where the issuer’s other securities would be classified as NFID.

Using Collateral Type to determine CFI codes where these have to be synthesized

ESMA's guidance says that, "If the CFI does not exist in the official sources, then it should be agreed between the counterparties (see recommendation 6.12). In this case, fixed-income securities reported as NFID in field 2.94, should also be reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code following the same rules as for securities reported as FIDE.

5 SEPR includes (securitised products)

- All these securities will be debt securities, so should also be reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code in which the Category (first letter) must be D for debt.
- Any security from any issuer that pays a return which is derived from other assets and/or for which repayment is guaranteed by other assets under a private law contract. This excludes agency-sponsored securitizations with an explicit agency guarantee (which are SUNS) and covered bonds (which are FIDE or NFID). ~~ESMA's draft Guidelines of May 2019 have added ABS and RMBS (see p.131, para.341(e)).~~ but includes MBA and ABS.
- ~~MEQU are those in a list~~ Asset-backed commercial paper (ABCP) and other securitized money market instruments.

Using Collateral Type to determine CFI codes where these have to be synthesized

ESMA's guidance says that, "If the CFI does not exist in the official sources, then it should be agreed between the counterparties (see recommendation 6.12). In this case, fixed-income securities reported as SEPR should also be reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code in which:

- Category (first letter) should be D for debt
- Group (second letter) should be:
 - Y for money market instruments where these are securities and are secured (ABCP); or
 - G for MBS; or
 - A for ABS;⁶³ or
 - D for depository receipts on debt instruments.
- Second Attribute (fourth letter) should be S for secured.

6 MEQU (main index equities including convertible bonds)

- All these securities will be equities or convertible bonds, so should also be reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code in which the Category (first letter) should be E for equity or D for convertible bonds.
- Any equities listed in Annex I, Tables 1 & 2, of the ITS on Main Indexes and Recognized Exchanges under the Capital Requirements Regulation (575/2013) (see ESMA draft Guidelines, p.131, para.344).

⁶³ ABS and MBS were expressly included in this category by ESMA's draft Guidelines of May 2019.

- ~~In addition~~, In its final Guidelines of January 2020, ESMA requires that parties should report equities as MEQU where these are considered as such pursuant to Commission Implementing Regulation 2016/1646. This states that “Regulation (EU) No 575/2013 states that equities or convertible bonds included in a main index may be used by institutions as eligible collateral. One of the eligibility criteria for collateral is that it should be sufficiently liquid. To be considered as main indices for the purposes of that Regulation, equity indices should therefore mainly consist of equities that can reasonably be expected to be realisable when an institution needs to liquidate them. This should be the case when at least 90 % of the components of an index have a free float of at least EUR 500,000,000 or, in the absence of information about free float, a market capitalisation of at least EUR 1,000,000,000” ([see](#) p.100, para.288).
- ~~OEQU is any equity not included in MEQU. It is recommended to MEQU should include any equity or equity linked security including depository receipts and warrants.~~
- ~~OTHR is recommended to include money market securities except bills issued by where the entities whose issuer’s other non-securitized securities are would be classified as GOVS (eg treasury bills) and ABCP. It is recommended that this category is also used for the non-securitized securities of all official entities not included in GOVS or FIDEMEQU.~~

Using Collateral Type to determine CFI codes where these have to be synthesized

ESMA’s guidance says that, “If the CFI does not exist in the official sources, then it should be agreed between the counterparties (see recommendation 6.12). In this case, MEQU securities should also be reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code in which Category (first letter) should be E for equities or D for convertible bonds.

7 OEQU (other assets (including shares in mutual funds), excluding cash)

- All these securities will be equities, so should also be reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code in which the Category (first letter) should be E for equities or D for convertible bonds.
- Any equity and convertible bonds not included in MEQU.
- OEQU should include depository receipts where the issuer’s other securities would be classified as OEQU.

Using Collateral Type to determine CFI codes where these have to be synthesized

ESMA’s guidance says that, “If the CFI does not exist in the official sources, then it should be agreed between the counterparties (see recommendation 6.12). In this case, OEQU securities are also reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code in which the Category (first letter) should be E for equities or D for convertible bonds.

8 OTHR

- Any security not fitting any of the previous categories.
- Collective investment schemes such as money market funds including UCITS and ETFs.

Using Collateral Type to determine CFI codes where these have to be synthesized

ESMA's guidance says that, "If the CFI does not exist in the official sources, then it should be agreed between the counterparties (see recommendation 6.12). In this case, OTHR securities include debt reported in Table 2, field 79, Classification of a Security Used as Collateral, with a six-letter CFI code in which the Category (first letter) can be C for Collective Investment Vehicles or M for Other.

Summary

The following table cross references field 2.94 to fields 1.4-1.6 and 2.79 and other categorizations.

Given the use by FSB of Basel III as a template for classifying *Collateral Type*, parties may be able to draw on their own RWA calculations to help their own classification for SFTR.

Parties should consider including the *Collateral Type* of each security they are giving as collateral in confirmations exchanged with their counterparties, as this is a matching field.

Recommendation: Parties should consider, if practicable, including *Collateral Type* in their confirmations in order to ensure matching.

	GOVS	SUNS	FIDE	NFID	SEPR	MEQU	OEQU	OTHR
Category	D only	D only	D only	D only	D only	E only	E only	D or C or M; not E
Group	unsecured Y; not N	G or A for supras & agencies; unsecured Y; not N	unsecured Y; not A or G;	N; unsecured Y; not A or G;	D, G or A but not for supras & agencies; unsecured Y			M
2 nd Attributes	incl.some C	incl.some C	could be T; not C	not C	S			
MIFID	Art.4(1)(60)							
Basel III SA	CRE20	CRE20						
CRR							ITS on Market Indexes & Recognized Exchanges	
SFTR	field 1.4	N	F	N	N			
	field 1.5	K	L	L	not K	L		
	field 1.6		REIT	REIT	not REIT			
FSB		incl. agency securitizations	national development banks					
NACE	6411	6492						
ESMA					ABS or MBS		Reg.2016/1646	

6.15 How should Availability for Collateral Reuse be determined (field 2.95)?

6.15.1 General rule

For repo, the *Table 2, field 95, Availability for Collateral Reuse*, should generally be true, as a repo is a sale and repurchase of collateral. A sale means that the buyer is given absolute legal title to an asset and therefore automatically has the right to use that asset as he wishes.

However, some markets mistakenly use the term “repo” to describe secured loans. The most significant of these pseudo-repo markets is the so-called “pledged repo” market in China. Despite the fact that these types of transaction are not true repos, ESMA has decided that “where the collateral of repo is taking a different form of transfer, which is still part of the collateral arrangements that are defined under the [EU Financial] Collateral Directive, the counterparties should still report it as repo” (final Guidelines of January 2020, p11, para.23 and Final Report of January 2020 p.11, para.9). ESMA seems to have mistakenly assumed that secured loans under the Financial Collateral Directive are repos. Furthermore, ESMA requires pseudo-repos outside the EEA, that do not benefit from the special provisions of the Financial Collateral Directive, to also be reported as repos (“repos concluded under rules of other jurisdictions...should be reported accordingly and by providing complete and accurate details in accordance with the TS on reporting”).⁶⁴ Note that ESMA applies this mis-classification only to repurchase transactions (*Table 2, field 4, Type of SFT = REPO*), as they recognize that buy/sell-backs (*Table 2, field 4, Type of SFT = SBSC*) are only collateralized by title transfer. Until ESMA can be persuaded to correct its misunderstanding of repos, parties will have to report secured loans that are called repos but:

- where there is no right of re-hypothecation of the pledged collateral:
 - *Table 2, field 4, Type of SFT = REPO*
 - *Table 2, field 20, Method Used to Provide Collateral = SICA*
 - *Table 2, field 95, Availability for Collateral Re-Use = FALSE*
- where there is a right of re-hypothecation of the pledged collateral:
 - *Table 2, field 4, Type of SFT = REPO*
 - *Table 2, field 20, Method Used to Provide Collateral = SIUR*
 - *Table 2, field 95, Availability for Collateral Re-Use = TRUE*

Parties therefore need to ensure they understand the legal character of the “repos” they transact both inside and outside the EEA.

Availability for Collateral Reuse should generally be reported as true where *Table 2, field 20, Method Used to Provide Collateral = TTCA* (title transfer collateral arrangement) and, in the case of pseudo-repos, where *Table 2, field 20, Method Used to Provide Collateral = SIUR* (security interest with right of re-hypothecation) . Any repo governed by the ICMA’s Global Master Repurchase

⁶⁴ In this phrase, ESMA refers specifically to Japanese Gentan repo. However, Gentan repos are not secured loans, but true repos, albeit documented under a securities lending agreement.

Agreement (GMRA) is a title transfer instrument. This fact will not be changed by any annex or appendix, nor by supplementary tri-party service agreements.

6.15.2 Exceptions

Generally, *Availability for Collateral Reuse* (field 2.95) and *Method Used to Provide Collateral* (field 2.20) can be inferred from *Table 2, field 9, Master Agreement Type*. As noted already, if this is a GMRA (or other European master repurchase agreement), the repo will be based on transfer of legal title and so collateral will automatically be available for reuse. Of the other master repurchase agreements currently listed in ESMA's Validation Rules, all are based on title transfer except for CNBR (China National Bond Repurchase Master Agreement) --- although this agreement has been superseded.

Special attention needs to be paid to the following master agreement types, which are not master repurchase agreements:

- BIAG (bilateral agreement) --- the particular agreement needs to be analyzed by the contracting parties but is likely to be a bespoke securities interest-based collateral arrangement for margin lending;
- CSDA (CSD bilateral agreement) --- this needs to be analysed by the CSD counterparty but is typically for auto-borrowing, which means it will be a securities interest-based collateral arrangement;
- OTHR (other) --- the particular agreement chosen needs to be analyzed by the contracting parties.

The US MRA should be reported as *Method Used to Provide Collateral* (field 2.20) = TTCA and *Availability for Collateral Reuse* = TRUE, as it is intended to transfer title to collateral, albeit that it has a pledge "back-up security" provision.

Repos documented under the ISDA Master Agreement need to be analyzed to ensure they are true repos with purchase and repurchase legs. Synthetic repos under ISDA (or any other agreement) should not be reported under SFTR as they involve a derivative leg to the transaction.

Note that collateral received through tri-party repo is available for re-use, whether or not the buyer is a member of the tri-party agent's re-use facility, as the buyer would still legally be entitled to re-use the collateral given that title has been transferred, albeit that any attempt at re-use might lead to the withdrawal of tri-party management facilities.

ESMA's draft Guidelines of May 2019 state that, when completing *Availability for Collateral Reuse*, parties should ignore "operational/technical" constraints on re-use (pp.131-132, para.345). ESMA's final Guidelines of January 2020 added that regulatory constraints should also be ignored (pp.123-124, paras.346-347). This means that the fact that UCITSs are prohibited by the UCITS Directive from re-using collateral should be ignored for the purpose of field 2.95. Only contractual rights of use should be reported.

Recommendation 1: Secured loans called repos should be reported as repos in field 2.4 but fields 2.20 and 2.95 will depend on whether there is a right of re-hypothecation of the pledged collateral.

Recommendation 2: Legal advice should also be sought on bilateral agreements, including those with CSDs, and agreements not expressly listed in the RTS and ITS on transaction reporting.

Recommendation 3: Collateral received under a title transfer collateral arrangement such as the GMRA should be reported as available for re-use regardless of operational, technical or regulatory restrictions on re-use.

6.16 How should the Collateral Quantity or Nominal Amounts be reported for bonds quoted per “unit” (field 2.83)

Some fixed-income securities are quoted per “unit”, which is a lot of a certain number of bonds of the same denomination (eg per 1,000 bonds, each of 100,000 currency units). The amount reported in *Table 2, field 83, Collateral Quantity or Nominal Value*, should be the product of the number of units, the number of bonds per unit and the denomination of each unit.

Recommendation: Where bonds are quoted per unit, field 2.83 should be the product of the number of units, the number of bonds per unit and the denomination of each unit.

7. Reporting special transactions

7.1 How should a documented buy/sell-back be reported?

According to SFTR, a buy/sell-back is constituted by two separate contracts with no overarching written legal agreement to connect the two. An undocumented buy/sell-back should be reported using the following fields:

- *Table 2, field 4, Type of SFT = SBSC*
- *Table 2, field 9, Master Agreement Type = OTHR*
- *Table 2, field 10, Other Master Agreement Type = UNDOCUMENTED*

However, the definition of a buy/sell-back in SFTR Article 3(8) is incorrect. SFTR ignores the fact that most buy/sell-backs are now documented (often under the GMRA and Buy/Sell-Back Annex). Documentation binds the two legs of a buy/sell-back into a single contract and, in this respect, a documented buy/sell-back is indistinguishable from a repurchase transaction (*Table 2, field 4, Type of SFT = REPO*).

Despite the fact that SFTR defines buy/sell-backs as undocumented pairs of separate contracts, the RTS on transaction reporting requires them to be reported as a single trade under a legal agreement. The Level 1 definition is therefore at odds with the Level 2 reporting requirements. If a reporting entity is trading buy/sell-backs under a written legal agreement, Level 1 implies it should report these trades as repurchase transactions but Level 2 states that, if they are called buy/sell-backs, they should be reported as such. Legally, Level 1 takes precedence over Level 2. But, in its draft Guidelines of May 2019 (p.20, para.61), ESMA requires documented buy/sell-backs to be reported as buy/sell-backs but with *Table 2, fields 9-11*, about the legal agreement, being completed, notwithstanding the Level 1 definition of a buy/sell-back.⁶⁵

How can repurchase transactions and documented buy/sell-backs be distinguished? In reality, the only material difference between a documented buy/sell-back and a repurchase transaction is simply how coupon, dividend or other income payments on collateral are handled.⁶⁶ In a repurchase transaction, an income payment on the collateral made by the issuer to the buyer should trigger an immediate and equal income payment (often called a “manufactured payment”) from buyer to the seller. In a buy/sell-back, on the other hand, the value of any income paid on the collateral is deducted in advance from the repurchase price that would otherwise be due to be paid by the seller to the buyer on the repurchase date together with additional interest to compensate the seller for the delay between the collateral income payment date and the repurchase date. Replacement of manufactured payments by the adjustment of the repurchase price is the principal purpose of the GMRA Buy/Sell-Back Annex. It is recommended that if parties

⁶⁵ The draft Guidelines have also corrected the indication in the Final Report (p.44, Table 2) that the *Action Types* for early termination (ETRM) and collateral updates (COLU) should not be used in a report of a buy/sell-back (p.39, Table 5). This has been confirmed in the Final Report of January 2020 (p.46, para.239(a)).

⁶⁶ The GMRA excludes open buy/sell-backs but this is just a consequence of the way that income payments on collateral are handled. Historically, the conventions for the quotation of purchase price and the repo overall were different historically between repurchase transactions and buy/sell-backs but these differences are not material.

are transacting documented repos that do not pay a manufactured payment in response to the payment of income on collateral should make a loan report including the following fields:

- *Table 2, field 4, Type of SFT = SBSC*
- *Table 2, field 9, Master Agreement Type = [legal agreement]*
- *Table 2, field 10, Other Master Agreement Type = [blank]*

In its final Guidelines and Final Report of January 2020, ESMA has advised “when counterparties find that certain types of BSB/SBBs are better reported by using the repo template, in case both counterparties agree, the counterparties should use the repo template to report those SFTs” and that “it is up to the counterparties to agree what type of SFT they conclude” (pp.11-12, paras.29 and 41-42, p.20, para.64(c)).

See sample reports 1.1 and 1.2 for examples of the recommended reporting of undocumented and documented buy/sell-backs.

Recommendation: Parties transacting documented repos that do not pay a manufactured payment in response to the payment of a coupon, dividend or other income on collateral should report them as buy/sell-backs along with the legal agreement, if any.

7.2 How should the price of a buy/sell-back be reported?

The RTS on transaction reporting does not allow a repo rate to be reported for buy/sell-backs in *Table 2, field 23, Fixed Rate*, or in *Table 2, field 25, Floating Rate*. Nor does it allow reporting of the traditional price of a buy/sell-back, which is the forward break-even price or yield of the collateral. Nor does it provide any other price field. The reason for not reporting the repo rate is unclear, as it is common practice in the market. And it would also be convenient for firms to minimize the reporting differences between repurchase transactions and buy/sell-backs by reporting the same type of price for both. Even where parties negotiate only the purchase price and repurchase price of a buy/sell-back without a repo rate being explicitly agreed or recorded, the rate can be easily calculated using the following standard annualization formula.

$$\text{repo rate} = \left(\frac{\text{repurchase price}}{\text{purchase price}} - 1 \right) \times \frac{100 \times \text{annual basis}}{\text{day count}}$$

where annual basis = conventionally assumed number of days in the year
 day count = number of days from and including value date to but excluding maturity date

The final RTS on transaction reporting has tried to address the lack of a price field for buy/sell-backs by making *Table 2, field 49, Security or Commodity Price*, a mandatory field for this type of repo. Unfortunately, this field is for “the price of the security or commodity used to calculate the trade amount for the spot leg of the buy-sell back”. This is not a market convention for quoting buy/sell-backs. Moreover, it would appear to be the same number as *Table 2, field 87, Price Per Unit*, although only at the start of a transaction, and therefore provides no additional information.⁶⁷

In its Final Report of January 2020, ESMA acknowledged the inadequacy of field 2.49 as the price of a buy/sell-back (p.19, para.63). To solve this problem, it will be necessary to amend the RTS on transaction reporting and this will not happen for some time.

If the collateral in a buy/sell-back is a fixed-income security quoted as a percentage of its nominal value, *Table 2, field 50, Price Currency*, should left blank. But in the case of a security for which prices are expressed in a currency unit (for example, an equity), that currency should be the *Price Currency*. See recommendation 6.6.

Recommendation 1: If a buy/sell-back is reported, the price should be reported in field 2.49 and should be the same value as field 2.87 at the inception of the repo.

Recommendation 2: Where the price of a security is quoted as a percentage of the nominal value of the security, the *Price Currency* of the collateral should be left blank.

⁶⁷ Field 2.49 should only be equal to field 2.87 in the report of a new buy/sell-back (*Table 2, field 98, Action Type = NEWT*) and should not be updated during the life of the buy/sell-back, as field 2.87 changes in line with changes in the market price of the collateral securities, given that field 2.49 is the “the price of the security or commodity used to calculate the trade amount”, which is the fixed purchase price or *Table 2, field 37, Principal Amount on Value Date*.

7.3 How should a new evergreen repo be reported?

7.3.1 Open evergreen repo with an extended termination notice period

New open evergreen repos which have a termination notice longer than the standard period (T+0, T+1, T+2) should be reported by submitting a loan report including:

- *Table 2, field 14, Maturity Date* = [blank]
- *Table 2, field 16, Minimum Notice Period* = [number of business days between notification & the maturity day that would be fixed if the evergreen was immediately terminated --- see recommendation 7.3]
- *Table 2, field 17, Earliest Call-Back Date* = [transaction date (assuming the option is not restricted to certain future dates or periods) --- see recommendation 5.4]
- *Table 2, field 21, Open Term* = TRUE
- *Table 2, field 22, Termination Optionality* = EGRN (evergreen repo)
- *Table 2, field 98, Action Type* = NEWT (new transaction)

7.3.2 Fixed-term evergreen repo with an extended termination notice period⁶⁸

The revised Validation Rules of October 2019 changed the conditionality of field 2.14 to make it conditional solely on *Table 2, field 21, Open Term* = FALSE, which means that new fixed-term evergreen repos can now be reported.⁶⁹ Loan reports of fixed-term evergreens with extended termination notice periods should include the following fields:

- *Table 2, field 14, Maturity Date* = [initial maturity date]
- *Table 2, field 16, Minimum Notice Period* = [number of business days between notification & the maturity day that would be fixed if the evergreen was immediately terminated --- see recommendation 7.3]
- *Table 2, field 17, Earliest Call-Back Date* = [transaction date (assuming the option is not restricted to certain future dates or periods) see below and recommendation 5.4]

⁶⁸ The Consolidated Validation Rules of May 2019 ruled out fixed-term evergreen repos. This was because *Table 2, field 14, Maturity Date* = [date], was made conditional on *Table 2, field 21, Open Term* = FALSE and *Table 2, field 22, Termination Optionality* = NOAP. So, if field 2.22 = EGRN, a report could not include a maturity date and therefore could not be identified as fixed-term.

The Consolidated Validation Rules contradicted the draft Guidelines (para. 263), which correctly stated that the Termination Optionality field “is closely linked with field 2.21. Fixed-term repos can have optionality, ie evergreen (Table 64) or extendible (Table 65) or be without optionality, ie not applicable “NOAP” (Table 63)”. However, the same paragraph was mistaken in saying that “Open term repos can be evergreen (Table 64) or have no optionality (Table 63)”. In fact, all open repos have termination optionality.

⁶⁹ ESMA’s draft Validation Rules of October 2016 implicitly assumed that all evergreen repos had fixed terms. In practice, evergreen repos can also be open-ended and this was acknowledged in ESMA’s draft Guidelines of May 2019. However, the Consolidated Validation Rules of May 2019 then ruled out fixed-term evergreen repos. This was because *Table 2, field 14, Maturity Date* = [date], was made conditional on *Table 2, field 21, Open Term* = FALSE and *Table 2, field 22, Termination Optionality* = NOAP. So, if field 2.22 = EGRN, a report could not include a maturity date and therefore could not be identified as fixed-term.

The Consolidated Validation Rules also contradicted the draft Guidelines (para. 263), which correctly stated that the Termination Optionality field “is closely linked with field 2.21. Fixed-term repos can have optionality, ie evergreen (Table 64) or extendible (Table 65) or be without optionality, ie not applicable “NOAP” (Table 63)”. On the other hand, the same paragraph was mistaken in saying that “Open term repos can be evergreen (Table 64) or have no optionality (Table 63)”. In fact, all open repos have termination optionality.

- *Table 2, field 21, Open Term* = FALSE
- *Table 2, field 22, Termination Optionality* = EGRN (evergreen repo)
- *Table 2, field 98, Action Type* = NEWT (new transaction).

7.3.3 Fixed-term evergreen repos with a crawling repurchase date⁷⁰

Fixed-term evergreen repos with a crawling repurchase date will require a modification report (*Table 2, field 98, Action Type* = MODI) in respect of every business day until the evergreen is terminated to change *Table 2, field 14, Maturity Date*, by one business day.

7.3.4 Problem with *Earliest Call-Back Date* (field 2.17)

For all types of evergreen repo, the Validation Rules imply that it will be necessary, on each business day after the transaction date until termination, to report a change in *Table 2, field 17, Earliest Call-Back Date* to reflect the fact that the option to terminate has moved forward by one business day to the current business day. This report would include:

- *Table 2, field 3, Event Date* = [previous *Event Date* plus one business day]
- *Table 2, field 14, Maturity Date* = [previous maturity date plus one business day]
- *Table 2, field 17, Earliest Call-Back Date* = [previous *Earliest Call-Back Date* plus one business day]
- *Table 2, field 98, Action Type* = MODI (modification)

However, there is little information of value to the regulator in reporting such automatic modifications, as nothing changes in the contractual terms as a transaction ages, and it is burdensome to report. Accordingly, it was recommended that the *Earliest Call-Back Date* for open repos and evergreen repos with extended notice periods (but not evergreen repos for which the maturity date moves forward by every day by one day until terminated) should be reported in the initial report (*Table 2, field 98, Action Type* = NEWT) but that this field should not be subsequently updated using modification reports over the remaining life of the transaction, despite the fact that this field will change each business day. This recommendation was consistent with the revised Validation Rules of October 2019, under which modifications of field 2.17 were made optional.⁷¹ And it was confirmed by ESMA in its final Guidelines and Final Report of January 2020, which require that “Unless the counterparties have agreed to a new earliest call-back date, they should report the original earliest call-back date applicable to the SFT” (p.89, para.241; p.66, para.411). See [recommendation 5.4](#).

The termination of an evergreen repo is the subject of recommendation 7.5. See sample reports 4.1 to 4.3 for examples of the recommended reporting of evergreen repos.

⁷⁰ These evergreen structures are also called “rolling fixed-term” and “dynamic end-date” or “crawling end-date”.

⁷¹ ~~The revised Validation Rules of October 2019 have made field 2.17 optional for new reports, modifications and corrections, but have failed to remove the conditionality rule was the previous version of the rules. It is assumed that this is a mistake and will be rectified by ESMA in due course.~~

Recommendation 1: New fixed-term evergreen repos with crawling repurchase dates should be reported in the initial loan report as the number of business days between the first date on which a termination notice could be served if that decision was taken immediately after transacting the repo and the date of settlement of termination. The number of days reported in the initial loan report should not be updated in any subsequent reports unless the *Minimum Notice Period* is renegotiated by the parties.

Recommendation 2: In the case of a new fixed-term evergreen repo, the *Earliest Call-Back Date* should be the transaction date in the report of the new transaction. It should not be subsequently updated using modification reports over the remaining life of the transaction but should be repeated in any required reports.

7.4 How should a new extendible repo be reported?

Extendible repos are fixed-term transactions. This is recognised in all versions of ESMA's Validation Rules, which require *Table 2, field 21, Open Term* = FALSE, if *Table 2, field 22, Termination Optionality* = ETSB (extendible). However, in the Consolidated Validation Rules of May 2019, *Table 2, field 14, Maturity Date* = [date], was also made conditional on *Table 2, field 22, Termination Optionality* = NOAP. In other words, extendibles could be fixed-term under one rule but could not be fixed-term under another. This contradiction was removed in the revised Validation Rules of October 2019 by making field 2.14 conditional only on field 2.21 = FALSE. Accordingly, extendible repos should be reported by submitting a loan report including:

- *Table 2, field 14, Maturity Date* = [initial maturity date]
- *Table 2, field 16, Minimum Notice Period* = [number of business days between notification & the new repurchase date]
- *Table 2, field 17, Earliest Call-Back Date* = [date of earliest extension option]
- *Table 2, field 21, Open Term* = FALSE
- *Table 2, field 22, Termination Optionality* = ETSB (extendible repo)
- *Table 2, field 98, Action Type* = NEWT (new transaction)

Note that there is still a contradiction in the Consolidated Validation Rules, albeit a semantic one, inasmuch as they require the *Minimum Notice Period* for an extendible repo to be reported but also say that the field applies only to termination options. Similarly, it is required to report the *Earliest Call-Back Date* for extendibles despite the fact that the option in such an instrument is to extend and not to call back.

The extension of an extendible repo is the subject of recommendation 7.6.

See sample report 4.4 for an example of the recommended reporting of an extendible repo.

7.5 How should the termination of an evergreen repo be reported?

In line with recommendation 9.4, when an evergreen repo with an extended notice period is terminated, a modification report (and not an early termination report) should be made including:⁷²

- *Table 1, field 3, Reporting Counterparty* = [LEI]
- *Table 1, field 11, Other Counterparty* = [LEI]
- *Table 2, field 1, UTI*
- *Table 2, field 98, Action Type* = MODI (modification)

The modification should be of the following fields:

- *Table 2, field 3, Event Date* = [date of termination & fixing of new maturity date]
- *Table 2, field 14, Maturity Date* = [new maturity date]
- *Table 2, field 21, Open Term* = FALSE (not applicable) --- for open evergreens
- *Table 2, field 22, Termination Optionality* = NOAP (not applicable)

This approach appears to have been accepted by ESMA in its draft Guidelines of May 2019 (p.38, table 5).

In the case of a fixed-term evergreen with a *Maturity Date* that will automatically crawl forward by one business day unless and until it is terminated by one of the parties, field 2.22 will already be NOAP.

Recommendation: In line with recommendation 9.4, the termination of an evergreen repo should be reported as a modification of the transaction into a conventional fixed-term repo.

⁷² Note that Action Type ETRM is used only where termination is settled same-day. Evergreen repos are always terminated for future settlement.

7.6 How should the extension of an extendible repo be reported?

When an extendible repo is extended to a later repurchase date, for the purposes of reporting, if the contract is being extended into a conventional fixed-term repo with a later maturity date, a modification report should be made including:

- *Table 1, field 3, Reporting Counterparty* = [LEI]
- *Table 1, field 11, Other Counterparty* = [LEI]
- *Table 2, field 1, UTI*
- *Table 2, field 98, Action Type* = MODI (modification)

The modification should be of the following fields:

- *Table 2, field 3, Event Date* = [date on which modification is agreed]
- *Table 2, field 14, Maturity Date* = [new maturity date]
- *Table 2, field 22, Termination Optionality* = NOAP (not applicable)

In line with recommendation 9.4, the modification of a future maturity date should be made as of the date on which one party serves the extension notice on the other, as this is the date on which the contractual obligations and risk exposure of the parties will change.

If, at the time of the extension, the repo is re-rated and accrued repo interest is paid off, the following fields should also be filled in:

- *Table 2, field 23, Fixed Rate* = [new repo rate]
- *Table 2, field 38, Principal Amount on Maturity Date* = [new maturity price]

Some extendible repos can be extended to create a new extendible repo under the same contract (and therefore same *UTI*) with the same terms and conditions as the previous repo. In this case, the transaction remains an extendible, so *Table 2, field 22, Termination Optionality* would not be changed to NOAP but would remain as ETSB.

This approach appears to have been accepted by ESMA in its draft Guidelines of May 2019 (p.38, table 5).

Recommendation: The extension of an extendible repo should be reported as a modification of the transaction into a conventional fixed-term repo unless the extension preserves the option to extend, in which case, the transaction remains an extendible.

7.7 How should transactions with the Bank of England under its Sterling Monetary Framework be reported pre and post Brexit?

The Bank of England provides a number of liquidity facilities to UK banks under its Sterling Monetary Framework (SMF). One set of facilities is for financial stability purposes (ie liquidity insurance) in the form of Liquidity Support Operations or Open Market Operations (OMO).

- **Discount Window Facility (DWF)**
- **Index Long Term Repo (ILTR)**
- **Contingent Term Repo Facility (CTRF)**

All these facilities are collateralized by title transfer and appear to be net collateralized as a portfolio against a single pool of collateral (no earmarking of particular securities against individual transactions).

DWF is a collateral swap in which the bank lends UK gilts by title transfer (but can lend cash) against collateral in the form of eligible securities. All deliveries of securities are free of payment.

ILTR is a tri-party repo in which the Bank will regularly lend cash against eligible securities for six months.

CTRF is an exceptional facility in which the Bank will regularly lend cash against eligible securities for various terms.

Alongside the Liquidity Support Operations or Open Market Operations (OMO), the Bank of England offer another facility for monetary stability purposes called the **Operation Standing Facility (OSF)**. Banks can deposit cash or they can borrow cash against eligible securities, both overnight. Collateralization appears to be by title transfer as in a repo (which is how the IMF describes OSF transactions).

Prior to Brexit, EU banks will be required to report use of DWF, ILTR, CTRF and OSF under MiFIR.

Post Brexit, UK banks will be required to report use of DWF, ILTR, CTRF and OSF under the UK equivalent of MiFIR but EU banks will have to report these transactions under SFTR.

Post-Brexit reporting by EU banks

Given the facilities are all based on title transfer and appear to be net collateralized as a portfolio against a single pool of collateral (no earmarking of particular securities against individual transactions), the following fields need to be included in reports:

- *Table 2, field 73, Collateralization of Net Exposure = TRUE*

Use of DWF should be reported as a securities loan against collateral, both legs involving title transfer (*Table 2, field 4, Type of SFT = SLEB and Table 2, field 75, Type of Collateral Component = SECU*).

Given the possibility of manufactured payments, use of ILTR should be reported as a repurchase transaction (*Table 2, field 4, Type of SFT = REPO*).

Given the possibility of manufactured payments, use of CTRF should be reported as a repurchase transaction (*Table 2, field 4, Type of SFT = REPO*).

All transactions under the SMF are governed by the *Terms and Conditions for Participation in the Bank of England's Operations under the Sterling Monetary Framework* (18 March 2019). It is recommended this is reported as:

- *Table 2, field 10, Master Agreement Type = OTHR*
- *Table 2, field 11, Other Master Agreement Type = Bank of England Terms*

Given that the Bank of England will not report under SFTR, all reports will be one-sided, so there will be no matching.

8. Reporting CCP-cleared repos

8.1 Should CCP-cleared repos be reported at position level (field 2.99)?

The standard method of reporting new repos under SFTR is at the level of individual trades. However, according to ESMA's Final Report (section 4.2.1.2), reporting parties have the right, but not the obligation, to report CCP-cleared repos in aggregate as a single position.

In order to establish a reportable position, a repo that is to be the first constituent of the position would be reported as an individual trade with its own *UTI*. The report would also include the following fields:

- *Table 2, field 98, Action Type = POSC* (this *Action Type* indicates that this repo is to be subsumed into a position)
- *Table 2, field 99, Level = TCTN* (this field indicates that the repo has not yet been subsumed into a position)

This report would then be immediately terminated (*Table 2, field 98, Action Type = ETRM*) and a new position would be reported which has its own *UTI*. The report would include the following fields:

- *Table 2, field 98, Action Type = NEWT*
- *Table 2, field 99, Level = PSTN* (this code indicates that the data in the report is for a position rather than an individual transaction)

Subsequent repos would be reported as new transactions, like the first repo, each with its own *UTI*. Each of these reports would also be immediately terminated and subsumed into the established position by modifying that position (*Table 2, field 98, Action Type = MODI*).

Note both parties must report at the same level. It is not permitted for one to report at trade level and the other at position level.

Optional position-level reporting of CCP-cleared repos is subject in the Final Report to six conditions (sub-para.99(a)-(f)). The key condition is 99(a), which requires that *“risk is at position level, the trade reports all relate to products that are fungible with each other and the individual trades have been replaced by the position. This is the case when novation takes place after netting of individual trades, the netted position results in a new contract, and a new UTI is generated for it”*.

This fungibility requirement poses no problems for derivatives but, in repo, it means that separate positions for each currency and each ISIN would have to be reported for each settlement date. This would make position-reporting more complicated than it might initially appear. But there is a more fundamental obstacle to position-reporting of CCP-cleared repos. The only novation by *CCPs* consists of replacing each contract between two *Clearing Members* with two contracts, one between the *CCP* and each *Clearing Member*. And this takes place before any

netting by the *CCP*, which is limited to the technical netting (also known as settlement or payments netting) of fungible payments due on the same settlement date and fungible delivery obligations due on the same settlement date and at the same depository. This type of netting does not create a single contract for each net payment or delivery amount. These net payments and deliveries would not therefore qualify for *UTIs*. Accordingly, position-level reporting of CCP-cleared repos is not possible.

The obstacles to position-level reporting have been recognized by ESMA in its draft Guidelines of May 2019 and its Final Report of January 2020 (pp.23-24, paras,84-86 and pp.27-28, paras.103-113).

Recommendation: It is not possible for reporting parties to adopt the option of position-level reporting for CCP-cleared repos as clearing does not meet the requirements.

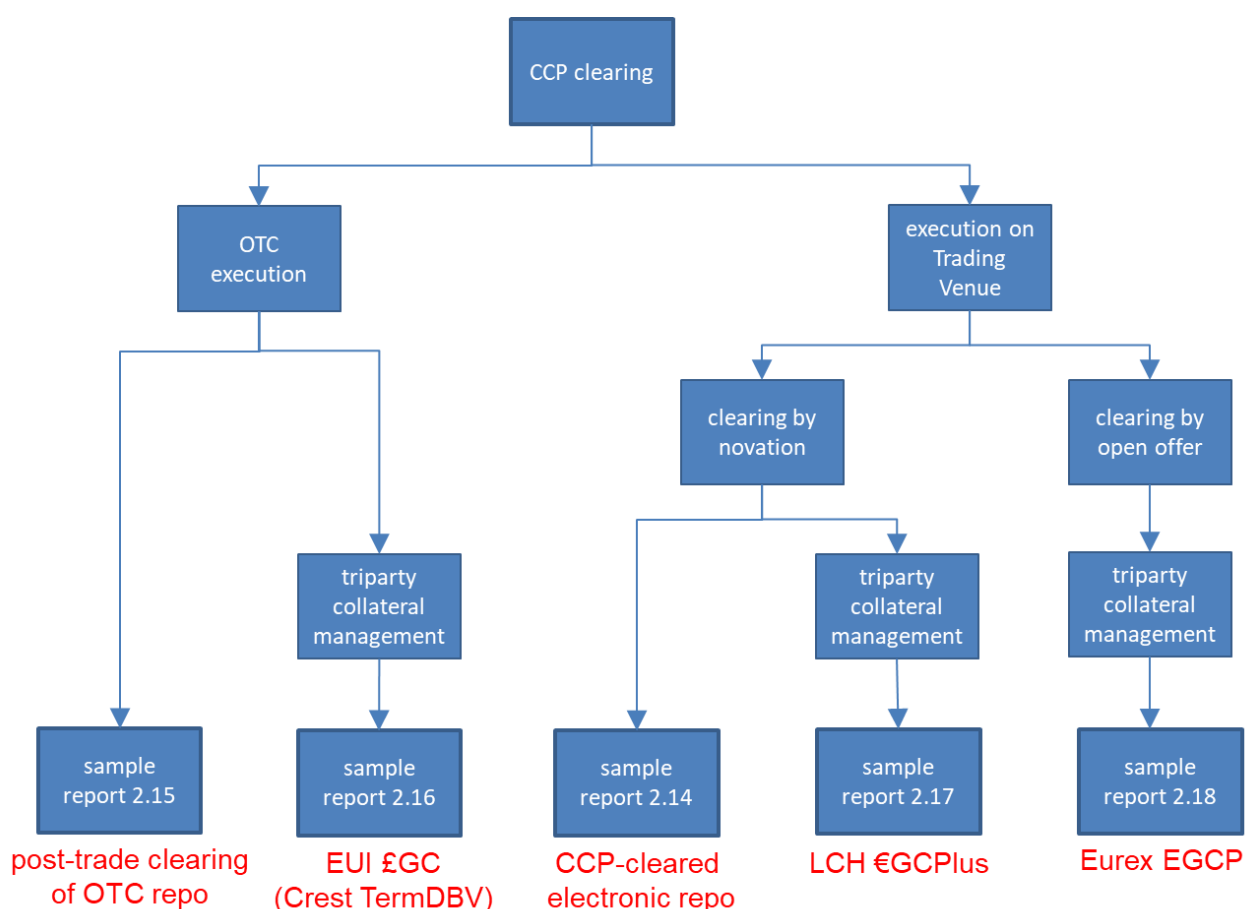
8.2 How should CCP-cleared repos and margins be reported?

8.2.1 Reporting CCP-cleared repos

The reporting profile of a CCP-cleared repo depends on:

- whether it is executed OTC or on a *Trading Venue*⁷³
- whether the *CCP* clears by novation or open offer
- whether or not collateral management is outsourced to a tri-party agent.

There are five possible configurations for CCP-cleared repos. These are illustrated in the diagram below, in which each flow leads to the relevant sample report.



⁷³ Note that SFTR adopts a narrower definition of OTC transactions than that traditionally applied in the market. The traditional definition of OTC includes both direct and voice-brokered transactions. Under SFTR, as implemented in the RTS and ITS, voice-brokers operating as OTFs or MTFs are classed as *Trading Venues*. See recommendation 4.4.

The following recommendations for reporting transactions are made for each of the five configurations.

It should be noted that clearing by *CCPs* does not result in the replacement of individual repos (each with its own *UTI*) by a single position (with its own *UTI*). In other words, reporting is at transaction level and not position level. See recommendation 8.1. This means loan reports have to be made for each individual repo in all cases. On the other, in some cases, collateral is allocated against a portfolio of repos, that is, collateralization on a net exposure basis (see cases 8.2.1.4 and 8.2.1.5 below and sample reports 2.17 and 2.18).

For *CCPs*, the master agreement is the current rule book published by the *CCP*. This should be reported as:

- *Table 2, field 9, Master Agreement Type* = OTHR
- *Table 2, field 10, Other Master Agreement Type* = [name of *CCP* rule book for repo]

ESMA's draft Guidelines of May 2019 have used the phrase "CCP Clearing Conditions" in an example including field 2.10 but parties should use the official title given by the *CCP*. The rule book may be specific to repo. As rule books are updated frequently, it would be impracticable to fill in *Table 2, field 11, Master Agreement Version*, and this is not recommended.

8.2.1.1 Repos which are:

- executed OTC
- cleared post trade by novation
- against collateral allocated against individual repos
- managed by the reporting parties

See sample report 2.15.

This example includes repos executed in the OTC market and submitted to:

- a *CCP* for clearing post trade using a facility provided by a *Trading Venue*; or
- the special matching and registration facility (ETCMS) provided by Euroclear to facilitate for post-trade clearing at LCH.

Note that the post-trade use of a facility provided by a *Trading Venue* changes the Trading Venue report from XXXX to XOFF but use of ETCMS does not --- see recommendation 4.5.

Reporting parties who transact a repo in the OTC market (not on a *Trading Venue*) with the intention of clearing that repo at a *CCP* are required to assume, for the purposes of SFTR, that they execute a "prior" repo between themselves which is then terminated and replaced by cleared repos with the *CCP*.⁷⁴ This assumption applies even to repos negotiated on condition that the

⁷⁴ Note that if a repo is arranged by a voice-broker, it will be deemed to be an OTC repo if the voice-broker is not an Organized Trading Facility (OTF) or Multilateral Trading Facility (MTF) under MiFID II. But if the voice-broker is an OTF or MTF, it is also a *Trading Venue*, in which case, where clearing is the same day, the prior repo does not have to be reported and terminated. See case 5.2.1.3.

transaction is registered by the *CCP*, where no contract would be created should the *CCP* reject or fail to register the transaction.

However, if a repo is transacted without the intention of clearing it at a *CCP* but is subsequently submitted for clearing (after the transaction date), no prior repo should be assumed.

Note that references in ESMA's Guidelines to not reporting "give-ups and take-ups in the execution and clearing chain" do not refer to prior repos (final Guidelines of January 2020 p.10, para.17; Final Report of January 2020 p.63, para.386). [See recommendation 8.8.](#)

The prior repo between two reporting parties has to be ascribed a *UTI* (*Table 2, field 1, Unique Transaction Identifier*) in the report of the prior repo (*Table 2, field 98, Action Type = NEWT*). The source of the *UTI* for the prior repo should be decided according to the methodology provided by ESMA (see Final Report, pages 77-78, Figure 1) but, in an OTC transaction, will almost certainly have to be provided, as agreed, by one of the reporting parties. See [recommendation 3.1](#) and [recommendation 8.3](#).

Where the reporting parties have made a repo conditional on registration by the *CCP*, it is recommended that, because of its non-contractual nature, the prior repo be reported as undocumented (see recommendation 8.4) including the following fields:

- *Table 2, field 9, Master Agreement Type = OTHR*
- *Table 2, field 10, Other Master Agreement Type = UNDOCUMENTED*

Should the *CCP* reject or fail to register the transaction, the parties should report an error (*Table 2, field 98, Action Type = EROR*).⁷⁵ This will cancel the report of the prior repo.

On the other hand, if the *CCP* registers the repo submitted by the parties, the report of the prior repo should be terminated (*Table 2, field 98, Action Type = ETRM*) as soon as registration is confirmed by the *CCP*. The link between the two reports is the *UTI* of the prior repo.

Immediately following the termination of the report of any prior repo, the reporting parties should report the creation of two new cleared repos with the *CCP* (*Table 2, field 98, Action Type = NEWT*). The link to the terminated prior repo is the *UTI* of that repo, which should be included in the reports of the cleared repos by the reporting parties (but not in the reports by the *CCP*) in:

- *Table 2, field 2, Report Tracking Number = [UTI of prior repo]*

The *UTIs* of the cleared repos should be generated by the *CCP*.

The reports of the *CCP*-cleared repos should also include:

- *Table 2, field 9, Master Agreement Type = OTHR*
- *Table 2, field 10, Other Master Agreement Type = [name of CCP rule book for repo]*
- *Table 2, field 97, Portfolio Code*

⁷⁵ This recommendation is in line with ESMA Guidance in its Final Report of January 2020 (p.35, para.159).

The *Portfolio Code* identifies the netting set for the purpose of calculating initial and variation margins. In other words, it is the portfolio of repos cleared between each party and the *CCP*, for which common initial and variation margins are called.^{76 77}

The *Portfolio Code* should be generated by the reporting party for its own use. It is not a matching field.

There is a contradiction in the Validation Rules about the format for *Portfolio Code* within Table 2 of the data fields (transaction and position reporting) and there is a contradiction between Table 2 and Table 3 (margin update reports). The rule in Table 2 requires both 52 characters exactly and “up to” 52 characters. The rule in Table 3 requires exactly 52 characters. The SFTR Implementing Technical Standards (ITS) on transaction reporting require 52 characters. It is recommended that parties use 52 characters exactly.

EMIR does not require 52 characters exactly for a portfolio code. Where parties have to use their EMIR code in SFTR reports because a CCP portfolio includes derivatives, they will have to change their EMIR code if it does not already have exactly 52 characters.

8.2.1.2 Repos which are:

- executed OTC
- cleared post trade by novation
- against collateral allocated against net exposure
- managed by a tri-party agent

See sample report 2.16.

This type of CCP-cleared repo can be executed on £GC (formerly called Term DBV), which is the sterling GC financing facility offered LCH Ltd and supported by Euroclear UKI (formerly CREST). GC financing facilities combine CCPs and tri-party collateral managers.⁷⁸ Note that £GC can also be traded on a *Trading Venue*, as in case 85.2.1.4 below and illustrated in sample report 2.16.

As in the previous case, reporting parties who negotiate a repo in the OTC market are required to assume, for the purposes of SFTR, that they have executed a prior repo between themselves which is then terminated and replaced by cleared repos with the *CCP*. Consequently, they (but not the *CCP*) will have to report:

⁷⁶ If margining is done for a portfolio containing both SFTs and derivatives, it will have a portfolio code under EMIR. This must be used for SFTR. See recommendation 9.11. But note that the EMIR portfolio code is not only for CCP-cleared derivatives.

⁷⁷ In practice, at least one *CCP* calls a single initial margin per clearing member account but separate variation margins, one for each currency in which the underlying cleared transactions are denominated. In this case, if portfolios and *Portfolio Codes* were to be defined in terms of variation margin, because initial and variation margins must be included in the same margin report, the single initial margin would have to be split up between portfolios, which is not practicable or meaningful. Consequently, it is recommended that portfolios and *Portfolio Codes* for the purpose of SFTR margin reports are defined in terms of all the cleared transactions covered by the same initial margin. This means that there will be one portfolio and one *Portfolio Code* per clearing account per *Table 1, field 16, Clearing Member*.

⁷⁸ GC financing facilities offer CCP-clearing and tri-party collateral management services. They are often accessed through automatic trading systems (ATS). Collateral is allocated against the net exposure of a portfolio of GCFF repos. There are three such facilities in the EU at the moment: Eurex EGCP, £GC Plus offered by LCH SA and £GC offered by Euroclear UKI (formerly CREST) and LCH Ltd.

- *Table 2, field 2, Report Tracking Number = [UTI of prior repo]*

The key difference with the report in the previous case is that the allocation of collateral will be made by a tri-party agent and against the net exposure of the entire portfolio of repos transacted through the GC financing facility (in fact, there will be several portfolios in the case of £GC as netting on that facility is of repos with the same maturity date). Net exposure collateralization means that the reports of the cleared repos should include the following field:

- *Table 2, field 73, Collateralization of Net Exposure = TRUE*

Collateral allocations against a net exposure should be reported using collateral update reports (*Table 2, field 98, Action Type = COLU*) linked to the portfolio of underlying repos (which continue to exist as separate transactions as there is no netting into a single position) by:

- *Table 1, field 3, Reporting Counterparty*
- *Table 1, field 11, Other Counterparty*
- *Table 2, field 9, Master Agreement Type = OTHR⁷⁹*

Where field 2.9 = OTHR, it will also be necessary to include:

- *Table 2, field 10, Other Master Agreement Type = [name of CCP rulebook for repo]*

In the case of overnight repos, it will be essential that the collateral allocation is made in time for the reporting parties to report the specific securities allocated as collateral on T+1, as the maturity of an overnight repo on T+1 would cause trade repositories to reject any later collateral update reports (*Table 2, field 98, Action Type = COLU*).

8.2.1.3 Repos which are:

- executed on a Trading Venue
- cleared by novation
- against collateral managed by the reporting parties

See sample report 2.14.

This type of transaction accounts for the bulk of CCP-cleared repos. The main repo *Trading Venues* in the EU are automatic trading systems such as BrokerTec, Eurex Repo and MTS, and automated trading systems such as GMLX and TradeWeb. It is assumed in this case that, because execution is on a *Trading Venue*, the transaction should be submitted to the *CCP* on the same day as it is agreed on the *Trading Venue*. Under the reporting rules for SFTR, this means that, although the reporting parties are required to assume the creation of a prior repo, they do not have to report the creation and then termination of that prior repo. All that each party has to report is its cleared repo with the *CCP*. However, despite the fact that no prior repo has to be reported in this case, the reports of the cleared repos that are made by the reporting parties (but not the reports by the *CCP*) still have to include:

⁷⁹ In fact, where field 2.9 = OTHR, it will only help provide a link to the portfolio of underlying repos if the reporting party has only one master agreement type under the category OTHR. It is likely that parties will have several agreements (CCP rule book) in place with a CCP, one for each agreement, so the three linking fields would not be a unique connection between the portfolio and collateral.

- *Table 2, field 2, Report Tracking Number = [UTI of prior repo]*

ESMA's draft Guidelines of May 2019 require that *Table 2, field 6, Clearing Timestamp*, should be later than *Table 2, field 12, Execution Timestamp*, for all repos cleared by a *CCP* by novation (as opposed to open offer) (p.84, para.240(c)). This is incorrect, as these fields should be the same, given that the *CCP* only becomes a party to a transaction when it clears that transaction. However, parties will have to follow the ESMA guidance. It is recommended that parties should also use the time in the *Clearing Timestamp* (field 2.6) as the time in the *Execution Timestamp* (field 2.12) when reporting a cleared repo. See [recommendation 8.5](#).

In the unlikely event that a repo traded on a *Trading Venue* and sent to a *CCP* for same-day clearing faces a delay in clearing until the following business day, it is probable that the *Trading Venue* will cancel the transaction and parties will have to resubmit the transaction the next day. Parties should check the rules of their *Trading Venue* to confirm whether it applies such a rule. If it does not, parties should discuss with their *Trading Venue* how delayed clearing will be managed. If the *Trading Venue* does not cancel trades intended for clearing that fail to clear by the end of the day, given that the parties involved in the transaction will not know each other's identity and so cannot complete a prior repo report, it may be necessary to assume that clearing took place on the transaction date.

Note that, in the case of repos traded on what are advertised as GC trading facilities provided by an automatic trading system (ATS) and cleared by a *CCP*, technical obstacles mean that *CCPs* cannot recognize the securities that have been allocated as collateral for a single GC repo. Instead, the *CCP* sees each security as collateral for a separate repo and will report each as a specific repo. See [recommendation 6.3](#).

8.2.1.4 Repos which are:

- executed on a *Trading Venue*
- cleared by novation
- against collateral allocated against net exposure
- managed by a tri-party agent

See sample report 2.17.

This type of *CCP*-cleared repo is executed on the GC financing facilities offered by:

- LCH SA (€GCPlus)
- Eurex Repo (except all GC financing facilities on GC Pooling or GCP other than SelectInvest)
- LCH Ltd supported by Euroclear UKI (€GC, formerly called Term DBV).⁸⁰

The key difference between this case and the previous case is that the collateralization of GC financing repos is on a net exposure basis and the reporting of collateral therefore follows case 8.2.1.2.

⁸⁰ Note that €GC can also be traded without a *Trading Venue*, as in case 8.2.1.2.

As in the previous example, it is assumed that, because execution is on a *Trading Venue*, the transaction will be submitted to the *CCP* on the same day as it is agreed on the *Trading Venue* and so the reporting parties are not be required under SFTR to report the creation and termination of a prior repo but, in their reports of the cleared repos, they still have to report:

- *Table 2, field 2, Report Tracking Number* = [UTI of prior repo]

In the unlikely event that a repo traded on a *Trading Venue* and sent to a *CCP* for same-day clearing faces a delay in clearing until the following business day, the parties will have to report a prior repo and its termination.

8.2.1.5 Repos which are:

- executed on a Trading Venue
- cleared by open offer
- against collateral allocated against net exposure
- managed by a tri-party agent

See sample report 2.18.

This type of repo is executed on Eurex Repo and cleared by Eurex Clearing (except for the SelectInvest product within the GCP facility). According to ESMA's Final Report of January 2020, for repos cleared on an open offer basis, it is not necessary to create and terminate a prior repo and therefore there is no reason to report *Table 2, field 2, Report Tracking Number*. However, the Validation Rules contradict the Final Report in that the *Report Tracking Number* is mandatory for all cleared repos (where *Table 2, field 5, Cleared* = TRUE). Consequently, the only EU CCP still offering open offer, Eurex Repo, will be generating *UTIs* to be used as *Report Tracking Numbers* for all repos cleared by Eurex Clearing, including all repos transacted on GCP SelectInvest. In practice, therefore, the same treatment applies as in the previous case (where the *CCP* clears by novation), although with one remaining difference. ESMA's draft Guidelines of May 2019 require that *Table 2, field 6, Clearing Timestamp*, should be equal to *Table 2, field 12, Execution Timestamp*, for all repos cleared by a *CCP* by open offer (as opposed to novation) (p.84, para.240(c)).

8.2.2 Reporting margin given to and received from CCPs by Clearing Members and between Clearing Members and clearing clients

Parties are required to make a *CCP* margin update report under SFTR which is separate from the reporting of loans or collateral. The data fields for margin update reports are set out in *Table 3* of the RTS and ITS on transaction reporting. Similar to collateral and re-use update reports, margin update reports should measure the total outstanding balance of margin assets held by each party at the end of each business day and report these balances on the next business day, if they are different from the previous report. *Table 23, field 32, Event Date*, for margin update reports is supposed to be as of the actual settlement date. In practice, however, parties will often not know whether deliveries of securities have settled or failed until the deadline for reporting by T+1 has passed. Accordingly, it is recommended that parties base margin update reports on the contractual or intended date of settlement, in other words, perfect settlement should be assumed. Failed deliveries should be removed from reported balances when known but it is

recommended that corrected balances are carried forward to the next report and corrections (*Table 2, field 98, Action Type = CORR*) are not made retrospectively to previous report. This approach has been confirmed by ESMA in its final Guidelines of January 2020. See recommendation 9.2.

Margin reports are required from *CCPs* and their *Clearing Member*. In addition, where a repo is agreed between two entities who are not *Clearing Members* of a *CCP* and then submitted for clearing post trade, for which purpose the entities use *Clearing Members* to access the *CCP*, the entities (which can be described as “clearing clients”) and the *Clearing Members* are also required to report the margins transferred between themselves (see pp.51-52, para.153, of ESMA’s Final Report, Repo Scenario 4).

Margin reports identify the various parties involved in margining:

- *Table 3, field 4, Reporting Counterparty* = [LEI]
- *Table 3, field 6, Other Counterparty* = [LEI (either *CCP & Clearing Member* or *Clearing Member & clearing client*)]
- *Table 3, field 3, Report Submitting Entity* = [LEI]
- *Table 3, field 5, Entity Responsible for the Report* = [LEI]

Each reporting party also reports:

- *Table 3, field 8, Initial Margin Posted* [to the *CCP* by a *Clearing Member* or to the *Clearing Member* by a client] or
- *Table 3, field 12, Initial Margin Received* [by the *CCP* from a *Clearing Member* or by the *Clearing Member* from a client] and
- *Table 3, field 10, Variation Margin Posted* [by one party to the other] or
- *Table 3, field 14, Variation Margin Received* [by one party from the other] and
- *Table 3, field 16, Excess Collateral Posted* or
Table 3, field 18, Excess Collateral Received (that is, any excess of posted margin over the net exposure being collateralized) and
- *Table 3, field 7, Portfolio Code*

There will be identical variation margins being given by a *CCP* to one *Clearing Member* and being received by the *CCP* from the other. *CCPs* will also hold an initial margin from each *Clearing Member*. *Clearing Members* will post an initial margin to *CCP* but will not receive one from the *CCP*. However, *Clearing Members* will likely take initial margins from clearing clients.

Where margin is given in cash made up of several currencies, and/or given in securities made up of several different issues, only a single value (for all cash paid and all securities delivered) should be reported and this should be denominated in the same currency. This is in contrast to collateral updates (see recommendation 9.3). *CCPs* will report single amounts of both types of margin and any excess collateral, all converted into one currency, for *Clearing Members* to use in their reports and will use these numbers in their own reports to the trade repository. This approach is consistent with the reporting of *CCP* margin in EMIR (see the EMIR Q&A of 14 December 2017, p.77, question & answer 3(a)). When the netting set to which the margin applies includes derivatives, the *CCP* must use the same currency of denomination as applied in EMIR reports of those derivatives (final Guidelines of January 2020, p.184, para.393).

In the case of LCH, initial margin includes additional margins against concentration, wrong-way and other specific risks.⁸¹ Only total initial margin will be reported by LCH to its *Clearing Members* and only this total needs to be reported to the trade repository.

In the case of initial margin or excess collateral that has been provided in the form of securities, CCPs will be reporting the market value without deducting haircuts (in line with the reporting of the collateral market value of the underlying transactions and the reporting rules for CCP margins under EMIR).

Eurex Clearing argues that they do not give or take variation margin on cleared repos. However, they do give or take an amount called a Current Liquidation Margin. This appears to be analogous to variation margin. However, users of Eurex Clearing should consult with the CCP on the appropriate method of reporting margin. ESMA's final Guidelines seem to allow for some flexibility in this regard (p.184, para. 392).

Where a party has signed up to an "auto-repay" facility at a CCP, there should never be any excess cash collateral to report but there may still be excess security collateral.

Margins do not include default fund contributions or commitments. The references to initial margin and variation margin in the Validation Rules are quite specific.

Where a new *Clearing Member* is building up margin at a CCP in advance of clearing repos, which means that, for the moment, it has no positions at the CCP, these advance margins should not be reported as *Excess Collateral*. Instead, they should be treated as assets in the custody of the CCP, which should not report them as margin received until the first repos for that member are cleared at the CCP. See ESMA's final Guidelines of January 2020 (p.25, para.109).

Margin thresholds or minimum transfer amounts applied to variation margins should not be reported. There is anyway no field for doing so.

When making its first margin report to a trade repository for a particular portfolio (with its own *Portfolio Code*), a reporting party should report:

- *Table 23, field 9820, Action Type = NEWT*

All subsequent margin update reports related to a *Portfolio Code* should report:

- *Table 23, field 9820, Action Type = MARU (margin update)*

A margin update report (*Table 23, field 9820, Action Type = MARU*) should be triggered by any change, no matter how small, in any reporting field compared to the previous report. But regardless of how many fields change, a new margin update report must report all required fields,

⁸¹ Initial margin at LCH is supplemented by Additional Margins: Bid/Offer Spread Risk Margin, Concentration Risk Framework Margin, Credit Risk Margin, Default Fund Additional Margin, Idiosyncratic Risk Margin, Open Interest Margin, Settlement Liquidity Risk Margin, Sovereign Risk Framework Margin, Special Bond Margin and Wrong-Way Risk Margin. Variation Margin at LCH includes standard variation margin plus Coupon Margin, Delivery Margin, GC Price Discrepancy Margin (GC financing facilities only) and, for convenience, Price Alignment Interest.

even those that have not changed since the previous report. In other words, margin reporting should not just be of “deltas”. See recommendation 9.5.

When an individual security ceases to be used as margin, there is no need to include its ISIN and a zero value in the subsequent margin update report, as a new report will automatically overwrite the previous report held by the trade repository. The same applies to cash given or taken in a particular currency.⁸²

See sample reports 6.1 and 6.2 for examples of margin reports by *Clearing Members* of a *CCP* and clearing clients.

A *CCP* may clear both SFTs and cash transactions, and may therefore require initial margin that covers the risks of both types of transaction and variation margins that reflect the profit or loss on both. In such a case, the composite initial and variation margins should be reported, as it would be impracticable to decompose the margins.⁸³

8.2.3 Rule book names to be used in field 2.10

The following names have been provided by CCPs for the reporting of their rule books in Table 2, field 10, Other Master Agreement Type. Note that the names should be reported paces (the Validation Rules specify up to 50 alphanumeric characters). Note that some trade repositories allow spaces as an alphanumeric character and some do not.

<u>BME Clearing</u>	<u>BME CLEARING FIXED INCOME GENERAL CONDITIONS</u>
<u>Eurex Clearing AG</u>	<u>EurexClearingConditions</u>
<u>LCH Ltd</u>	<u>LCHLtdRepoRulebook</u>
<u>LCH SA</u>	<u>LCHSARepoRulebook</u>
<u>Nasdaq Clearing AB</u>	<u>NASDAQCLEARINGABRULEBOOK</u>

Recommendation 1: Given that *CCP* rule books are updated frequently, it is recommended that *Table 2, field 11, Master Agreement Version*, should not be filled in.

Recommendation 2: If a repo is transacted without the intention of clearing it at a *CCP* but is subsequently submitted for clearing (after the transaction date), no prior repo should be assumed.

⁸² There is a remote possibility, for portfolios of repo transacted on a GC financing facility or managed on a tri-party basis by JP Morgan (and therefore collateralized on a net exposure basis) and for variation margins (which are also calculated on a net exposure basis), that the outstanding value of margin given or taken could fall to zero. But all data fields should not be left blank, as trade repositories will assume that the previous report still describes the outstanding margins. If this happens, it is recommended that parties submit a “token zero report” to indicate to the trade repository that margining has ceased. It is recommended that this token zero report would be limited to two collateral fields:

- *Table 3, field 8, Initial Margin Posted* = [0]
- *Table 3, field 9, Currency of Initial Margin Posted* = [EUR]

⁸³ There is also a precedent for reporting margin that applies jointly to SFTs and other products in the case of cross-product netting (see recommendation 9.11).

Recommendation 3: Should a *CCP* reject or fail to register a transaction, the parties should report an error (EROR).

Recommendation 4: Portfolios and *Portfolio Codes* for the purpose of SFTR margin reports should be defined in terms of all the cleared transactions covered by the same initial margin.

Recommendation 5: Where parties report a *Portfolio Code*, they should use exactly 52 characters.

Recommendation 6: Where parties have to report an EMIR portfolio code in SFTR reports of cleared repos, they need to ensure that their EMIR code has 52 characters to conform to SFTR requirements.

Recommendation 7: A *Return Tracking Number (RTN)* should be generated and reported for all types of cleared repos, even those cleared by open offer. An *RTN*, like a *UTI*, should not include any special characters.

Recommendation 8: When an individual security ceases to be used as *CCP* margin, there is no need to include its ISIN and a zero value in the subsequent margin update report, as a new report will automatically overwrite the previous report. The same applies to cash given or taken in a particular currency. But if the outstanding value of margin given or taken falls to zero, a “token zero report” will be necessary.

Recommendation 9: Collateral provided to a *CCP* in advance of the clearing any repos should not be reported.

8.3 Who has to generate a Report Tracking Number (RTN) and who has to report one and when (field 2.2)?

Table 2, field 2, Report Tracking Number, is the *UTI* of a repo that has been submitted by the two parties to a *CCP* that clears by “novation”.^{84 85} The repo which is submitted for clearing to the *CCP* is called a “prior repo”. The *RTN* of a prior repo is included in the report of the cleared repos submitted by the parties alongside the *UTIs* of the cleared repos.

Note that the Validation Rules are confused about whether the *RTN* can or cannot include special characters. It is therefore recommended that special characters are not used.

While field 2.2 is not a matching field, in contrast to the other *UTI* field, given the purpose of the *RTN*, it is recommended that parties agree a unique *RTN* for each prior repo.

If a repo is submitted to a *CCP* that clears by “open offer”, according to ESMA’s draft Final Report of March 2017, no prior repo is assumed to exist and so there is no *RTN*.⁸⁶ However, the Validation Rules make the reporting of an *RTN* conditional on *Table 2, field 5, Cleared = TRUE*, with no exemption for repos cleared by open offer. Accordingly, despite the draft Final Report, parties should report an *RTN* for all cleared repos, including those cleared by open offer.⁸⁷

Upon registration by a *CCP* that clears by novation, unless a repo has been executed on a *Trading Venue* and cleared the same day, the prior repo is reported by the parties as being created (*Table 2, field 98, Action Type = NEWT*) and then immediately terminated (*Table 2, field 98, Action Type = ETRM*) and replaced with cleared repos, which are reported as new transactions (*Table 2, field 98, Action Type = NEWT*), each with a new *UTI*. Both parties also report the *UTI* of the prior repo as the *RTN* in the reports of the cleared repos.

Note that, for the purposes of SFTR reporting, it has to be assumed that a prior repo exists, even where a repo is agreed between two parties on condition that it is successfully registered by the *CCP*, in other words, even if it is agreed by the parties that there will be no contract between them if the *CCP* refuses or fails to register the transaction.

⁸⁴ See ESMA draft Final Report of March 2017, page 72, footnote 19, and the Annex to the RTS (pages 5-6, Table 2, No.2, Report tracking number), which says “In the case of transactions resulting from clearing, the prior *UTI*, namely the *UTI* of the original bilateral transaction shall be reported”.

⁸⁵ “Novation” is a method of clearing which replaces a single contract between two parties with two cleared contracts, one between the *CCP* and each party.

⁸⁶ “Open offer” is a method of clearing where the *CCP* stands ready to unconditionally register repos agreed between its members as soon as it is submitted with the result that a transaction is only ever executed between the *CCP* and the members and there is never any contract directly between the members.

⁸⁷ It is the declared intention of Eurex Repo to generate *UTIs* that will serve as an *RTN* for transactions executed on all its facilities despite most of them being cleared by Eurex Clearing on an open offer basis (this is in addition to generating the *UTI* of the cleared transactions).

Summary --- reporting prior repos

A prior repo exists as a precursor to all repos which a *CCP* clears by novation rather than open offer. Therefore, a prior repo should not have to be reported if it was cleared by a *CCP* on an open offer basis but note the contradiction, discussed above, with the Validation Rules, as a result of which, it is recommended above that *RTNs* are always included in the reports of cleared repos.

Nor does a prior repo have to be reported (even though it is assumed to exist) for a repo executed on a *Trading Venue* and cleared by a *CCP* on the same day (T+0).

Summary --- reporting RTNs

As noted above, although a repo cleared by open offer is assumed not to have a prior repo and therefore not to have an *RTN*, the Validation Rules make the reporting of an *RTN* conditional on *Table 2, field 5, Cleared = TRUE*, with no exemption for repos cleared by open offer. Accordingly, as recommended above, parties should report an *RTN* for all cleared repos, including those cleared by open offer

In the case of a repo executed on a *Trading Venue* and cleared on the same day (T+0), although its prior repo does not have to be reported as a new transaction by the members of a *CCP* who agreed it, the *RTN* for that prior repo (its *UTI*) still has to be included in the reports of the subsequent cleared repos by the members. That *RTN* has to be generated by the *Trading Venue*.

If parties have traded a repo on a GC trading facility provided by a *Trading Venue* and cleared that repo on a *CCP*, they would expect the *Trading Venue* to provide a *UTI* for the whole GC repo and the *CCP* to provide a *UTI* to each party in respect of the cleared repos, notwithstanding the allocation of several securities as collateral by the seller.⁸⁸ However, in practice, *CCPs* are currently not able to recognize the several securities allocated by a *Trading Venue* to a GC repo as components of the same GC repo. Instead, *CCPs* treat each security as the collateral for a separate repo and will accordingly generate several *UTIs*. *CCPs* are unable to correct this problem before the SFTR Reporting Start Date (RSD, also known as the “go-live date”), so *Trading Venues* are working to mitigate the problem by generating a *UTI* to be used as an *RTN* on each security allocated in a *CCP*-cleared GC repo on their platforms. Parties trading *CCP*-cleared GC repos on a *Trading Venue* will have to be able to allocate each security selected by the sellers to a separate report and *RTN*.

If a repo is not executed on a *Trading Venue* or is not cleared on the same day (T+0) or both, the prior repo should be reported as a new transaction by the original parties and then reporting as being terminated and replaced by cleared repos. And in their reports of the cleared repos, the parties should report the *RTN* of the prior repo (its *UTI*). The *RTN* for a prior repo not executed on

⁸⁸ GC trading facilities on *Trading Venues* allow users to trade against a wide range of pre-agreed collateral baskets. Once a transaction is agreed, the seller has a limited time period (usually one hour) in which to select eligible securities to deliver using an allocation application provided by the *Trading Venue*. Where these GC trading facilities are cleared by a *CCP*, the *Trading Venue* will automatically inform the *CCP* of the seller’s collateral allocation.

a *Trading Venue* will probably be generated by the parties (see the UTI Generation Flowchart provided by ESMA in its Final Report, pp.77-78, Figure 1) --- see [recommendation 3.1](#).

A CCP does not have to include the *RTN* in its reports of cleared repos.⁸⁹

The reporting requirements for prior repos and *RTNs* are summarized in the following table.

execution venue	date of clearing	is there a prior repo?	prior repo to be reported?	RTN to be reported?	RTN to be generated by:
Trading Venue	open offer (T+0)	no	no	not according to the Final Report but an RTN is required by the Consolidated Validation Rules	n/a
	same day (T+0) novation				Trading Venue
OTC	not same day	yes	by both parties	by both parties but not CCP	see ESMA UTI Generation Flowchart
	same day (T+0) novation				

See:

- sample reports 2.14 to 2.18 for examples of the recommended reporting of *RTNs*
- sample report 2.17 for a repo executed on a *Trading Venue* and cleared same day
- sample report 2.18 for a repo cleared by open offer
- sample reports 2.15 & 2.16 for the other types of CP-cleared repo.

Note that *Trading Venues* outside the EU are not obliged to provide *UTIs* on prior repos to EU entities. In this case, the obligation to generate a *UTI* falls back on the parties.

Recommendation 1: Special characters should not be used in the construction of an *RTN*.

Recommendation 2: Despite not being a matching field, parties should agree a unique *RTN* for each prior repo.

⁸⁹ CCPs never have to report *RTNs* according to the draft Final Report of March 2017 (p.73, para.228). This is contradicted in para. 232 but the latter is assumed to suffer from a drafting mistake.

8.4 What Master Agreement Type should be specified for OTC repos submitted to CCPs for clearing post trade (field 2.9)?

Repos are often negotiated in the OTC market (directly or via a voice-broker) and subsequently submitted to a *CCP* for clearing.⁹⁰ OTC repos that are to be cleared post trade can be agreed on the basis that, if the transaction is not accepted by the *CCP*, it will be continued as a bilateral contract. Alternatively, the transaction can be agreed on the basis that a contract will only ever be created if the transaction is registered by the *CCP* and there will therefore only ever be contracts between each party and the *CCP*, and never directly between the parties. In the first case, post-trade clearing means that there will be a bilateral contract which is subsequently novated by the *CCP*. In the second case, there is never a bilateral contract to be novated.

Under SFTR, if a repo is negotiated in the OTC market, as defined under SFTR, and subsequently submitted to a *CCP* for clearing, the parties must report a “prior repo” between themselves, which is then reported as being terminated and replaced by two cleared repos, one between each party and the *CCP*. However, if the transaction is contingent upon registration by the *CCP*, the prior repo is a fiction in that it is a report of a contract that never existed. ESMA nevertheless requires the prior repo to be reported. But given that there is never a contract actually in place between the parties, it would be incorrect to fill in *Table 2, field 9, Master Agreement Type*, with the agreement normally used by the parties, as any such master agreement between the parties would never have applied. In addition, some parties who transact OTC repos to be cleared post trade do not have bilateral master agreements in place with each other and trade only on the basis of their agreements with the *CCP*. As *Master Agreement Type* is a matching field, it is important that parties adopt a common approach. It is recommended that, where OTC repos are agreed that are contingent upon acceptance by a *CCP*, the report of such prior OTC repos should include:

- *Table 2, field 9, Master Agreement Type* = OTHR
- *Table 2, field 10, Other Master Agreement Type* = UNDOCUMENTED

Once submitted to the *CCP*, reporting follows recommendation 8.2 above.

See sample reports 2.15 and 2.16 for examples of OTC repos cleared post trade.

Recommendation: The prior repos of OTC transactions which are conditional on post-trade *CCP*-clearing should be reported as undocumented.

⁹⁰ Note that SFTR adopts a narrower definition of OTC transactions than that traditionally applied in the market. The traditional definition of OTC includes both direct and voice-brokered transactions. Under SFTR, as implemented in the RTS and ITS, voice-brokers operating as MTFs or OTFs are classed as *Trading Venues*. See recommendation 4.4.

8.5 What is the Execution Timestamp for a repo executed on a Trading Venue and cleared on a CCP (field 2.12)?

In the case of repos that are executed in the OTC market and then submitted to a *CCP* for clearing, there will be an interval between bilateral agreement and clearing, which means there will be an interval between *Table 2, field 12, Execution Timestamp*, as reported by the parties and the same field reported by the *CCP*.

Usually, the delay between *Timestamps* will be very short. But in exceptional circumstances, there could be a lengthy delay that exceeds the matching tolerance of trade repositories for this field, which is one hour, in which case, the reports of the cleared repo will not be matched by the trade repository. Firms should be aware of and decide how to deal with this possibility. Where the trade has been agreed on a *Trading Venue*, the *Trading Venue* should have appropriate policy and procedures in place. Such policies and procedure should be designed in co-operation with the *CCPs*.

Note that ESMA's draft Guidelines of May 2019 require that *Table 2, field 6, Clearing Timestamp*, should be later than *Table 2, field 12, Execution Timestamp*, for all repos cleared by a *CCP* by novation (as opposed to open offer) (p.84, para.240(c)). This is incorrect, as these fields should be the same, given that the *CCP* only becomes a party to a transaction when it clears that transaction. However, parties will have to follow the ESMA guidance.

Recommendation 1: Reporting parties, *Trading Venues* and *CCPs* should have policies and procedures in place to deal with the possibility that the post-trade clearing of a repo may take longer than the one hour tolerance allowed in the matching of *Execution Timestamps*.

Recommendation 2: Reporting parties should also use the time in the *Clearing Timestamp* (field 2.6) as the time in the *Execution Timestamp* (field 2.12) when reporting a cleared repo.

8.6 How to report repos cleared on the GCF facility of FICC

GCF (General Collateral Financing) is a GC financing facility offered in the US by FICC (Fixed Income Clearing Corporation), which is the fixed-income *CCP* operated by DTCC (Depository Trust and Clearing Corporation). The tri-party management function that is part of the GCF facility is provided by Bank of New York Mellon.

FICC should be reported as the *CCP* by users of GCF who are subject to SFTR transaction reporting requirements. Notwithstanding that FICC is not authorized under EMIR, because the US regulatory regime governing FICC has been recognized as equivalent to EMIR by the European Commission, FICC is recognized as a *CCP* in the EU. Moreover, the definition of financial counterparties in Article 3(3) of SFTR --- which are to be reported in *Table 1, field 4, Nature of the Reporting Counterparty*, and *Table 1, field 5, Sector of the Reporting Counterparty* --- includes “a third-country entity which would require authorisation or registration in accordance with the legislative acts referred to in points (a) to (h) if it were established in the Union”. Point (g) defines a *CCP*. On this basis, FICC is a reportable entity under SFTR.

Repos cleared on GCF are transacted through interdealer brokers (IDBs). These are matched principals who give up the details of brokered repos to FICC. Neither the IDBs nor ~~the~~ FICC are subject to SFTR and will therefore not report GCF repos to an EU trade repository. Consequently, parties in the EU clearing on FICC will have to make one-sided reports.

Because IDBs are matched principals, they cannot be reported in *Table 1, field 15, Broker* (ESMA’s Final Report of March 2017 specifically excludes matched-principal brokers from the definition of *Table 1, field 15, Broker* --- see [recommendation 4.3](#)). It is also likely that IDBs cannot be reported in *Table 2, field 8, Trading Venue*, as they are, in fact, the counterparty prior to clearing and so should be reported in *Table 1, field 11, Other Counterparty*.⁹¹

When an overnight GCF repo or a GCF repo for value today (purchase leg settlement T+0) is submitted to FICC for clearing, only the repurchase leg is submitted. The purchase leg is settled directly between the IDB and its counterparty.⁹² To report an overnight GCF repo submitted to ~~the~~ FICC for clearing, the following steps are recommended:

- The repo with the IDB is reported as a “prior repo”. This is assumed to be required because the repo has not been transacted on a *Trading Venue*.
- The prior repo is then reported as reported as being terminated on the same day (*Table 2, field 98, Action Type = ETRM*).
- A new cleared repo with ~~the~~ FICC is reported with *Table 2, field 37, Principal Amount on Value Date = [zero]*

⁹¹ Should a repo be transacted on a venue outside the EU that does not become the counterparty, this venue should be reported as a Trading Venue in field 2.8 (see ESMA Final Report of January 2020, p.64, para.391).

⁹² Currently, FICC cannot clear same-day transactions. This may change in 2020.

The use of a repo with a purchase price of zero but a repo rate and a repurchase price may seem odd but it is the most logical way of reporting a repo in which only the repurchase leg is cleared, assuming that the regulator wishes the cleared repo to be reported.

Reports of GCF repos should include the following fields:

- *Table 1, field 11, Other Counterparty* = [LEI of FICC]
- *Table 2, field 1, Unique Transaction Identifier* = [UTI generated by or for the Reporting Counterparty for its cleared repo with FICC]
- *Table 2, field 2, Report Tracking Number* = [UTI generated by or for the Reporting Counterparty for its repo with an IDB]
- *Table 2, field 7, CCP* = [LEI of FICC]
- *Table 2, field 37, Principal Amount on Value Date* = [zero]
- *Table 2, field 38, Principal Amount on Maturity Date* = [repurchase price guaranteed by FICC]
- *Table 2, field 73, Collateralization of Net Exposure* = TRUE
- *Table 2, field 96, Collateral Basket Identifier* = NTAV (assuming FICC notifies party of collateral allocation too late to report to a trade repository on T+1)
- *Table 2, field 97, Portfolio Code* = [code generated by or for the Reporting Counterparty]

However, in the event that an IDB fails to deliver collateral under a GCF repo, FICC reserves the right to assume responsibility for delivery of the purchase leg, in which case, it will also become *Table 1, field 11, Other Counterparty*. Should this happen, after terminating the prior repo, the reporting party should report a normal CCP-cleared repo with the original purchase price.

In the case of a GCF repo with a purchase leg settling in the future (T+1 or later), FICC clears both the purchase and repurchase legs. Reporting this type of GCF repo therefore essentially follows [recommendation 8.2](#).

Note that US IDBs are not subject to SFTR, so the UTI of the prior repo to be used as the *Report Tracking Number (RTN)* of the ~~prior~~cleared repo will have to be generated by the EU counterparty.

As with clearing by other CCPs, clearing by FICC does not subsume individual transactions into a single position. However, FICC does collateralize GCF repos on a net basis, that is, a portfolio of GCF repos against the same collateral basket is collateralized by a single pool of collateral. Parties should report the net collateral outstanding against each portfolio of GCF repos in end-of-day collateral update reports (*Table 2, field 98, Action Type* = COLU) and cumulative outstanding variation margins given to or taken from FICC (in CCP margin reports under *Table 23, field 9820, Action Type* = NEWT or MARU, depending on whether a report is, respectively, the first or a subsequent margin report).

DTCC ~~will divide~~divides transfers of net collateral into “shapes” of USD 50 million in nominal value for the purpose of delivery. Shapes do not represent separate repo contracts and will share the same *UTI*. Shapes should therefore be ignored for the purposes of reporting under SFTR (see recommendation 9.14).⁹³

⁹³ Parties to GCF repos are able to decrease the size of their positions with FICC and are able to do so by cancelling individual shapes. Such a change should be reported as a modification of the repo of which the shape forms part (*Table 2, field 98, Action Type* = MODI).

Recommendation: Overnight repos and repos for same-day value transacted on the US GCF facility should be reported as “prior repos” with the IDB that intermediates the transaction. This prior repo should then be reported as terminated and replaced by a cleared repo with FICC but with a purchase price of zero.

8.7 Which CCP is reported where a repo is cleared across two CCPs linked by an interoperability arrangement (field 2.7)?

Interoperability exists where a *Trading Venue* allows more than one *CCP* to clear a transaction executed on that venue by the same two parties. This allows *Clearing Members* of different *CCPs* to transact cleared repos on the same venue. But, where interoperable clearing is used, the question arises when the *CCPs* themselves report, as to which of them should be reported in *Table 2, field 7, CCP*.

In its draft Final Report of March 2017 (p.76, para.243), ESMA states, “the two *CCPs* that have the interoperability arrangement in place should agree on the UTI generation responsibility”. Currently, there is only one *CCP* interoperability arrangement in the EU for the clearing of repo, which is that between LCH SA in France and CC&G in Italy. It has been proposed by these two *CCPs* that the convention should be for them to fill in field 2.7 with the LEI of the *CCP* which is the buyer. It is recommended that *CCPs* in future interoperability arrangements should follow this convention.

To be clear, this recommendation applies only to reports by the *CCPs*, not report of *CCP*-cleared repos by *Clearing Members* or their clearing clients.

Recommendation: Where a repo is being cleared across two *CCPs* linked by an interoperability arrangement, in field 2.7 of their reports, both *CCPs* should report whichever of them is the buyer.

8.8 What are “give-ups and take-ups in the execution and clearing chain”?

In its Final Report of January 2020 and draft Guidelines of May 2019 (p.63, para.386, and p.17, para.44), ESMA re-iterated that “give-ups and take-ups in the execution and clearing chain” of CCP-cleared repos are intermediate and transitory, and are therefore not SFTs and should not be reported under SFTR. Some confusion has arisen about the nature of these give-ups and take-ups, in particular, whether the terms referred to the post-trade submission of transactions negotiated in the OTC market to a CCP for clearing and the concept of “prior repos”. This is not the case.

In fact, give-ups and take-ups do not happen in SFTs. They are a feature of the derivatives market. For example, a derivative may be transacted between a party who is not a member of a CCP and a broker who is a member, where the party wishes its transaction to be with a member of a CCP but not the transacting broker.⁹⁴ This is because the party prefers all its derivatives positions to be against another member of the CCP. Consequently, at the request of the party, the transacting broker “gives up” its side of the transaction to the clearing broker, who “takes up” the transaction, with the transfer taking place through the process of novation.

This process does not happen in the repo or other SFT markets. In the repo market, parties who are not members of a CCP can transact with clearing members (for the same reasons as in the derivatives market) but the transactions are not novated to other clearing members. In other words, there is no “give-up” or “take-up”.

⁹⁴ The party is not a member of the CCP but there are benefits to transacting with a broker which is a member. These include protection against a default by the broker, in which circumstance, its positions will be ported to another broker who is a member of the CCP.

9. Reporting life-cycle events

9.1 Can life-cycle events be reported as an early termination of an existing transaction and its replacement by a new transaction?

Because of operational limitations, some parties book life-cycle events (eg re-rating repos, substitution of collateral and partial deliveries) as an early termination of a repo and its replacement with a new transaction with changed terms. But they do not actually terminate the existing contract and create a new contract. Accordingly, no new *Table 2, field 1, UTI*, is generated. Other parties follow a different operational approach and simply modify the terms of the repo in their books and records. If first party reports a termination and new transaction, but the second party reports a modification, the reports will not match at the trade repository.

Life-cycle events do not legally terminate a transaction unless both parties expressly agree to do so.⁹⁵ One party cannot unilaterally terminate, other than in the case of an open repo. Given the uninterrupted continuation of the contractual relationship, as reflected in an unchanged *UTI*, it follows that, for the purpose of reporting under SFTR, parties who currently use an early termination and replacement mechanism to book life-cycle events internally will, in future, have to report such events as modifications and not as a combination of an early termination and a new repo.

On the other hand, risk management mechanisms provided by the GMRA as an alternative mechanism to variation margining really do involve the early termination of a contract and its replacement with a new contract in which cash or collateral have been realigned to eliminate transaction exposure (respectively, called Repricing and Adjustment in the GMRA).⁹⁶ Use of these mechanisms will require reports of the termination of the existing transaction and the execution of a new transaction with a new *UTI*. But in order to use early termination and replacement instead of variation margining, the parties need to have expressly agreed to adopt Repricing or Adjustment. In practice, however, these approaches are not commonly used.

Where a life-cycle event has truly resulted in the early termination of an existing transaction and its replacement with a new transaction, gross settlement obligations should be generated. Settlement may be subject to technical netting, so that only net deliveries of securities or payments of cash actually take place, but the legal obligations of the parties would continue to be for gross amounts (in the event of a default by one of the parties during settlement, the net delivery or payment amounts could be unwound into their gross components).

⁹⁵ The definition of life-cycle events used here excludes the right of parties under the GMRA to terminate repos if the other party is in breach of contract, eg should the other party fail to deliver collateral when due.

⁹⁶ Transaction Exposure is a term used in the GMRA to describe the difference between the current market value of the collateral in a repo and the current repurchase price, where the market value has been adjusted by any haircut or the repurchase price has been adjusted by any initial margin. Transaction Exposure measures the exposure that is included in the calculation of variation margin.

Note that a roll-over from a maturing transaction into a new transaction should be reported only as a new transaction. As in the case of other maturing fixed-term transactions, there is no need to report *Table 2, field 14, Maturity Date*, for the transaction being rolled over.

Recommendation: A life-cycle event should be reported as a modification and not a combination of a termination and a new repo, unless there is an express contractual agreement between the parties to an early termination of the existing repo and its replacement with a new repo.

9.2 What Event Dates should be reported for life-cycle events (field 2.3)?

ESMA's Validation Rules define *Table 2, field 3, Event Date*, as the "date on which the reportable event...took place". The RTS on transaction reporting defines the *Event Date* as "the date for which the information contained in the report is provided" in the case of collateral updates (*Table 2, field 98, Action Type = COLU*), re-use updates (*Table 24, field 9818, Action Type = REUU*) and margin updates (*Table 23, field 9820, Action Type = MARU*).

9.2.1 Collateral Update reports

The *Event Date* of a collateral update report that is retrospectively detailing the allocation of specific securities to a new repo (where the initial report gave *Table 2, field 96, Collateral Basket Identifier = [basket ISIN] or NTAV*) ~~should~~ could be the transaction date (T) ~~of~~ so as to be in line with the repo. But reporting of collateral in initial reports where the collateral is known in time to report by T+1 --- or the settlement date (S) --- so as to be in line with end-of-day collateral update reports ~~should give~~. As it is desirable that the Event Date as Dates of all collateral updates should follow the same rule, it is recommended to use the date as of which the balance of outstanding collateral is being measured, which means the settlement date (S) of the collateral being reported.

In the case of collateral updates, ESMA's draft Final Report of March 2017 (pp.100-101, para.294) states that the *Event Date* for the collateral allocation against a net exposure should be the actual settlement date of the collateral being reported. However, in practice, parties will often not know whether deliveries of securities have settled or failed until the deadline for reporting collateral by S+1 has passed. Moreover, in a repo, contractual obligations (including the accrual of repo interest) start on the purchase date and end on the repurchase date regardless of whether delivery takes place, so use of actual settlement would misrepresent the exposure of the repo.⁹⁷ Accordingly, it is recommended that parties base collateral update reports on the contractual or intended date of settlement. In other words, it is recommended to assume perfect settlement. Failed deliveries should be removed from reported balances when known but it is recommended that corrected balances are carried forward to the next report and corrections (*Table 2, field 98, Action Type = CORR*) are not made retrospectively to the previous report. This recommendation is consistent with the recommendation not to report failed deliveries (see recommendation 9.16). In addition, in order to be consistent, it is recommended that the *Event Date* in a collateral update report for a transaction-based collateral allocation should be reported in the same way as for collateral allocations against a net exposure as described above.

ESMA's final Guidelines of January 2020 (see Table 5 on p.26, para.116) have changed its guidance from the use of actual settlement date to "expected" settlement date, which is taken to mean contractual or intended settlement date.

⁹⁷ Note also that the marginal exposures that may arise from failed deliveries are mitigated by variation margining and remedies provided under master repurchase agreements including interest compensation and rights to terminate repos where the purchase leg has failed.

See [recommendation 9.3](#).

9.2.2 Re-use Update reports

In the case of re-use update reports, it would seem that the *Event Date* is also supposed to be the actual settlement date. This has been confirmed by ESMA in its final Guidelines of January 2020 (see Table 5 on p.26, para.116) in contrast to the guidance on collateral update and margin update reports (see above and below). But as for collateral update reports and for the same reason, it is recommended that, if it is impracticable to measure the outstanding balances of collateral re-use on the basis of actual settlement, the *Event Date* that is reported should be the contractual or intended settlement date, as for collateral and margin update reports. This means perfect settlement should be assumed and no retrospective correction made for settlement failures.

9.2.3 Margin Update reports

In the case of margin reports, as for collateral update and re-use reports, the *Event Date* was originally required to be the actual settlement date for initial margins, variation margins and excess collateral held or given by the *CCP*, a *Clearing Member* or the clearing client of a *Clearing Member*. But as noted for collateral update reports, ESMA's final Guidelines of January 2020 (see Table 5 on p.26, para.116) have changed its guidance on margin update reports from the use of actual settlement date to "expected" settlement date, which is taken to mean contractual or intended settlement date.

9.2.4 New transaction reports

In the case of a new transaction (*Table 2, field 98, Action Type = NEWT*), it would be problematic for both technical and substantive reasons to use the date of settlement (*Table 2, field 13, Value Date*) as the *Event Date*. The technical objection is that ESMA's Validation Rules specify that the *Event Date* has to fall in the period from and including the execution date to and including the reporting date. Given that most reporting is required by T+1, value dates of T+2 or later would be too late to be valid. The substantive objection is that the risk exposure created by a new transaction starts on the transaction date and it is exposure which SFTR seeks to measure. Accordingly, it is recommended that the *Event Date* for a new transaction should be the transaction date, which is part of *Table 2, field 12, Execution Timestamp*. This has been confirmed by ESMA in its Guidelines of January 2020 (p.26, Table 5).

However, NEWT reports are also required for a party's first report of *CCP* margins and its first collateral re-use report. Given that margin and re-use reports are of outstanding balances, it is recommended that the *Event Date* of these NEWT reports should be of outstanding balances as of the contractual or intended settlement date.

9.2.5 Modification reports

In the case of a modification of the terms of a transaction (*Table 2, field 98, Action Type = MODI*), the *Event Date* should generally be the date on which the modification takes effect. For example, in the case of a re-rate, the *Event Date* should be date on which interest starts to be calculated and accrue at the new repo rate rather than the date on which the re-rate was agreed. This has been confirmed in an example given by ESMA on p.107, paras.278-279, and Table 72 of its draft Guidelines of May 2019. However, there are two exceptions:

- when the maturity date of a fixed-term repo is brought forward to an earlier but still future date; or
- when an open repo is terminated for settlement in the future (ie T+1 or later).

In these two cases, a modification should be reported instead of a termination (*Table 2, field 98, Action Type = ETRM*) and the *Event Date* should be the date of the agreement or notice to terminate rather than the settlement date. This interpretation reflects the fact that a change of maturity date changes the exposure on a transaction immediately, whereas a same-day termination immediately closes the exposure --- see [recommendation 9.4](#). Other types of modification will not change exposure until they take effect. This approach was confirmed by ESMA in its draft Guidelines of May 2019 (p.30, para.117, and p.81, para.233(b)), and in subsequent discussions. It has been reconfirmed in the final Guidelines of January 2020. However, these also carry contradictory statements (see paras.87, 96 and 97). As these contradictory statements are likely to be mistakes, the previous recommendation stands.

9.2.6 Termination reports

ESMA has indicated that the *Event Date* of the termination of a transaction (*Table 2, field 98, Action Type = ETRM*) should be the date on which the termination is actually settled and not, as previously indicated, the date on which the termination is contractually agreed. However, this guidance is incorrect. As explained above and in [recommendation 9.4](#), *Action Type = ETRM* is used only where the settlement is intended to take place on the same day as the notice of termination (T+0). Where the intended settlement of termination takes place in the future (T+1 or later), the appropriate *Action Type = MODI* (see the previous section).

9.2.7 Correction reports

For a report correcting an erroneous data field in a previously submitted report (*Table 2, field 98, Action Type = CORR*), it is recommended that the *Event Date* should be the *Event Date* of the report to which the correction applies. This allows the chronological location of the report to be found.

Where a series of reports have been rejected by the trade repository, corrections should be submitted in chronological order in terms of their *Event Dates* and should also resubmit the last report of the day if that is necessary to correct the Trade State Report (the end-of-day record of the transaction for a particular date) held by the trade repository (ESMA's final Guidelines of January 2020 pp.21-22, para.88 and p.23, para.99). Exceptions to the rule on chronological

reporting are late reports and when a correction is made retrospectively, in which case, the *Event Date* of the correction report must be prior to the repurchase date of the repo (ESMA’s final Guidelines of January 2020, p.21, para.82).

9.2.8 Error reports

There is no *Event Date* for the cancellation of a report (*Table 2, field 98, Action Type = EROR*) as the report being cancelled should never have been made.

The recommended rules for *Event Dates* are summarized in the table below.

Action Type	transaction or trade or execution date or date of agreement or notice	effective date or contractual or intended settlement date	Event Date of report being corrected
COLU	for new repos	end-of-day reports	
MARU		X	
REUU		X	
MODI	event is termination in future	all other modifications	
ETRM	where termination is settled on the same day		
NEWT	all but first margin & re-use reports	for first margin & re-use reports	
CORR			X
EROR		n/a --- no <i>Event Date</i> for this <i>Action Type</i>	

Recommendation 1: The *Event Date* of a collateral update report that is retrospectively detailing the allocation of specific securities to a new repo should be the transaction date (T) of the repo.

Recommendation 2: The *Event Date* of a report should be taken to be the contractual or intended settlement date in the case of collateral or margin update reports and also, if the actual settlement date is impracticable, re-use update reports (*Table 2, field 98/*[*Table 2, field 20/*](#)[*Table 4, field 18*](#)*, Action Type = COLU/REUU/MARU*). Failed deliveries should be removed from reported balances when known and corrected balances should be carried forward to the next report but corrections to the previous report should not be reported retrospectively.

Recommendation 3: The *Event Date* of a new report (*Table 2, field 98, Action Type = NEWT*) should be the contractual or transaction date, except in the case of the first report of CCP margins or of re-use, for which the *Event Date* ([Table 3, field 2/](#)[Table 4, field 2](#)) should be the contractual or intended settlement date, as for collateral, margin and re-use updates.

Recommendation 4: The *Event Date* of a contractual modification should be the effective date of the modification (*Table 2, field 98, Action Type = MODI*), except where the modification is a change in the maturity date to another future date or a termination to be settled on a future date, in which case, the *Event Date* should be the date on that change has been agreed.

Recommendation 5: The *Event Date* of a contractual modification should be the effective date of the modification (*Table 2, field 98, Action Type = MODI*), except where the modification is a change in the maturity date to another future date or a termination to be settled on a future date, in which case, the *Event Date* should be the date on that change has been agreed.

Recommendation 6: The *Event Date* of a same-day termination (*Table 2, field 98, Action Type = ETRM*) should be the contractual or intended settlement date.

Recommendation 7: The *Event Date* of a correction (*Table 2, field 98/*[Table 3, field 2/](#)[Table 4, field 2](#)*, Action Type = CORR*) should be the *Event Date* of the report being corrected.

9.3 Making collateral update (COLU) reports

SFTR requires reporting parties to report the substitution of collateral. To allow such reports, ESMA's Final Report introduced the concept of a collateral update report identified by *Table 2, field 98, Action Type = COLU*. Because the collateral of the same repo can be substituted several times during a day, the SFTR reporting requirement is only for an end-of-day report of the collateral of any repo or portfolio of repos.

The RTS on transaction reporting goes further than the SFTR and requires that any "modification of the details of collateral data, including its valuation, shall be identified" as a collateral update and not just substitutions (Annex I to the final RTS on transaction reporting). These details are defined by data fields within the range 2.75 to 2.94 (Article 3(6)). A collateral update report is required where there has been a change to "at least one of the data elements pertaining to the collateral" since the previous report and the new report must give all the collateral details of the repo, even those details that have not changed (Final Report of March 2017, p.83, para. 256). In other words, collateral updates are not "delta" reports and all relevant collateral data fields within the range 2.75 to 2.94 must be repeated in each collateral update report, even if only one field has changed. See recommendation 9.5.

In each collateral update report, the following fields are mandatory:

- *Table 1, field 1, Reporting Timestamp*
- *Table 1, field 2, Report Submitting Entity*
- *Table 1, field 3, Reporting Counterparty*
- *Table 1, field 11, Other Counterparty*
- *Table 1, field 12, Country of Other Counterparty*
- *Table 2, field 3, Event Date*
- *Table 2, field 4, Type of SFT*
- *Table 2, field 9, Master Agreement Type*
- *Table 2, field 73, Collateralization of Net Exposure*
- *Table 2, field 98, Action Type = COLU*

Additional fields are conditional on how other fields are filled in. In particular, for repos which are individually collateralized, *Table 2, field 1, UTI*, is mandatory as this field links the collateral update report with the loan report (for repos which are collateralized on a net basis, the linkage is through the LEIs of the *Reporting Counterparty* and *Other Counterparty* (field 1.3 and 1.11) and *Master Agreement Type* (field 2.9)).

Reports of GC financing repos, which are collateralized on a net basis, should include *Table 2, field 73, Collateralization of the Exposure = TRUE*.⁹⁸ Collateral update reports for repos which are collateralized on a net basis should also include *Table 2, field 74, Value Date of Collateral = TRUE*.

⁹⁸ GC financing facilities combine CCP-clearing and tri-party collateral management services. They are often accessed through automatic trading systems (ATS). Collateral is allocated against the net exposure of a portfolio of GCFR repos. There are three such facilities in the EU at the moment: Eurex EGCP and LCH's €GC Plus and £GC.

Field 2.74 is the latest value date of any of the repos in a portfolio being collateralized on a net basis (see recommendation 6.2).

If *Table 2, field 75, Type of Collateral Component* = SECU, the following conditional and optional fields must also be filled in:

- *Table 2, field 78, Identification of a Security Used as Collateral*
- *Table 2, field 79, Classification of a Security Used as Collateral*
- *Table 2, field 83, Collateral Quantity or Nominal Amount*
- *Table 2, field 85, Currency of Collateral Nominal Amount*
- *Table 2, field 86, Price Currency*
- *Table 2, field 87, Price Per Unit*
- *Table 2, field 88, Collateral Market Value*
- *Table 2, field 89, Haircut or Margin*
- *Table 2, field 90, Collateral Quality*
- *Table 2, field 91, Maturity of the Security* (but only for debt securities)
- *Table 2, field 92, Jurisdiction of the Issuer*
- *Table 2, field 93, Issuer of Collateral*
- *Table 2, field 94, Collateral Type*
- *Table 2, field 95, Availability for Collateral Re-use*

Field 2.83 (Collateral Quantity or Nominal Amount) should be reported with a negative sign by the seller. Previously, it was recommended that this rule should be applied only for the collateralization of net exposures (where field 2.73 = TRUE). However, it is now necessary to use negative signs for collateral-giving, as *Table 1, field 9, Counterparty Side*, is no longer reportable for collateral updates. In addition, applying negative signs to collateral-giving in all collateral update reports should be operationally easier to implement than restricting them to collateral updates for repo collateralized on a net exposure basis.⁹⁹

Where a repo is collateralized with more than one security, a collateral update report should repeat relevant data fields within the range 2.75 to 2.94 for each security (see the draft Final Report of March 2017, page 89, para. 230).

For repos collateralized on a net basis, it is necessary to report, not only collateral received from the other party and still held, but also collateral given to the other party and not yet returned (this only applies to variation margin reports --- see [recommendation 9.10](#)).

⁹⁹ The use of negative signs is allowed in fields 2.76, 2.83 and 2.87 (*Price Per Unit*) but not, under the ISO 20022 XML Schema, in 2.88.⁹⁹ Unless and until 2.88 can also be negative, it is recommended that negative signs be applied only to:

- *Table 2, field 76, Cash Collateral* (for cash margin)
- *Table 2, field 83, Collateral Quantity or Nominal Amount* (for margin securities).

See recommendation 9.10.

Where collateral is allocated from a basket but the collateral allocation is not known in time to report by T+1, it can be delayed but no later than S+1.¹⁰⁰ The delay in reporting the collateral allocation is indicated by *Table 2, field 96, Collateral Basket Identifier* = NTAV (not available). See [recommendation 6.4](#).

The *Event Date* for a collateral update report should be the “expected” settlement date of the collateral being reported, which is taken to mean contractual or intended settlement date --- [recommendation 9.2.1](#).

In the case of intra-day repos, while the loans should be reported, it will not be possible to include any collateral details in the end-of-day collateral update report as there will be nothing still outstanding at the end of the day. A zero collateral update report therefore has to be made. See recommendation 1.5.

Collateral update reports should be made in respect of every business day during which the composition and/or value of collateral changes. This excludes the repurchase date, the early termination date of a fixed-term repo, the termination date of an open repo or a fixed-term repo with a termination option subject to a standard termination notice period, since the repo ceases to exist on those dates (Article 2(5)(3) of the ITS on transaction reporting).

For repos collateralized with a fixed-income security at trade level, there will be a collateral update report every business day for each repo, as the accrual of coupon interest will automatically change the market value of the security. There are no thresholds for collateral update reports.

For repos collateralized on a net exposure basis, there will be fewer collateral update reports, one for each portfolio of these repos that are netted for the purpose of collateralization.¹⁰¹ For most GC financing facilities and for tri-party repos managed by JP Morgan, there will be a single portfolio of repos and so one collateral update report but, in the case of £GC, there can be more than one portfolio of repos and therefore several collateral update reports (because netting for the purpose of collateralization on this facility is limited to repos with the same repurchase date).

No collateral update report is needed for the repurchase date of a repo, as the transaction will have ceased to exist as of that date.

When an individual security ceases to be used as collateral, there is no need to include its ISIN and a zero value in the subsequent collateral update report, as the blank fields in the subsequent report will automatically overwrite the previous report held by the trade repository.¹⁰²

¹⁰⁰ So, if the identity of that collateral is known before S+1, then the relevant collateral update report cannot be delayed until S+1. For example, where the settlement date (S) is on T+2, if the identity of the collateral is known on T+1, it must be reported on T+2 (S) and not S+1.

¹⁰¹ Note the set of repos being collateralized on a net basis is not the same as the “netting set” defined by a master agreement of the repos that can be closed out to a single net amount in the event of default or the set identified by *Table 2, field 97, Portfolio Code*, on the basis of which initial and variation margins may be calculated.

¹⁰² There is a remote possibility, for portfolios of repo collateralized on a net exposure basis and for variation margins for ~~uncleared~~ nonnonbilaterally-cleared repos (which are also calculated on a net exposure basis), that the value of collateral falls to zero. In these cases, collateral data fields cannot be left blank, as trade repositories will assume that the previous report still describes the outstanding collateral. If this happens, it is recommended that parties submit a “token zero report” to indicate to the trade repository that collateralization has ceased. It is recommended that this token zero report would be limited to three collateral fields:

ESMA's draft Final Report of March 2017 (page 44, Table 2) indicated that *Table 2, field 98, Action Type = COLU* should not be used in a report of a buy/sell-back. However, ESMA's draft Guidelines has reversed this exception (p.39, Table 5). See recommendation 7.1.

The balance of outstanding collateral to be reported in a collateral update report should be measured on the basis of the contractual or intended settlement dates of transactions, in other words, it is recommended to assume perfect settlement. This approach has been confirmed by ESMA in its final Guidelines of January 2020. [See recommendation 9.2.](#)

In its draft Guidelines of May 2019, ESMA proposed that parties use the reconciliation of *Table 2, field 88, Collateral Market Value*, to "identify and fix any bad/erroneous market prices/FX rates in their own systems before they are used to calculate an updated market value to be reported to a trade repository". However, the prices (including exchange rates) used in the revaluation of securities for risk management purposes, including variation margining, are applied on a firm-wide basis in order to ensure consistent valuation and do not differ between transactions. As different parties will frequently use different price sources, collect prices at different times and apply different validation procedures, prices used for risk management will often differ between parties. These are legitimate differences and not an indication that either party is using incorrect prices as prices will have been rigorously validated by an independent risk function. Suggesting that parties should replace prices for individual securities that they have been carefully validated by independent risk functions with consensus numbers that have been agreed with other parties at a portfolio level merely to ensure a match for reporting purposes would undermine prudent risk management. It is therefore recommended that parties do not "correct" prices in their internal risk management systems to match reconciled prices used in reporting.

Instead, it is recommended that, in order to calculate *Collateral Market Value*, parties apply the market prices they have used to revalue collateral securities for the purpose of calculating the transaction exposures in individual repos, their overall net exposure to another party and the consequent variation margins. These are typically taken at close of business on the business day before the calculation, both for repo and securities lending, but could be same-day prices, for example, where margin is being called in response to exceptional movements in prices. The prices used to revalue collateral securities for the purpose of calculating exposures and variation margins are likely to be the easiest to reconcile since variation margining requires consensus between the parties on the net exposure. This recommendation is consistent with the ESMA requirements that, "counterparties should report the market value of SFTs using the market prices FX rates that those counterparties have used during the course of that business day for exposure management purposes" and "when reporting under SFTR, counterparties should use the value they use for collateral management and exposure management purposes" (final Guidelines of January 2020, p.34, paras.132 and 134, respectively). However, it should be noted that the prices used to calculate exposures and variation margins can still diverge between parties because, except for most tri-party repos and structured repos margined individually, variation margin is usually

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- *Table 2, field 75, Type of Collateral Component = CASH*
 - *Table 2, field 76, Cash Collateral Amount = [0]*
 - *Table 2, field 77, Cash Collateral Currency = [EUR]*

calculated for a portfolio of repos, so prices differences could net to zero across portfolios, in which case, the parties will be unaware that there are differences.

Recommendation 1: To calculate *Collateral Market Value*, it is recommended that parties apply the market prices used to revalue collateral securities for the purpose of calculating the transaction exposures in individual repos, their overall net exposure to other parties and the consequent variation margins.

Recommendation 2: Parties should not “correct” prices in their internal risk management systems to match reconciled prices used in reporting.

Recommendation 3: Where collateral has been given, whether at a transaction level or against a net exposure, a negative sign should be attached to field 2.83 or, in the case of cash collateral, field 2.76

9.4 When should MODI be used as an Action Type instead of ETRM?

Table 2, field 98, Action Type = ETRM, is intended to be the *Action Type* to classify two types of report:

- termination of an open repo or a fixed-term repo with a termination option subject to a standard termination notice period (usually one or two business days) or an evergreen repo -- where the party giving notice of termination is exercising a pre-agreed option;
- early termination of a simple fixed-term repo --- where the party seeking to terminate the transaction has no pre-agreed right to do so but has secured the ad hoc agreement of the other party.

However, the use of an ETRM report would be inappropriate and problematic where the date of settlement of a termination is not on the same day as the notice of termination. Given that *Table 2, field 3, Event Date*, for an early termination cannot be later than the reporting date under ESMA's Validation Rules, a future settlement date would require a reporting party to hold back its report of the termination until the settlement date.¹⁰³ This delay would be misleading as to the risk exposure of the parties, which would change on the date of the decision to terminate. It has also been argued that holding back reports would be operationally challenging to implement.

To provide a more accurate picture of the risk exposure of the parties and to avoid the operational need to hold back reports, it is recommended that, where a transaction is terminated --- whether it be an open, fixed-term or evergreen repo --- and the settlement of the termination is not on the same day that the notice of termination is served (T+1 or later), *Table 2, field 98, Action Type = MODI* should be used instead of ETRM. In other words, use of ETRM should be limited to reports of the termination of open and the early termination of fixed-term repos where the settlement of termination happens on the same day as the notice of termination is served (T+0).

Where MODI is used to report the termination of an open repo or the early termination of a fixed-term repo, the modification being reported would be:

- for the termination of an open repo:
 - *Table 2, field 21, Open Term = FALSE* (previously TRUE)
 - *Table 2, field 14, Maturity Date = [termination settlement date (previously blank)]*
 - *Table 2, field 38, Principal Amount at Maturity = [repurchase price (previously blank)]*
- for the early termination of a fixed-term repo:
 - *Table 2, field 14, Maturity Date = [termination settlement date]*
 - *Table 2, field 38, Principal Amount at Maturity = [new repurchase price]*

Note that, in both cases, *Table 2, field 15, Termination Date*, should not be filled in, as this field is not for use in MODI reports.

See sample report 3.2 for a comparison of the use of ETRM and MODI *Action Types*.

¹⁰³ Note that ESMA have indicated that the *Event Date (Table 2, field 3)* for an early termination (*Table 2, field 98, Action Type = ETRM*) should be the date of settlement and for a modification (*Table 2, field 98, Action Type = MODI*) should the date on which the modification takes effect.

Note that, when there are several modifications to a transaction during the course of the same day, it is not necessary to make an individual MODI report for each modification (see final Guidelines and Final Report of January 2020, p.25, paras.112 and 114, p.61, para.372).¹⁰⁴ See [recommendation 9.19](#).

Recommendation: ETRM should be used as the *Action Type* only to report the termination of an open repo and the early termination of a fixed-term repo where, in both cases, settlement of the termination will be for the same day as the notice of termination. The early termination of repos for settlement next day or later should be reported as a modification using *Action Type* = MODI.

¹⁰⁴ The references quoted above to statements in ESMAS's final Guidelines and Final Report of January 2020 endorsing the recommended use of MODI and ETRM for reporting the termination of an open repo or the early termination of a fixed-term repo are contradicted by other statements (see para.110 and Table 5). However, these are believed to be mistakes and the recommendation above stands.

9.5 Repeating unchanged data fields in modification (MODI) and update (COLU, MARU, REUU) reports

The question arises as to whether modification reports (*Table 2, field 98, Action Type = MODI*), collateral update reports (*Table 2, field 98, Action Type = COLU*), CCP margin reports (*Table 23, field 9820, Action Type = MARU*) and collateral re-use reports (*Table 24, field 9818, Action Type = REUU*) should repeat unchanged data fields or only report changed fields.

The RTS on transaction reporting requires that any “modification of the details of collateral data, including its valuation, shall be identified” as a collateral update and not just substitutions (Annex I to the final RTS on transaction reporting). ESMA’s draft Final Report of March 2017 also required collateral update reports to include all the collateral details of the repo or portfolio where there has been a change to “at least one of the data elements pertaining to the collateral” since the previous report, even those details that have not changed (p.83, para. 256). ESMA’s final Guidelines of January 2020 expressly included margin and re-use updates in the requirement for full reporting of all fields (p.18, para.75). There also appears to be a consensus among reporting parties that it will be operationally easier to take the same “full reporting” approach to modification reports.

The proposal for full reporting was endorsed by ESMA in its final Guidelines of January 2020 (p.18, para.74).

Recommendation: Modification and all update reports should repeat unchanged data fields.

9.6 Use of error (EROR) and termination (ETRM) reports

An error report (*Table 2, field 98, Action Type = EROR*) has the effect of cancelling a report in its entirety. Among other things, this will also make the *UTI* of the cancelled transaction unusable (see recommendation 3.2). Despite its drastic impact, an error report can be made unilaterally. In order to protect the other party, it is recommended that, as a matter of best practice, error reports should be made only after having notified the other party and ideally after agreement with the other party.

Once an error report has been submitted, it is not possible to resurrect the relevant repo by modifying (*Table 2, field 98, Action Type = MODI*) or correcting (*Table 2, field 98, Action Type = CORR*) the maturity or termination date, as there will be no repo still outstanding. Nor, for the same reason, will it be possible to retrospectively modify the report or correct its history.

As for an error report, once a termination report (*Table 2, field 98, Action Type = ETRM*) has been submitted, it is not possible to resurrect the terminated repo by modifying or correcting the maturity or termination date, as there will be no repo still outstanding. However, it is still possible to retrospectively amend other data fields in previous reports of this repo. The *Event Date* for such back-dated amendments must be no later than the maturity or termination date of the report being amended.

An error report should be used where an OTC repo is transacted on condition that it will be cleared post trade by a *CCP* and the *CCP* rejects or fails to register the transaction. This will cancel the report of the prior repo. See [recommendation 8.2](#).

Recommendation: It is best practice to make an error report only after having notified the other party and ideally agreed the report.

9.7 How should the re-rate of a floating-rate repo be reported?

ESMA's Validation Rules originally required every change in a floating repo rate to be reported, even if that rate was re-fixed every day, published by an authorized administrator and any spread to the index was fixed.¹⁰⁵ This would have meant daily modification (Table 2, field 98, Action Type = MODI) of Table 2, field 35, Adjusted Rate, which is the sum of the index reported in Table 2, field 25, Floating Rate and any agreed spread to the index reported in Table 2, field 32, Spread, as well as Table 2, field 36, Rate Date.¹⁰⁶

However, in its Guidelines of January 2020, ESMA has indicated that scheduled daily changes in interest rate indexes do not have to be reported by updating fields 2.35 and 2.36 (p.93, para.258). Only the identity of the index and any spread should be reported in the initial report (Table 2, field 98, Action Type = NEWT). Field 2.35 is now optional and field 2.36 is conditional on field 2.35. Fields 2.35 and 2.36 should be filled in only if a change in the floating repo rate which the parties have agreed at the time that the repo was transacted --- which is a requirement that would seem to apply, for example, to step-ups or step-downs in the repo rate as a result of pre-agreed changes in the spread (p.93, para.260).¹⁰⁷

Note also that the *Rate Date* is the date on which the fixing of a floating-rate index becomes effective, in other words, when the new rate starts to impact the calculation of repo interest. It is not the fixing date itself, although the two dates may be the same (see p.107, paras.278-279 and Table 72 of ESMA's draft Guidelines of May 2019).

Recommendation: The *Adjusted Rate* and *Rate Date* should not be reported for floating-rate repos where the floating rate is a daily interest rate index.

¹⁰⁵ Thus p.10 of Annex I of the RTS on transaction reporting says "Fields 35 and 36 [Adjusted Rate and Rate Date] shall be repeated and completed for each floating rate adjustment".

¹⁰⁶ Note that the "rate schedule" mentioned in the description of the Adjusted Rate in the Validation Rules refers to Table 2, fields 26-32, which specify the floating rate.

¹⁰⁷ ESMA's Guidelines of January 2020 state that "fields 2.35 "Adjusted rate" and 2.36 "Rate date" only need to be populated for pre-agreed future rate changes captured as part of the conclusion of the transaction" (p.93, para.260).

9.8 How should the substitution of collateral be reported?

A substitution of collateral should be reflected in the end-of-day collateral update report (*Table 2, field 98, Action Type = COLU*) that has to be made by S+1 for each outstanding repo or for each portfolio of repos where this is collateralized on a net basis.

A substitution cannot be reported as *Table 2, field 98, Action Type = MODI* (modification), as this is expressly for “changes in the data elements of a reported transaction or position other than” a collateral update.

If substitution is performed by an early termination of a transaction and the creation of a new replacement transaction for the substitute collateral --- provided these are contractual events and not merely operational simulations (see recommendation 9.1) --- there will be an early termination report (*Table 2, field 98, Action Type = ETRM*, where termination is settled on the same day as the termination notice, or *MODI*, where termination is settled later than the termination notice --- see recommendation 9.4) and a new transaction report (*Table 2, field 98, Action Type = NEWT*) for the repo of the substitute collateral. No further collateral update reports would be required for the terminated repo.

9.9 How should the “re-allocation” of repo collateral by a fund manager or other agents be reported?

Fund managers and other agents who execute repos on behalf of client funds, often negotiate a single repo with a financial counterparty on behalf of several client funds. The single agency repo with the financial counterparty is then “allocated” by the agent among the client funds. An agency repo between a financial counterparty and several funds can be documented under the Agency Annex to the GMRA and the Addendum to that Annex for multiple principal transactions. In the Annex, each transaction with the financial counterparty is called a “Pooled Transaction”. In the securities lending market, such agency transactions are sometimes called “bulk trades”.

While a single agency repo is transacted by the fund manager or other agent directly with the financial counterparty, legally, such a repo is a bundle of identical repos between the financial counterparty and each of the client funds which receives an allocation. The agent is not a party to the transaction itself, only to its execution. Each agency repo between the financial counterparty and each client fund should have its own UTI and be reported separately.

From time to time, a fund manager or other agent will “re-allocate” agency repos amongst client funds, reducing or entirely closing the repo of one fund and either (1) increasing the size of the repo of another fund or (2) creating a new repo with another fund. Some or all of the cash of the re-allocated repo has to be repaid and some or all of the collateral has to be delivered back.¹⁰⁸

For the purposes of reporting repos under SFTR, where re-allocation of an agency repo by a fund manager or other agent involves reducing the size of the re-allocated repo and increasing the size of another fund’s existing repo, the *Report Submitting Entity* for the funds and the financial counterparty should report:

- a reduction in the size of the repo being re-allocated as a modification (*Table 2, field 98, Action Type = MODI*);
- an increase the size as a modification of an existing repo with the other fund (*Table 2, field 98, Action Type = MODI*).

Where re-allocation of an agency repo by a fund manager or other agent involves completely closing the re-allocated repo, the *Report Submitting Entity* for the funds and the financial counterparty must report the termination of the repo being re-allocated (*Table 2, field 98, Action Type = ETRM or MODI*, depending on whether the termination is settled same day or later --- see recommendation 9.4).

Where an agency repo is re-allocated, in whole or in part, to a new fund, the *Report Submitting Entity* for the funds and the financial counterparty must report a new repo between the new fund and the financial counterparty (*Table 2, field 98, Action Type = NEWT*).

¹⁰⁸ In the securities lending market, re-allocation is sometimes also called “shaping” or “partialling”, but these terms have very different meanings in the repo market (see Recommendations 22 and 29, respectively).

Recommendation: The re-allocation of repos between client funds by an agent should be reported as:

- modification --- if it adds to or partially subtracts from a position already held by a fund;
- termination --- if it completely subtracts from a position already held by a fund;
- new transaction --- if it is a re-allocation to a new fund.

9.10 How should variation margins be reported?

9.10.1 Repos cleared by a CCP

Initial and variation margins for *CCP*-cleared repos are reported in a separate margin report. For the first of these reports:

- *Table 3, field 20, Action Type = NEWT* (new margin report)

But all subsequent margin reports should include instead:

- *Table 3, field 20, Action Type = MARU* (margin update)

See recommendation 8.2.

9.10.2 Variation margining of repos not cleared by a *CCP*

SFTR and the RTS on transaction reporting make no express provisions for reporting variation margins called on repos not cleared by a *CCP*.

The challenge in reporting the variation margining of ~~uncleared~~bilaterally-cleared repo is that it is usually not implemented by means of a modification of the amount of cash or collateral of the transaction or transactions for which margin is being called. Instead, with the exception of tri-party repos and structured transactions that the parties have expressly agreed to margin separately from the rest of their repos (see the next paragraph), the variation margin on ~~uncleared~~bilaterally-cleared repo is calculated against the net exposure of the whole portfolio of repos under the same master agreement. In other words, a single variation margin is made against the portfolio. Given that it applies to multiple repos, such a single variation margin is distinct from the cash owing in each individual repo and the securities being used to collateralize each individual repo. It is therefore recommended that variation margin in this case should be reported in a special collateral update report (*Table 2, field 98, Action Type = COLU*) on each day that there is a change to the value and/or composition of outstanding balances of variation margin. The COLU report should be linked to the repos to which the variation margin applies by:

- *Table 1, field 3, Reporting Counterparty = [LEI]*
- *Table 1, field 11, Other Counterparty = [LEI]*
- *Table 2, field 9, Master Agreement Type*

Only in the cases of tri-party repos and structured transactions for which the parties expressly agree to margin separately from the rest of the repos outstanding between them are transaction exposures on individual repos eliminated by separately increasing or decreasing the collateral of each repo (or in the case of open tri-party repos managed by JP Morgan, by changes in the net collateral of the portfolio of tri-party repos).¹⁰⁹ In these cases, the changes in the collateral of

¹⁰⁹ Transaction Exposure is a term used in the GMRA to describe the difference between the current market value of the collateral in a repo and the current repurchase price, where the market value has been adjusted by any haircut or the repurchase price has been adjusted by any initial margin. Transaction Exposure measures the exposure that is included in the calculation of variation margin.

each repo would be reported as part of the routine end-of-day collateral update report linked to the relevant transaction by *Table 2, field 1, UTI*. This is even though these types of repo have been transacted under the same master agreements as repos being variation margined on a net exposure basis. This means that a party which has some repos for which collateral is managed internally and some for which collateral management is delegated to a tri-party agent will be giving variation margin directly to and receiving variation margin directly from other parties at the same time as the tri-party agent is taking extra collateral or returning surplus collateral on each of its tri-party repos. That would mean, for example, that a portfolio of three tri-party repos (other than with JP Morgan) and 10 other repos would generate up to 14 collateral update reports each day; one for each of the three tri-party repo, one for each of the 10 other repos and one for the variation margin of the repos not delegated to the tri-party agent.

ESMA confirmed in their draft Guidelines of May 2019 and in subsequent discussions that variation margins on repos not cleared by a *CCP* should be reported as special collateral updates.

It has been proposed to report the direction of variation margins (whether outstanding variation margin has been given or received) by using *Table 1, field 9, Counterparty Side* = GIVE or TAKE. ESMA's draft Guidelines enabled this field for collateral update reports at the request of ISLA in order to distinguish the collateral side of a securities loan against non-cash collateral. However, this field would not provide a satisfactory means of reporting the location of holdings of outstanding variation margins on repos. This stems from the fact that variation margin for repos is not returned to the party who gave it unless that party expressly calls back that margin when it makes a subsequent margin call on the other party. Consequently, both parties can end up holding variation margin from each other at the same time. The problem with using *Counterparty Side* is that a collateral update report must be all give or all take, whereas a collateral update report of variation margin needs to be able to include outstanding balances, as of the same date, of margin given and received by the same party. The alternative proposed to ESMA was for cumulative outstanding balances of variation margin to be reported with a positive arithmetic sign for margin received and still held, and a negative arithmetic sign for margin given and not yet called back. It was also proposed that field 1.9 should not be used in a collateral update to report variation margin, as a combination of give or take and positive or negative could lead to confusion about whether a given margin has been given or received, for example, what is meant by "giving a negative" margin? This recommendation has been accepted by ESMA and was implemented in the revised Validation Rules of October 2019, which do not require field 1.9 to be filled in for collateral update reports.

It has also been recommended to ESMA that arithmetic signs should be applied only to:

- *Table 2, field 76, Cash Collateral* (for cash margin)
- *Table 2, field 83, Collateral Quantity or Nominal Amount* (for margin securities)
- *Table 2, field 88, Collateral Market Value* (for margins securities)

The use of negative signs is allowed in fields 2.76, 2.83 and 2.87 (*Price Per Unit*) but not, under the ISO 20022 XML Schema, in field 2.88.^{110 111} Unless and until 2.88 can also be negative, it is recommended that negative signs be applied only to:

- *Table 2, field 76, Cash Collateral* (for cash margin)
- *Table 2, field 83, Collateral Quantity or Nominal Amount* (for margin securities)

Another problem in reporting variation margin on non-CCP repos is the possibility that both parties may be simultaneously holding variation margin in the same asset. Rather than repeating fields describing that asset, one set positive (when the asset has been received as variation margin) and the other set negative (when the same asset has been given as variation margin), it is recommended that the cumulative outstanding balances of variation margin reported by each party should be the net amount outstanding in each asset. For example, if party A is holding 1 million of security X as variation margin from party B and party B is holding 3 million of the same security as variation margin from party A, party A should report variation margin as -2 million of security X and party B should report variation margin of +2 million of the same security. This reporting of net margin would reflect the variation margining calculation under the GMRA.

Where variation margin has been provided in the form of both securities and cash, *Table 2, field 75, Type of Collateral Component*, should be repeated for securities (SECU) and cash (CASH). For securities provided as variation margin, the following fields need to be filled in for each security.

- *Table 2, field 78, Identification of a Security Used as Collateral*
- *Table 2, field 79, Classification of a Security Used as Collateral*
- *Table 2, field 83, Collateral Quantity or Nominal Amount*
- *Table 2, field 85, Currency of Collateral Nominal Amount*
- *Table 2, field 86, Price Currency*
- *Table 2, field 87, Price Per Unit*
- *Table 2, field 88, Collateral Market Value*
- *Table 2, field 89, Haircut or Margin*
- *Table 2, field 90, Collateral Quality*
- *Table 2, field 91, Maturity of the Security*
- *Table 2, field 92, Jurisdiction of the Issuer*
- *Table 2, field 93, LEI of the Issuer*
- *Table 2, field 94, Collateral Type*
- *Table 2, field 95, Availability for Collateral Re-use*

For cash provided as variation margin, the following fields must be filled in for each currency.

- *Table 2, field 76, Cash Collateral*
- *Table 2, field 77, Cash Collateral Currency*

¹¹⁰ Note that the use of a negative sign in field 2.87 is to indicate a negative yield, where the price is reported as a yield, whereas the use of negative signs in fields 2.76 and 2.83 is directional.

¹¹¹ An example given by ESMA in its final Guidelines of January 2020 suggests otherwise but is incorrect in the light of the ISO Schema (p.151, Table 95, row 88).

Outstanding balances of variation margin should be measured in terms of market value at prices used by the reporting party for risk management, specifically, for the calculation of the transaction exposures of individual repos, their overall net exposure to another party and variation margin (these prices are typically taken at the close of the business day before the valuation date --- this is acceptable to ESMA (see p.42, para.157 of its draft Guidelines). See [recommendation 9.3](#).

Note that, when reporting outstanding variation margin, any interest accrued but not yet paid on cash variation margin should be added to the principal amount of that margin. This reflects the calculation of Net Exposure under the GMRA.

Where parties are transacting both repurchase transactions and buy/sell-backs with each other under the same legal agreement, they will need to fill in *Table 2, field 4, Type of SFT*, of collateral update reports for variation margin with one or other type of repo. As this is a matching field, parties will need to agree which type of repo is identified. It is recommended that parties report the type of repo which accounts for most of their business with each other but, if that is not easy to establish or changes frequently, they should report a repurchase transaction (REPO). ~~This is the most common type of repo across Europe. See recommendation 5.8.~~

9.10.3 Repricing or Adjustment of repos not cleared by a CCP

Where parties use one of the risk management mechanisms provided by the GMRA as an alternative to variation margining --- the early termination and replacement mechanisms called Repricing and Adjustment --- they should make two reports, each with one of the following fields, respectively:

- *Table 2, field 98, Action Type* = ETRM (if termination is on the same day as the notice of termination) or MODI (if termination is later than the notice of termination) --- see recommendation 9.4;
- *Table 2, field 98, Action Type* = NEWT (new transaction)

But parties should ensure that the early termination and replacement of repos reflects contractual reality and is not just an operational simulation.

Recommendation 1: Variation margin for repos that are not cleared at a CCP and are margined on a net exposure basis should be reported using a special collateral update report with the outstanding balances of variation margin (including the new margin) reported on a net basis for each asset, using arithmetic signs in fields 2.76 and 2.83 (and 2.88, if allowed by ESMA in due course) to distinguish the assets in which net margin has been given or taken.

~~**Recommendation 2:** Where parties are transacting both repurchase transactions and buy/sell-backs under the same legal agreement, they should report the type of repo which accounts for most of their mutual business or, if that is not clear, they should report a repurchase transaction (REPO).~~

9.11 How should cross-product netting be reported (field 2.97)?

For SFTR reporting, cross-product netting means the calculation and calling of a single initial margin and a single variation margin between a *CCP* and a *Clearing Member* or between a *Clearing Member* and a clearing client for a portfolio combining several types of product (eg repo and cash transactions, repos and securities loans, or repos and derivatives).

As SFTR is limited in scope to SFTs, in principle, it should not be possible to report cross-product margins on portfolios that include SFTs and other types of instrument. However, in the case of *Table 2, field 97, Portfolio Code*, the Validation Rules refer to portfolios that combine SFTs and derivatives, in which case, they require the use of the same *Portfolio Code* as reported under EMIR for the derivatives. It would seem, therefore, that there is no concern about the over- or under-reporting of initial and variation margins for cleared repos under SFTR because of the inclusion of non-SFTs in the calculation of margins. In other words, margins on portfolios containing repos and other products should not be decomposed for reporting under SFTR. This would anyway be impracticable and misleading.

Note that there is a contradiction in the Validation Rules about the format for *Portfolio Code* within Table 2 of the data fields (transaction and position reporting) and there is a contradiction between Table 2 and Table 3 (margin update reports). The rule in Table 2 requires both 52 characters exactly and “up to” 52 characters. The rule in Table 3 requires exactly 52 characters. The SFTR Implementing Technical Standards (ITS) on transaction reporting require 52 characters. It is recommended that parties use 52 characters exactly.

EMIR does not require 52 characters exactly for a portfolio code. Where parties have to use their EMIR code in SFTR reports because a CCP portfolio includes derivatives, they will have to change their EMIR code if it does not already have exactly 52 characters. See [recommendation 8.2](#).

If a *Portfolio Code* has to be generated just for SFTs, following EMIR, it is the responsibility of the *Reporting Counterparty* to do so. The reporting parties can use different *Portfolio Codes* as this is not a matching field.

Recommendation 1: Margins on portfolios containing repos and other products should not be decomposed for reporting under SFTR. This would anyway be impracticable and misleading.

Recommendation 2: Portfolio codes should have 52 characters exactly. Where parties have to use their EMIR code in SFTR reports because a CCP portfolio includes derivatives, they will have to change their EMIR code if it does not already have exactly 52 characters.

9.12 How should corporate events be reported?

A corporate event is an actual or potential change in the character of a security or its value or both, which will or may entitle the holder of the security to new securities or some other entitlement.

In the case of some “mandatory” corporate events, the holder has no choice about whether the corporate event will occur (for example, redemption). In the case of “voluntary” corporate events, the holder can choose whether or not to take advantage of the event (for example, rights issues). Some voluntary corporate events also require the holder to make a choice between options (for example, whether a distribution should be in cash or securities). The latter type of corporate event is sometimes called a “corporate action”. The definition of corporate events is often widened to include events that may have only indirect consequences for the security, for example, the calling of an annual general meeting by the issuer or the holders of securities.

If, while a security is being used as collateral in a repo, it becomes subject to a corporate event, there may be consequences for the value of the security, in which case, this will be reflected in the end-of-day collateral update report for the repo (*Table 2, field 98, Action Type = COLU*) or, in the case of GC financing facilities, the end-of-day collateral update report for the portfolio of repos being collateralized on a net basis. If the parameters of the security are changed (for example, its nominal value, coupon or maturity), this will also be included in the relevant collateral update report.

If the corporate event produces a “distribution” (a payment of income), the report to be made under SFTR will depend on the underlying master repurchase agreement:

- If the distribution is made in cash, under the GMRA, an equivalent sum will be paid immediately to the other party as a manufactured payment. This payment is not reportable. However, if value of the collateral drops as a result of the payment (as it would in the case of a coupon or dividend), this consequence will be reflected in the relevant collateral update report.
- If, on the other hand, the distribution is made in securities and the repo is documented under the GMRA, it is likely that the GMRA Equity Annex will be applicable, in which case, subject to the agreement between the parties, the repo may be terminated (*Table 2, field 98, Action Type = ETRM or MODI*, depending on whether the termination is settled same day or later --- see recommendation 9.4) or, in the case of securities held as variation margin, the collateral may be substituted (which would be reflected in a collateral update report) or, if no termination or substitution occurs, the additional securities will also be treated as a manufactured payment, in which case, their transfer will not be reported (but any impact on the value of the remaining securities would be reported in the relevant collateral update report).
- If the distribution is made in cash under the GMRA where the Equity Annex applies, the seller is entitled to ask the buyer to substitute the relevant collateral security. If the buyer declines the request to substitute, the seller can try to terminate the relevant repo. If the buyer declines to terminate, a manufactured payment will be made. Substitution would be reflected

in a collateral update report. Termination would be reported as an early termination or a modification, as already explained.

If the corporate event converts the security wholly or partly into cash, the report to be made under SFTR will also depend on the underlying repo contract:

- If the cash is retained by the buyer or margin-holder and will be paid to the other party as “equivalent securities” at the end of the repo or, in the case of a GC financing repo, in a portfolio being collateralized on a net basis, when net collateral is reduced, the conversion will be reflected in the next collateral update report as a change in the composition of collateral into cash.
- If the cash from a corporate event is treated as a distribution and paid to the other party immediately as a manufactured payment, the payment will not be reportable but the reduction in the value of the collateral will be reflected in a collateral update report.

Corporate events affecting collateral will only have indirect consequences for the contractual terms of a repo, for example, if the prospect of a non-cash distribution leads the parties to agree to terminate the repo, in which case, there will be a termination or modification report (*Table 2, field 98, Action Type = ETRM or MODI*, depending on whether the termination is settled same day or later --- see recommendation 9.4). If the repo is replaced, there will also be a report for the new repo (*Table 2, field 98, Action Type = NEWT*). There is otherwise unlikely to be a modification report for a corporate event affecting repo collateral (other than to report a termination settled after the notice date).

One exception is a take-over by or merger of a party into another legal entity and the cancellation of its UTI. In this case, the LEI of *Table 1, field 3, Reporting Counterparty*, or of *Table 1, field 11, Other Counterparty*, will have to be changed. The substitution of the acquiring party’s LEI would represent the creation of new contracts. To relieve parties of the burden of terminating and replacing transactions, ESMA has proposed that the acquiring party notifies the trade repository of the acquired party of the new LEI and other relevant changed circumstances, such as country code. The trade repository is then responsible for identifying and updating any outstanding transactions (final Guidelines of January 2020 pp.39-40, paras.159-164). Note that, in order to use this mechanism, the acquiring party will have had to have agreed with the acquired party’s counterparties to novate the outstanding repos into new transactions with the acquiring party.

Given that a corporate event affecting the collateral of a repo will probably be reported as part of a collateral update report or as an early termination, the *Event Date* will be the intended settlement date in the case of a collateral update report and the reporting deadline will be no later than the business day after settlement (S+1), and either the termination notice date or the termination settlement date for an early termination, depending on whether the termination is settled same day or later --- see recommendation 9.4.

Corporate events do not have specific execution times but new transaction and modification reports under SFTR (*Table 2, field 98, Action Type = NEWT/MODI*) require *Table 2, field 12, Execution Timestamp*. It is recommended that parties agree to report 01:01:01 on *Table 2, field 3, Event Date*. This recommendation is based on the established use of this specific time in reports of

corporate events under MiFIR and aligns with the recommendation by ISLA for reporting corporate events. As regards the *Event Date*, see recommendation 9.13.

Recommendation: The *Execution Timestamp* for corporate events should be 01:01:01 on the *Event Date*.

9.13 Should manufactured payments be reported?

Manufactured payments are a common repo market term for the income payments which the buyer in a repurchase transaction is contractually obliged to make to the seller whenever a coupon, dividend or other income is paid on collateral securities by the issuer to the buyer.

There is no way of expressly reporting a manufactured payment under SFTR. But there is also no need, as a manufactured payment will reduce *Table 2, field 88, Collateral Market Value*, for the security concerned and its effect will therefore be reflected in the end-of-day collateral update report for the relevant repo or portfolio of repos (*Table 2, field 98, Action Type = COLU*).

In the case of a security with an income record date that is different from the income payment date, the value of the security will change on the income record date but the manufactured payment may not be paid until the income payment date. Parties should assume the value of the collateral will change on the income record date.

Recommendation 1: Manufactured payments should not be reported given that their effect will be apparent in the end-of-day collateral update report.

Recommendation 2: In the case of a security with an income record date that is different from the income payment date, the value of the collateral should be assumed to change on the income record date

9.14 Is the shaping of delivery obligations to be reported?

It is best practice in the European repo market, and it is standard practice for some financial market infrastructures, to “shape” large obligations to deliver securities. This means that there is a maximum size or “shape” for delivery instructions, so a delivery obligation above this size is broken up into smaller deliveries.¹¹² For example, an obligation to deliver EUR 200 million of a particular issue could be shaped into four deliveries or shapes of EUR 50 million. Shaping is intended to ensure that at least some part of a delivery will succeed in the event of settlement difficulties, so that the economic impact on the market of any delivery problems will be reduced.

Shaping does not change the legal obligation of the delivering party to deliver the full quantity of securities that it contracted to deliver under the original contract nor does it create multiple contracts with new *UTIs*. Consequently, it would not be appropriate to report each shape as a separate repo.

Recommendation: Where a delivery obligation is shaped, parties should report a single repo for the full obligation and not several repos, one for each shape.

¹¹² “Shaping” here is a settlement procedure and does not refer to the allocation of “block trades” by agents (which is terminology used in the securities lending market).

9.15 How should pair-offs and other technical netting be reported?

A “pair-off” is an example of technical netting (also known as settlement netting or payment netting). Two parties agree to offset opposite payments in the same currency due on the same date and/or opposite deliveries of the same issue of securities due on the same day to/from the same custodian or depository to produce, for each day, a smaller single net payment in each currency and/or a smaller single net delivery in each issue of securities. Such technical netting reduces operational risk and costs and is an industry best practice. However, it does not change the contractual obligations of the parties to pay and/or deliver gross amounts and therefore the exposure of the parties (if one of the parties defaulted during settlement, technically-netted payment and delivery obligations could be unwound into their gross components). Accordingly, technical netting does not reduce the risk exposure of the parties to the risk of the other party defaulting. On this basis, pair-offs and other technical netting should not be reflected in reporting under SFTR.

Recommendation: Pair-offs and other technical netting should not be reported as they do not change the contractual terms of the transactions being netted.

9.16 How should fails be reported?

Given that a failure to deliver collateral in a repo does not terminate or modify the contractual obligations of the parties and therefore does not materially affect its risk exposure, it is not appropriate to report the fail as an early termination (*Table 2, field 98, Action Type = ETRM*). Nor would a correction (*Table 2, field 98, Action Type = CORR*) or an error report (*Table 2, field 98, Action Type = EROR*) be appropriate.¹¹³

If the failed party exercises a contractual right to terminate the failed transaction or (in the event that failure to deliver has been elected in the legal agreement to be an event of default) exercises its contractual right to terminate the whole master repurchase agreement, a termination would be reported (*Table 2, field 98, Action Type = ETRM or MODI*, depending on whether settlement of the termination would be same day or later --- see recommendation 9.4). But unless and until a transaction or agreement is terminated by a failed party, it would be most appropriate to reflect the continuing contractual obligations of the parties when reporting under SFTR. This means not reporting failures to deliver.

It is important to understand that not reporting a failure to deliver on a repo does not misrepresent the risk that might arise from a fail. In the case of a repo, the contractual obligations of the parties remain in place and the operation of the contract starts and stops on the agreed dates regardless of deliver (for example, interest starts and stops accruing on the agreed dates). This is in contrast to a securities loan, the operation of which starts and stops only upon delivery. Any replacement cost is included in the calculation of Net Exposure for the purpose of close-out netting in the event that one of the parties defaulted. Where there is no default at the same time as the failed delivery, any replacement cost can be mitigated by extra margin and other remedies are provided under master repurchase agreements, including interest compensation, the right to terminate a repo where the purchase leg has failed and the right to cash compensation where the repurchase leg has failed.

In its final Guidelines of January 2020, ESMA has expressly endorsed the recommendation not to report failed deliveries (see pp.94, 98 and 235, as well as Table 6, row 2). However, there are also contradictory statements (see pp.114-115 and Final Report p.159 and 177). It is likely that the contradictory statements relate to securities lending, which has different contractual provisions to repo in regards to failed deliveries and would seem to reflect a late attempt by ESMA to accommodate the difficulties faced by the securities lending market. Accordingly, the existing recommendation for repos stands.

Recommendation: Failures to deliver collateral in a repo should not be reported as they do not change the contractual obligations of the parties in the case of repos.

¹¹³ In the case of a fail, given that no mistakes have been made as to the terms of the transaction or the need to report the transaction, a correction report should only be used where there is a mistake in the generation, processing or substitution of data and ESMA makes it clear that it is not to be used to report a change in the economic terms of a transaction. An error report is only for transactions that never came into existence or were out of scope of SFTR, whereas a fail does not invalidate the original contract.

9.17 How should partial deliveries of collateral be reported?

It is not possible to report partial deliveries of collateral under the SFTR RTS on transaction reporting.¹¹⁴ If a partial delivery is made, the end-of-day collateral update report to be made by S+1 for each outstanding repo or net collateralized portfolio of repos (*Table 2, field 98, Action Type = COLU*) could be used to reduce the value of the collateral down to the amount of the partial delivery but there is no way of reducing the reported cash amounts of the transaction, since the purchase price remains the contracted amount initially reported in *Table 2, field 37, Principal Amount on Value Date* and the repurchase price remains the contracted amount initially reported in *Table 2, field 38, Principal Amount on Maturity Date*. Nor would a change in the reported cash amounts be appropriate, given that their payments remain contractual obligations. And partial delivery does not invalidate the parties' contractual obligations to deliver the full amount of securities. As settlement failure does not affect the contractual arrangements between counterparties and therefore does not materially affect the risk exposure, such events should not be reported (see [recommendation 9.16](#)).

However, if (but only if) a buyer is asked by the seller and agrees to accept partial delivery of collateral and give up their contractual right to the undelivered collateral, the partial delivery should be reported. The particular type of report to be made depends on the contractual implementation of the change in the terms of the repo.

If the parties agree to terminate the failed repo and replace it with a new repo for the smaller amount of collateral, the partial delivery would be reported as an early termination of the original transaction (*Table 2, field 98, Action Type = ETRM or MODI*, depending on whether settlement of the termination would be same day or later --- see recommendation 9.4) and the creation of a new transaction (*Table 2, field 98, Action Type = NEWT*). In this case, a new *UTI* would have to be generated. But parties should ensure that the early termination and replacement of the repo reflects contractual reality and is not just an operational simulation.

If, on the other hand, the parties decide simply to amend the terms of the repo, it should be reported as having been modified (*Table 2, field 98, Action Type = MODI*). In this case, a new *UTI* would not have to be generated. This would be the case where there was a failure to deliver at the start of a repo but buyer accepted a partial delivery and the parties agreed to cash compensation to settle the failed portion of the transaction (that is, one party pays the other the excess of the current market value of the undelivered collateral over the share of the repurchase price applicable to the undelivered collateral that is owed to the buyer on that date). Such an

¹¹⁴ In the repo market, a "partial" means a partial delivery, which is when party A has failed to fulfil its obligation to fully deliver an agreed amount of securities to party B on an agreed date but party B has accepted delivery of the partial amount from party A, although without waiving its right to receive the full amount and to apply contractual remedies to the failed portion of party A's delivery obligation. In contrast, in the securities lending market, a "partial" means a "partial recall/return", which is when party A has exercised its right to reduce the size of an outstanding open-ended securities loan by recalling part of that loan or party B has exercised its right to reduce the size of an outstanding open-ended securities borrowing by returning part of that borrowing. There is a similar scenario in the repo market in the case of open repo, where parties can agree to reduce or increase the size of the transaction. However, in repo, this change must be by mutual agreement, whereas, in securities lending, it is the unilateral contractual right of both parties.

agreement would reduce the size of the repo but the contract would have been varied rather than terminated and replaced.¹¹⁵

Recommendation: Partial deliveries should not be reported unless the parties agree a formal change to the terms of the contract to reduce the size of the transaction to that of the partial delivery.

¹¹⁵ It would not be correct in the case of a partial delivery to terminate the original transaction using a correction report (*Table 2, field 98, Action Type = CORR*), as this is only to be used where there is an error in the generation, processing or substitution of data and ESMA makes it clear that it is not to be used to report a change in the economic terms of a transaction. Nor should the partial delivery be reported as an error (*Table 2, field 98, Action Type = EROR*), because this is for transactions that never came into existence or were out of scope of SFTR, whereas a partial delivery does not invalidate or change the original contract.

9.18 How should a default by a counterparty be reported?

The appropriate report in response to a default by a counterparty depends on how the non-defaulting party decides to respond to the default.

If the non-defaulting party decides to “close-out” (terminate) the master repurchase agreement with the defaulter, then all outstanding repo obligations will be accelerated for netting and settlement of the net amount. Depending on the master agreement, the obligations could be accelerated for immediate settlement (eg GMRA 2000) or to a future early termination date notified in advance to the defaulter (eg GMRA 2011). All variation margin held by both parties would be included in the net settlement. These procedures should be reported as early terminations of all outstanding repos with the defaulter. Holdings of variation margins transferred between the parties should be reported as being reduced to zero. If the early termination is to take place immediately (as under the GMRA 2000), the report should use *Table 2, field 98, Action Type* = ETRM. If, however, an early termination date is set for a future date (as under GMRA 2011), then *Table 2, field 98, Action Type* = MODI. The date to which acceleration takes place would be reported in *Table 2, field 3, Event Date*. See recommendation 9.4. Collateral update reports (*Table 2, field 98, Action Type* = COLU) for the terminated repos and variation margins will cease. Close-out amounts should not be reported as they are not SFTs.

If, however, the non-defaulting party decides to apply a condition precedent (see paragraph 6(j) of the GMRA), no further loan reporting will be required until the condition precedent is disappplied, as payments and deliveries of securities will cease. However, collateral update reports (*Table 2, field 98, Action Type* = COLU) should continue to be made whenever the value of the collateral changes while the condition precedent applies.

It is probable that the defaulting party may stop reporting under SFTR. In this case, reports of repos with that counterparty will not be matched and so will be rejected. Non-defaulting parties should nevertheless continue to report until all repos have been terminated. It may be prudent to send a copy of any notice of default or early termination to the regulator.

Recommendation: If a party defaults and the non-defaulting party decides to close out the relationship, this should be reported as an early termination of all repos with that party as of the termination date. Variation margin should be reported as zero. However, if the non-defaulting party decides to exercise a condition precedent, it should suspend further loan reporting until the condition precedent is disappplied but continue with collateral update reports. Any default, early termination or similar notice should be copied to the regulator.

9.19 How should multiple modifications made during the same be reported?

If several modifications are made to a repo on the same day, they should not be reported separately but should be included in a single end-of-day the modification report (*Table 2, field 98, Action Type = MODI*) (see Final Report of January 2020, p.62, para.372). The same rule applies to correction reports (*Table 2, field 98, Action Type = CORR*).

9.20 Do cancelled repos have to be reported?

Occasionally, a repo is negotiated between two parties only for it to become apparent (perhaps following an exchange of confirmations) that they disagree on the terms and conditions of the transaction. If the parties cannot resolve the disagreement and they decide, before the end of the transaction day, to cancel the repo, it should not be reported to the trade repository because the parties agree that no contract came into existence. It does not matter whether one or both parties have entered their version of the transaction into their books and records.

If two parties have agreed on the terms and conditions of a repo but one of the parties then decides that it should not have transacted the repo, provided the other party agrees to cancel the repo on the transaction date and the parties have not reported the repo to the trade repository, it is recommended that the parties should not make a report. This approach is consistent with ESMA's final Guidelines of January 2020 (p.23, para.100) and its guidance on same-day cancellations in MiFIR reporting.

If a disagreement on the terms and conditions of a transaction is not discovered until after the parties have reported to the trade repository and is discovered because the reports cannot be fully reconciled (assuming the difference is in a matching data field), the parties will have to either:

- resolve the difference between them and submit correction reports (*Table 2, field 98, Action Type= CORR*); or
- if the parties are unable to reach agreement, recognize that a contract probably did not exist between them and cancel the repo by sending an EROR message *Table 2, field 98, Action Type= EROR*).

9.21 When can correction reports be made?

If the report of a new repo (Table 2, field 98/Table 3, field 20/Table 4, field 18, Action Type = NEWT) or of an early termination (Table 2, field 98, Action Type = ETRM) fails to match due to a mistake which is discovered subsequently, the reporting party cannot send a corrected version of the report, with field 2.98/3.20/4.18 = NEWT, as trade repositories will only accept one report with these Action Types for the same transaction (that is, a transaction with the same parties and Table 2, field 1, UTI). Instead, a correction report (Table 2, field 98, Action Type = CORR) should be sent.

ESMA's final Guidelines of January 2020 ~~note that, because~~ have expressly addressed the issue of correcting reports in the case of collateral, margin and re-use update reports (Table 2, field 98/Table 3, field 20/Table 4, field 18, Action Type = COLU/MARU/REUU). These are end-of-day reports, so any mistakes should not be reported (Table 2, field 98, Action Type = CORR) to be corrected before the reporting deadline --- that is, on the Event Date of any of those types of report nor reports or on the next business day but only-- should not be corrected using a correction report (Table 2, field 98/Table 2, field 20/Table 2, field 18, Action Type = CORR). Instead, a corrected version of the report should be sent, which will over-write the previous report. Correction reports should only be used if the correction is to be made subsequent to their reporting deadlines, which is the business day after the date as of which these reports measure the outstanding balance of collateral (p.18, para.75). For example, if a collateral, margin or re-use update report for the end of the day on Monday is made by midnight on Tuesday, no corrections should be reported until Wednesday. Instead, a corrected collateral, margin or re-use update report should be made before the reporting deadline. This will over-write the incorrect report if it is received by the trade repository before the reporting deadline. After the initial collateral, margin or re-use update report has been made and the reporting deadline has passed, corrections should be made using correction reports (Table 2, field 98/Table 3, field 20/Table 4, field 18, Action Type = CORR), except in the case of corrections to collateral against a net exposure (Table 2, field 73, Net Collateralization of Exposure = TRUE). In the latter case, a correction report would require a UTI, which is not applicable for net collateralization. Therefore, a corrected version of the collateral update report would be sent to the trade repository.

The same principle applies to modification reports (Table 2, field 98, Action Type = MODI) that fail to match because of a mistake. If the mistake is corrected before the reporting deadline, a corrected version of the report should be sent to over-write the previous incorrect report. But if the mistake is to be corrected after the reporting deadline, a correction report (Table 2, field 98, Action Type = CORR) should be sent.

Note that corrections of several previous reports which have been rejected by the trade repository should be made in the chronological order of in which the rejected reports were made in terms of Table 2, field 3/Table 3, field 2/Table 4, field 2, Event Date (pp.21-22, para.88), Where such corrections are made on the Event Date of a report or on the next business day, and the corrections change the end-of-day details of a transaction, parties must make whatever additional reports are necessary to ensure that the trade repository amends its end-of-day record of the transaction (the so-called Trade State Report).

9.22 Reporting the termination of open repos

Open repos are transacted without a repurchase date but with an option for either the buyer or seller to terminate the transaction on any day in the future subject to an agreed period of notice. When transacted, the parties should report a new repo and include the following fields in the report:

- *Table 2, field 3, Event Date* = [transaction date (T)]
- *Table 2, field 14, Maturity Date*= [blank]
- *Table 2, field 21, Open Term*= TRUE
- *Table 2, field 38, Principal Amount at Maturity*= [blank]
- *Table 2, field 98, Action Type*= NEWT

When an open repo is terminated by one of the parties, the termination should be reported as either:

- early termination (*Table 2, field 98, Action Type*= ETRM) --- if the termination settlement date is the same day as the notice to terminate (T+0);
- modification (*Table 2, field 98, Action Type*= MODI) --- if the termination settlement date is on a future date (T+1 or later).

In addition, in the case of an early termination, the termination report should include the following data fields:

- *Table 2, field 3, Event Date* = [date of notice of termination]
- *Table 2, field 15, Termination Date*= [repurchase date]
- *Table 2, field 98, Action Type* = ETRM

But, in the case of a modification, the termination report should include the following data fields:

- *Table 2, field 3, Event Date* = [date of notice of termination]
- *Table 2, field 14, Maturity Date*= [repurchase date]
- ~~*Table 2, field 21, Open Term*= TRUE~~
- *Table 2, field 38, Principal Amount at Maturity*= [repurchase price]
- *Table 2, field 98, Action Type*=~~NEWT~~ MODI

9.23 “Back-dating” reports

“Back-dating” is a term sometimes used to describe late reporting. If the report of a new transaction is not made by the deadline of T+1 --- which would be a breach of reporting requirements --- it needs to be made as soon as possible afterwards. If only one party is late, then its report needs to match the earlier report of the other party in respect of matchable fields. If both parties are late, then they need to agree matchable fields, including various dates.

Under the Validation Rules:

- The Table 2, field 3, Event Date (not matchable) must be the same or earlier than the Table 1, field 1, Reporting Timestamp date; the same or later than the Table 2, field 12, Execution Timestamp date (matchable); and the same or earlier than the Table 2, field 14, Maturity Date or Table 2, field 15, Termination Date (matchable).
- Table 2, field 13, Value Date (matchable) must be the same or later than the Execution Timestamp date.

This means that it is technically possible to report the Event Date and Value Date of a late report as the day before the delayed Reporting Timestamp date. However, ESMA requires the Event Date of transactions to be the same as the transaction date (T). And, in order to accurately reflect the contractual terms of the transaction, the Value Date should be the actual purchase date, which is the same as the settlement date (S). Accordingly, a late report should include the following time and date fields:

- Table 2, field 3, Event Date = [actual transaction date (T)]
- Table 2, field 12, Execution Timestamp = [actual time and date of execution on T]
- Table 2, field 13, Value Date = [actual purchase date (S)]

Should the reporting parties have no record of the execution time (which is required for field 2.12), it is recommended that they agree to report 01:01:01 on the transaction date (T). This recommendation is based on the established use of this specific time in reports of corporate events under MiFIR and aligns with the recommendation by ISLA for reporting corporate events.

Recommendation: In the case of late reporting, if the reporting parties have no record of the execution time, it is recommended that they agree to report 01:01:01 on the transaction date (T).

10. Reporting re-use of collateral

10.1 How should re-use of collateral be reported (fields 4.8 & 4.9)?

10.1.1 Reporting actual re-use (field 4.8)

If a party is able to identify that a security received as collateral in one transaction has been given as collateral in another transaction, then it should report the subsequent transaction as a re-use of collateral in *Table 4, field 8, Value of Re-used Collateral*.

Following the Level 1 definitions, for the purposes of field 4.8, collateral for which re-use should be reported is not limited to collateral received in SFTs and the reportable re-use of such collateral is not limited to its use as collateral in another SFT. Instead, collateral for the purpose of field 4.8 ~~means~~seems to mean all securities received as collateral under any collateral arrangement (including derivatives collateralization agreements) and all securities given as collateral under any collateral arrangement or sold outright other than when the sale is a liquidation of collateral following a default by the collateral-giver. Thus, Article 2(12) of SFTR states, “‘Reuse’ means the use by a receiving counterparty...of financial instruments received under a collateral arrangement, such use comprising transfer of title or exercise of a right of use in accordance with Article 5 of Directive 2002/47/EC [Financial Collateral Directive] but not including the liquidation of a financial instrument in the event of default of the providing counterparty”. This definition was confirmed by ESMA in its Final Report of March 2017 (p.103, para.307). However, it should be noted that ESMA’s guidance on the reporting of re-use has focused entirely on estimated re-use (see the next section) and ~~clarification is required as to whether parties have an unconditional choice between reporting actual and estimated re-use~~there are serious concerns over the practicability of this definition.

Re-use is to be reported in aggregate for each ISIN across the whole of the reporting party (that is, for the same LEI). If the reporting entity is a branch in the EU of a non-EU entity (which means that they share the same LEI), the branch only is subject to SFTR and should report the re-use of collateral posted by the branch (SFTR Article 2(d)(ii) in repos which are “effected in the course of operations of a branch”. However, re-use should not be reported by a branch if the collateral is taken in transactions booked with the parent entity or under collateral arrangements securing transactions booked with the parent,¹¹⁶ In practice, this may mean that the EU branches of non-EU parties do not report re-use at all. See recommendation 1.3.

¹¹⁶ It is difficult to envisage how a true branch of an entity can re-use collateral in its own right. True branches do not have their own assets and liabilities, so all rights and obligations in respect of collateral apply to the parent.

10.1.2 Reporting estimated re-use (field 4.9)

A party acting as a principal will often hold securities that it has received as collateral through repo or other title-transfer SFTs in the same securities account in which it holds the same issues purchased outright (only pledged securities have to be held in separate accounts). Securities from the same issue held in book-entry form in the same account will be fungible with each other and cannot be distinguished on the basis of the type of transaction through which they were sourced. As securities received as collateral are therefore not “distinguishable” from securities received in outright purchases, it is not possible to measure the actual rate of re-use of collateral. In view of this, the RTS on transaction reporting allows the reporting of estimated re-use using the following formula, which was developed by the FSB. This formula is applied for each ISIN at the level of the reporting entity.

$$\text{collateral}^{\text{reused}} = \frac{\text{collateral}^{\text{reusable}}}{\left(\frac{\text{collateral}^{\text{reusable}} + \text{assets}^{\text{own}}}{\text{collateral}^{\text{reusable}} + \text{assets}^{\text{own}}} \right) \text{collateral}^{\text{posted}}}$$

The definition of re-use in the estimated re-use formula diverges from the definition of re-use in Article 2(12) of SFTR, which defines actual re-use for the purpose of filling in field 4.8. As explained in the first section of this recommendation, collateral for which actual re-use should be reported in field 4.8 means seems to mean all securities received as collateral under any collateral arrangement (including derivatives collateralization agreements) and re-use of such collateral for reporting in field 4.8 includes subsequent use as collateral under any collateral arrangement or outright sales other than the liquidation of collateral in the event of a default by the collateral-giver. However, this definition requires confirmation or contradiction by ESMA.

The estimated re-use formula, ~~on the other hand,~~ is to be applied by a collateral-taker where it has received a particular issue of securities both as SFT collateral and/or (in a divergence from the method of measuring actual re-use) in outright purchases and has then used any of its combined holding of that issue as collateral in subsequent SFTs. In addition, ESMA is following the FSB by including securities borrowed in the amount of re-usable collateral received and including securities loaned in the amount of collateral posted in the estimated re-use formula.¹¹⁷

See sample report 7 for a worked example of estimating re-use using the FSB formula.

Scope --- parties

The collateral-taker must report any re-use where a collateral security is posted by:

- one legal entity to another of the same corporate group (**intra-group/between LEIs**);

¹¹⁷ Note that, if a party has received a particular issue of securities only through outright purchases, it does not have to report the re-use of such “own assets” as collateral in subsequent SFTs as the formula would be a division of zeroes.

- a parent entity to a branch or vice versa, where the branch is located in the EU and the parent outside (**cross-border intra-company/inside an LEI**) --- this is an FSB requirement.^{118 119}

Parties should not include in their re-use calculations:

- collateral securities received from and posted to members of the ESCB and similar EU bodies;
- securities borrowed from and loaned to these institutions

but parties should include:

- collateral securities received from and posted to EU debt management offices and the BIS;
- securities borrowed from and loaned to these institutions.

Scope --- collateral

Re-use reporting obligations apply only to repo collateral in the form of securities.

Collateral received for which re-use should be reported includes any asset defined as a "financial instrument" by MiFID II and identified by an ISIN which has been received as:¹²⁰

- collateral through reverse repos (reverse repurchase transactions or buy/sell-backs) received by title transfer or by pledge with a right of re-hypothecation (*Table 2, field 95, Availability for Collateral Re-use = SIUR*) --- see [recommendation 1.13](#);
- non-cash collateral received by title transfer against securities lending;
- non-cash variation margins received on SFTs;
- collateral received under pledges with a right of re-hypothecation against securities lending or under margin lending programmes to the extent the pledged collateral is subject to a right of re-hypothecation (*Table 2, field 95, Availability for Collateral Re-use = SIUR*);
- borrowed securities through a securities loan (even though such borrowings are not collateral --as explained above, this is an FSB requirement).

Collateral posted is any asset defined as a "financial instrument" by MiFID II and also identified by an ISIN which has been received as collateral for which re-use should be reported when subsequently used as:

- collateral posted through repos (repurchase transactions and sell/buy-backs) received by title transfer or by pledge whether or not the pledged collateral is given with a right of re-hypothecation --- see [recommendation 1.13](#);
- non-cash collateral posted by title transfer against securities borrowing;
- variation margins given on SFTs;
- collateral pledged with a right of re-hypothecation against securities borrowing or under margin lending programmes whether or not the pledged collateral is given with a right of re-hypothecation (*Table 2, field 95, Availability for Collateral Re-use = SIUR/SICA*);
- loaned securities through a securities loan (even though securities loans are not collateral --- as explained already, this is an FSB requirement).

¹¹⁸ See the last sentence of paragraph 321 on page 106 of ESMA's Final Report of March 2017.

¹¹⁹ See footnote 14 on page 4 of the FSB's report on Transforming Shadow Banking into Resilient Market-based Finance of 25 January 2017.

¹²⁰ The requirement for an ISIN is laid down in ESMA's Validation Rules and in the RTS. See *Table 4, field 7, Collateral Component* in the Validation Rules.

Note that collateral received for which re-use should be reported would not include pledged initial margins on reverse repos, should such an arrangement be established, as these would be isolated and immobilised in bankruptcy-remote trusts but collateral posted does include such margins. See recommendation 6.9.

Own assets are defined by the FSB as securities held on the balance sheet of the collateral-taker.¹²¹ This definition mirrors the fact that collateral is not recognized on the balance sheet of a collateral-taker.¹²² However, where own assets have been re-used as collateral in SFTs, although they remain on the balance sheet of the collateral-giver, they are encumbered and are therefore not re-usable again, so should be deducted from the total of own assets. In other words, only unencumbered own assets should be used in the calculation of estimated re-use.

types of collateral to be included in estimated re-use formula

types of collateral, if received	types of collateral, if posted
title transfer SFTs: <ul style="list-style-type: none"> • reverse repo • buy/sell-back • additions to collateral in the form of non-cash variation margins on SFTs • collateral from title transfer securities lending • borrowed securities 	title transfer SFTs: <ul style="list-style-type: none"> • repo • sell/buy-back • additions to collateral posted in the form of initial margins & non-cash variation margins on SFTs • collateral for title transfer securities borrowing • loaned securities
pledge SFTs: <ul style="list-style-type: none"> • “reverse repo” against pledge collateral • pledged collateral with right of re-hypothecation from securities lending • margin lending collateral with right of re-hypothecation 	pledge SFTs: <ul style="list-style-type: none"> • “repo” against pledged collateral • pledged collateral for securities borrowing • margin lending collateral with/without right of re-hypothecation

All intra-group and cross-border intra-company SFTs must be reported without netting receipts or re-use of collateral and securities lending/borrowing.

For the purposes of **collateral valuation**, all amounts in the estimated re-use formula are to be measured in terms of market value. On para.156 on p.42 of their draft Guidelines of May 2019, ESMA say that “The market value of the securities should be reported as at close of business of each business day, reflecting the valuation used for collateral management purposes, eg to calculate daily variation margin”. In the following para.157, ESMA say “To make reporting simpler, the counterparties should report the market value of their SFTs using the market prices and FX rates that those counterparties have used during the course of that business day for exposure management purposes. For securities lending transactions, this would generally mean the market values reported as at close of business on any given day would be reported using the closing prices of the securities as of the previous business day”.

¹²¹ See page 4 of the FSB’s report on Transforming Shadow Banking into Resilient Market-based Finance of 23 February 2016.

¹²² This accounting principle reflects the fact the risk and return on securities repoed out remains with the seller because the seller has committed to buy back equivalent securities at their original value.

It is recommended that, for the purpose of valuing collateral for re-use reporting, the parties look first to the market prices that they have used to revalue collateral securities for the purpose of calculating the transaction exposures in individual repos, their overall net exposure to another party and the consequent variation margins. These are typically taken at close of business on the business day before the calculation, both for repo and securities lending, but could be same-day prices, for example, where margin is being called in response to exceptional movements in prices. The prices used to revalue collateral securities for the purpose of calculating exposures and variation margins are likely to be the easiest to reconcile since variation margining requires consensus between the parties on the net exposure. This recommendation is consistent with the ESMA requirements that, “counterparties should report the market value of SFTs using the market prices FX rates that those counterparties have used during the course of that business day for exposure management purposes” and “when reporting under SFTR, counterparties should use the value they use for collateral management and exposure management purposes” (final Guidelines of January 2020, p.34, paras.132 and 134, respectively).¹²³ However, it should be noted that the prices used to calculate exposures and variation margins can still diverge between parties because, except for most tri-party repos and structured repos margined individually, variation margin is usually calculated for a portfolio of repos, so price differences could net to zero across a portfolio, in which case, the parties will be unaware that there are any differences. See [recommendation 6.7.](#)

Parties should not deduct haircuts from market values. Amounts should be reported:

- per ISIN¹²⁴
- in the currency of the ISIN (as in *Table 2, field 85, Currency of the Nominal Amount*;
- using balances outstanding at close of business each day --- which should be *Table 2, field 3, Event Date* --- assuming contractual or intended settlement date --- see below;
- to be reported no later than the business day after the settlement date on which collateral securities have been posted/reused or received (S+1).

In the case of re-use update reports, it would seem that the *Event Date* is supposed to be the actual settlement date. This has been confirmed by ESMA in its final Guidelines of January 2020 (see *Table 5* on p.26, para.116) in contrast to the updated guidance on collateral update and margin update reports. But as for collateral update reports and for the same reason, it is recommended that, if it is impracticable to measure the outstanding balances of collateral re-use on the basis of actual settlement, the *Event Date* should be the contractual or intended settlement date, as for collateral update and margin reports. This means perfect settlement should be assumed and no retrospective correction made for settlement failures. See [recommendation 9.2.](#)

¹²³ ESMA’s Final Report of January 2020 dismisses industry concerns over the reconciliation of collateral price and value fields. It believes the industry has ample time to change systems and procedures to align with the requirement, given that matching of these fields in January 2023 (p.50, para.276) and sees the “necessary cost” of SFTR (p.50, para.272).

¹²⁴ The RTS on transaction reporting is ambiguous as to whether the report to be made is for each ISIN (see RTS, p106, para.319) or for each of the eight collateral types defined by the FSB (see RTS, p106, para.320). The fields for the reuse report do not include *Collateral Type* but do include *Collateral Component* (*Table 4, field 7*), which is an ISIN. In the RTS, paragraph 319 states, “The scope of collateral re-use ... will be reported per each ISIN.” However, the formula and paragraph 320 in the RTS prescribe reporting for each of the eight collateral types defined by the FSB (see RTS, p106, para.320). It is assumed here that reporting will be per ISIN and that, if required, ESMA will aggregate data into *Collateral Types*.

When making its first re-use report to a trade repository, a reporting party should report:

- *Table 4, field 9818, Action Type = NEWT*

All subsequent re-use reports, even if they include new securities, should report:

- *Table 4, field 9818, Action Type = REUU (re-use update)*

A fresh re-use update report has to be made whenever there is any change in the identity or market value of re-used securities.

Collateral re-use update reports should repeat unchanged data fields. In other words, re-use update reports are full reports and not “delta” reports. ESMA’s final Guidelines of January 2020 expressly include re-use updates in the requirement for full reporting of all fields (p.18, para.75). There also appears to be a consensus among reporting parties that it will be operationally easier to take the same “full reporting” approach to modification reports. See recommendation 9.5.

The only details of a security being re-used that are included in an estimated re-use report are:

- *Table 4, field 7, Collateral Component = ISIN*
- *Table 4, field 9, Estimated Reuse of Collateral = result of formula*

If more than one security is being re-used on the same day, these two fields are repeated for each security.

When an individual security ceases to be re-used, there is no need to include its ISIN and a zero value in the subsequent re-use report, as the new report will automatically overwrite all the data fields of the previous report held by the trade repository. However, if re-use ceases entirely, this approach cannot be followed, as trade repositories will then assume that the previous report still describes the state of re-use. In such a case, it is recommended that parties submit a “token zero report” to indicate to the trade repository that re-use has ceased completely. It is recommended that this token zero report should be limited to three collateral fields:

- *Table 4, field 6, Type of Collateral Component = CASH*
- *Table 4, field 8, Value of Reused Collateral = [0]*
- *Table 4, field 10, Reused Collateral Currency = [EUR]*

This recommendation has been endorsed by ESMA in its final Guidelines of January 2020 (p.120, para.329).

Parties reporting re-use do not have to report the further re-use of collateral that they have given to other parties who then re-use that collateral. In other words, there is no requirement to report downstream chains of collateral re-use. Re-use by other parties is beyond the scope of the reporting party. Each party is responsible only for reporting its own re-use.

~~It is not clear from SFTR Article 4(1) whether re-use reports should include only collateral related to repos that have been reported since a firm’s Reporting Start Date (RSD, also known as the “go-live date”) and exclude collateral related to historic repos that have yet to be back loaded and collateral related to historic repos that do not qualify for back loading. It is recommended that parties report the re-use of collateral related to all repos, even historic repos that have not yet~~

~~been back-loaded and historic repos that will never be back-loaded because they fall outside the back-loading criteria of SFTR. This is more practicable than carving out collateral from historic repos from re-use calculations. It also reflects the fact that re-use measurements cannot be derived from transactions or position data and that a partial re-use measurement is meaningless.~~

Note that, in the case of a small EU non-financial entity, whose reporting under SFTR is mandatorily delegated to its EU financial counterparties, each financial counterparty only has to report the re-use by the non-financial entity of ISINs used in repos between them. However, if the non-financial entity has used securities with the same ISIN in repos with several EU financial counterparties, all of those financial counterparties are obliged to report the re-use of that ISIN. However, the small EU non-financial entity is responsible for calculating the re-use and providing the estimate to the EU financial entity for reporting to the trade repository (Guidelines of January 2020, p.184, para.401).

Recommendation 1: In valuing securities for the purpose of reporting re-use, including the value of own assets, parties should apply the market prices they have used to revalue collateral securities for the purpose of calculating the transaction exposures in individual repos, their overall net exposure to other parties and the consequent variation margins. Values should not reflect haircuts.

Recommendation 2: If it is impracticable to measure the outstanding balances of collateral re-use on the basis of actual settlement, they should be measured on the basis of the contractual (or intended) settlement of the collateral being reported.

Recommendation 3: When re-use ceases entirely, parties should submit a “token zero report” to indicate to the trade repository that re-use has ceased completely.

Recommendation 4: Parties should report the re-use of collateral related to all repos, even historic repo that have not yet been back-loaded and historic repos that will never be back-loaded.

10.2 If cash collateral is provided in a repo, does its re-use or re-investment have to be reported?

Cash collateral is very occasionally used in repo but only as an expedient because of collateral management problems or unforeseen corporate events. Thus, in tri-party repo, a temporary shortage of eligible securities may force the tri-party agent to allocate cash as collateral but only until eligible securities become available and can be substituted for the cash. In addition, it is possible for collateral securities to be converted into cash by corporate events such as redemptions and take-overs. Cash collateral is also applied under the GMRA 2011 where a party is required to return a variation margin previously received as part of a variation margin being called but is unable to do so immediately (the so-called “Cash Equivalent Amount” under paragraph 4(h) of GMRA 2011).

Annex I of the SFTR RTS on transaction reporting shows that the cash reinvestment fields (*Table 4, fields 11-14*) do not apply to repurchase transactions or buy/sell-backs. In addition, ESMA’s draft Final Report of March 2017 states that “with regards to transactions in which cash is used as collateral for securities lending, and in line with the FSB reporting elements, counterparties shall report data about the cash collateral re-investment” (p.105, para.315), which makes clear that ESMA envisages only the reporting of the reinvestment of cash collateral from securities lending and not from repo.

However, in its final Guidelines of January 2020, ESMA stated that, where cash has been received as variation margin on SFTs, its reinvestment should be reported. But as this statement contradicts the RTS, the recommendation not to report the re-investment of cash received in repos or in respect of repos stands.

Recommendation: On the rare occasion when cash is introduced as collateral in a repo or when it is provided as variation margin, neither its re-use nor its re-investment should be reported.

10.3 Does re-use have to be reported of collateral received from members of the ESCB and of collateral given to members of the ESCB?

Under SFTR Article 2(3), the transaction reporting obligations laid down in Article 4 do not apply to SFTs transacted with a member of the ESCB or analogous EU entity (the ECB and EU central banks). SFTR does not expressly state whether re-use calculations should include:

- receipt of SFT collateral and non-cash variation margins on SFT from members of the ESCB;
- borrowing of securities from members of the ESCB;
- posting of SFT collateral and SFT non-cash variation margins to members of the ESCB;
- loans of securities to members of the ESCB.

However, ESMA has confirmed in its draft Guidelines of May 2019 and again in its final Guidelines of January 2020 (p.188, para.407) that all collateral received from or posted to members of the ESCB or analogous EU entities and all securities borrowed from or loaned to such entities should be excluded from re-use calculations.

Note that Article 2(4) of SFTR delegates power to the European Commission to exempt specified non-EU central banks and similar bodies and non-EU debt management offices from the transaction reporting requirements of Article 4 and the re-use requirements of Article 15. It does not provide for the exemption from re-use calculations of collateral and securities loans received from and posted to these central banks and debt management offices (nor does it exempt other parties within the scope of SFTR from reporting SFTs transacted with these central banks and debt management offices).

Recommendation: The reporting of re-use should not include eligible collateral and securities loans received from and posted to members of the ESCB but should include other central banks and also all debt management offices, whether the latter are in or out of the EU.

11. Commodity repo

11.1 What types of commodity repo should be reported under SFTR?

11.1.1 Exemption from SFTR reporting obligations

Commodity repos for operational and industrial purposes, which have commercial and non-financing objectives, are excluded from SFTR reporting obligations (final Guidelines and Final Report of January 2020: p.17, para.49; p.11, para.12).

Operational purposes include:

- Gas storage in line with “market practice” or to “industry standards” and including a sale and repurchase obligation.
- Transactions whereby the “quantity or characteristics” of the commodity to be repurchased are materially different to the commodity sold.

Industrial purposes include “transportation and capacity needs”. See Final Report p.20, para.64(b).

11.1.2 What is a commodity repo under SFTR?

To qualify as a SFT for the purposes of SFTR, ESMA require a “linkage” between the opening and closing legs of a transaction ([Final Report](#), p.23, para.84). Typical examples of a linkage are:

- A sale of a commodity by one party to another with an obligation, commitment or agreement --- but not an option --- to repurchase the equivalent commodity.¹²⁵
- Otherwise, where the execution of timing and the price of the two legs are contingent upon each other.

The effect of linkage is that the seller neither loses his “economic ownership” (that is, exposure to risk) of the commodity nor takes new market risk (p.~~23~~24, para.88(a)).

If a transaction qualifies as a SFT in terms of the previous criteria, the next question is to identify which type of SFT (*Table 2, field 4, Type of SFT*) which for commodity SFTs can be repurchase transactions (REPO), buy/sell-backs (SBSC) or securities lending or borrowing (SLEB). ESMA requires that this judgement be made on the basis of:

- the written agreement governing the SFT, usually whether or not there is a written agreement (p.23, para.85) --- only buy/sell-backs can be without a written legal agreement (p.~~23~~24, para.88(b)); and
- the type of SFT which has the data fields that provide the best fit for the transaction being reported ([Guidelines](#), p.12, para.41), ~~and~~ [Final Report](#), p.19, para.63(b)).

¹²⁵ ESMA define “equivalent” as the same type of commodity with similar characteristics and/or “specifications” that replace the original commodity (p.13, para.44(a)).

ESMA characterizes the different types of SFT as follows:

- buy/sell-backs (1) can be either undocumented or documented and (2) collateral is always transferred by title transfer, never by pledge ([Final Report](#), p.2324, para.88(b));
- repurchase transactions (1) are always documented and (2) collateral can be transferred by title transfer or pledge --- this is legally and factually incorrect but is insisted upon by ESMA;
- securities lending or borrowing can involve the transfer of collateral by title transfer or pledge.

ESMA note that a commodity SFT can be part of a larger structure that include derivatives. An example of this would be a cleared commodity repo (see recommendation ~~XX~~11.2). Only the SFT component is reported under SFTR. The other components may be reportable under EMIR, MiFIR or REMIT depending on the type of instrument(s) and the commodity ([Guidelines](#), p.13, para.43-~~4~~, and [Final Report](#), p.2324, para.88(c)). The SFT component is reported under SFTR even where the repurchase leg of the SFT has been replaced by a futures contract under the so-called exchange-for-physical (EFP) procedure.

11.2 How should a cleared commodity repo be reported?

A cleared commodity repo is a commonly-used structure in the commodity markets and effectively consists of three steps:

- a repo consisting of an immediate sale of a commodity by one party (“the seller”) to another (“the buyer”) and a simultaneous commitment by the seller to buy back the same quantity of the commodity on an agreed futures expiry date with the sale and repurchase prices being based on today’s futures price;
- an immediate exchange-for-physical (EFP) at a commodity futures exchange, which is a procedure in which the seller cancels (“gives up”) his forward repurchase and replaces it with a long position in a futures contract on the same commodity in exchange for the buyer cancelling his forward sale and replacing it with a short position in the same futures contract, with both futures traded at a price agreed bilaterally off-venue;
- a close-out transaction to be exercised by either party --- on (1) a fixed future date before the futures expiry date or (2) on any day before the futures expiry date --- which would simultaneously close out the EFP and return the same quantity of commodity to the seller at the same price, agreed off-venue, at which the EFP is closed out.

In terms of documentation, the first and close-out steps will be contingent on the EFP. But the documentation is bespoke and can be structured in different ways.

Only the repo transacted as the first step can and should be reported under SFTR. In its Final Report of January 2020, ESMA notes that a commodity SFT can be part of a larger structure that includes derivatives. They make it clear that only the SFT component is reported under SFTR ([Guidelines](#), p.13, para.43-~~4~~, and [Final Report](#), p.~~23~~~~24~~, para.88(c)). And, in an implicit but clear reference to cleared commodity repo, they require the SFT component to be reported even where the repurchase leg of the SFT has been replaced by a futures contract under an EFP procedure. In other words, a synthetic repo cannot be reported under SFTR because one of its integral legs is a derivative, which is out of scope of SFTR.

The first step of the cleared commodity repo clearly qualifies as an SFT under ESMA’s guidance. Thus, there is a “linkage” between the opening and closing legs ([Final Report](#), p.23, para.84) which achieves the required objective that the seller neither loses his “economic ownership” (that is, exposure to risk) of the commodity nor takes new market risk (p.~~23~~~~24~~, para.88(a)). A cleared commodity repo is also entirely consistent with the two examples of a typical linkage given by ESMA in its Final Report:

- A sale of a commodity by one party to another with an obligation, commitment or agreement --- but not an option --- to repurchase the equivalent commodity.
- Otherwise, where the execution of timing and the price of the two legs are contingent upon each other.

The next question is to identify the type of SFT (*Table 2, field 4, Type of SFT*) which is represented by the first step, a repurchase transaction, a buy/sell-back or securities lending or borrowing. ESMA requires that this judgement be made on the basis of:

- the written agreement governing the SFT, usually whether or not there is a written agreement (p.23, para.85) --- only buy/sell-backs can be without a written legal agreement (p.2324, para.88(b)); and
- which type of SFT's data fields provide the best fit for the SFT being reported ([Guidelines](#), p.12, para.41).

ESMA characterizes the different types of SFT as follows:

- buy/sell-backs (1) can be either undocumented or documented and (2) collateral is always transferred by title transfer, never by pledge ([Final Report](#), p.2324, para.88(b));
- repurchase transactions (1) are always documented and (2) collateral can be transferred by title transfer or pledge --- this is legally and factually incorrect but is insisted upon by ESMA;
- securities lending or borrowing can involve the transfer of collateral by title transfer or pledge.

It is recommended that the first step of a cleared commodity repo should be reported as a buy/sell-back (*Table 2, field 4, Type of SFT = SBSC*) rather than a repurchase transaction or securities lending transaction.

There is no substantive reason for recommending characterization as a buy/sell-back rather than a repurchase transaction. The recommendation is made largely in order to harmonize reporting by parties, given that field 2.4 is a matching field.¹²⁶

A repo is to be favoured over securities lending, because repo is always a term transaction, is usually cash-driven and never pays an explicit fee, whereas securities lending is usually open, tends to be more securities than cash-driven, and many loans pay an explicit fee. However, the boundaries between repo and securities lending are not exact.

If the first leg of a cleared commodity repo is reported as a buy/sell-back, there is no need to report the repo rate, which is not necessarily an explicit feature of commodity repo. Instead, *Table 2, field 49, Security or Commodity Price*, will be reported (see [recommendation 7.2](#)).

Given the life-cycle of a cleared commodity repo, the reporting of the first leg will require the following reports in sequence:

- report of a same-day termination (*Table 2, field 98, Action Type = ETRM*)
- report of a new transaction (*Table 2, field 98, Action Type = NEWT*)

¹²⁶ The real distinction between a repurchase transaction and a buy/sell-back is whether or not a manufactured payment is made by the buyer to the seller in response to the payment of a coupon, dividend or other income by the issuer of collateral to the buyer. As no income is ever paid on commodities, there is in fact no difference between a repurchase transaction and a buy/sell-back against commodities other than the fact that a buy/sell-back may or may not be documented.

Annex I: Summary and interpretation of Action Types

Action Type (field 2.98)	Action	Scope
NEW (NEWT)	Initial reports of (1) a transaction as of its transaction date; (2) CCP margin; and (3) collateral re-use.	
CORRECTION (CORR)	Changing one or more incorrect data fields in a report already submitted.	
ERROR (EROR)	<ul style="list-style-type: none"> • Cancellation of an entire report because (1) the transaction that has been reported is ineligible for reporting or (2) the transaction did not happen. • See recommendations 3.2 & 9.6. • For post-trade but same-day registration of an OTC transaction with a CCP which is to be subsumed into a position along with other transactions. • The original transaction must be reported, with 2.98 <i>Action Type</i> = POSC and 2.99 <i>Level</i> = TCTN. • Then, the original transaction must be terminated using another report with 2.98 <i>Action Type</i> = ETRM. • If this is the first transaction to be included in a position, a new report is then made with 2.98 <i>Action Type</i> = NEWT, 2.99 <i>Level</i> = PSTN and a new value for 2.1 <i>UTI</i> which applies to the new position. 	Optional for CCP-cleared repurchase transactions only. Not applicable to buy/sell-back. But not practicable because cleared repos are not netted before novation as required by ESMA rules.
POSITION COMPONENT (POSC)	<ul style="list-style-type: none"> • If a transaction is to be included in an existing position, then a modification of the position is reported with 2.98 <i>Action Type</i> = MODI, 2.99 <i>Level</i> = PSTN and the existing value of 2.1 <i>UTI</i> for the position. • Future corrections, modifications, collateral updates and margin updates would then be reported for the single position with the 2.98 <i>Action Type</i> = POSC. • See recommendation 8.1. 	

MODIFICATION (MODI)	<ul style="list-style-type: none"> Changes in the data of a reported transaction or position --- other than a correction, margin update, collateral update or same-day termination --- that relate to loan data but not collateral data (for which a collateral update report is made). See recommendations 9.2, 9.4 & 9.5. 	
COLLATERAL UPDATE (COLU)	<ul style="list-style-type: none"> Change in the composition and/or value of collateral. See recommendations 6.1, 9.3 & 9.5. 	
MARGIN UPDATE (MARU)	<ul style="list-style-type: none"> IM, VM or excess collateral held by a <i>CCP</i>, a <i>Clearing Member</i> or a clearing client that are being reported other than for the first time (for which a NEWT report is required). See recommendations 8.2 & 9.5. 	<p><i>CCP</i>-cleared repo only. Not for the first margin report by an entity.</p>
COLLATERAL RE-USE UPDATE (REUU)	<ul style="list-style-type: none"> Posting as collateral in an SFT or lending in a securities loan of any collateral received through an SFT or borrowed through a securities borrowing other than for the first report of re-use (for which a NEWT report is required). To be reported per ISIN for all re-use of eligible collateral by the whole of an EU-based LEI including non-EU branches but branches in the EU of non-EU entities only report re-use of eligible collateral by the branch (not also re-use by the parent with whom the branch will share an LEI). Re-use between parent and branch, where one is inside and one is outside of EU, is to be included. Where eligible collateral received through an SFT or securities borrowed through a securities loan cannot be distinguished from the same securities purchase outright and held in the same securities account, re-use is to be estimated using a formula provided by FSB. See recommendations 9.5, 10.1, 10.2, & 10.3. 	<p>Not for the first re-use report by an entity.</p>
VALUATION UPDATE (VALU)	Changes in the Market Value of a loaned security.	Not applicable to any type of repo.
TERMINATION (ETRM)	<ul style="list-style-type: none"> Early termination of a fixed-term repo or termination of an open repo where settlement is on the same day. See recommendations 9.1, 9.2, 9.5 & 9.21. 	<p>Not applicable to buy/sell-backs under SFTR but allowed in the Validation Rules.</p>

Annex II: Reporting terminations under the GMRA 2011

A summary of the contractual provisions of the GMRA 2011 which, if exercised, should be reported as a modification of the Repurchase Date (MODI) or a termination (ETRM) and, in some cases, a new repo (NEWT) with a new UTI.

paragraph	event	report
3(d)-(e)	Open repos can be terminated on demand on an agreed date. Para.3(e) provides that termination can be triggered by buyer or seller and should take place “after not less than the minimum period as is customarily required for” settlement or payment.	MODI of Repurchase Date to another future date or ETRM of specific open repo for same-day termination.
4(i)-(k)	Repricing. Instead of variation margin, a specific repo can be replaced by a new repo with the cash amount realigned to eliminate any Transaction Exposure.	MODI of Repurchase Date to another future date or ETRM of specific repo for same-day termination plus NEWT with new UTI.
4(i), (j), (l)	Adjustment. Instead of variation margin, a specific repo can be replaced by a new repo with the collateral amount realigned to eliminate any Transaction Exposure.	MODI of Repurchase Date to another future date or ETRM of specific repo for same-day termination plus NEWT with new UTI.
8	Substitution. If implemented, as envisaged by the GMRA, as a variation in the terms of a specific repo in respect of the collateral composition. Substitution. If implemented, <u>not</u> as envisaged by the GMRA, but as an agreed early termination and settlement of a specific repo and its replacement with a new repo with different collateral composition. Other life-cycle events for which variations are not expressly provided for in the GMRA (eg re-rates, changes to Purchase Price or Repurchase Date).	COLU only. MODI of Repurchase Date to another future date or ETRM of specific repo for same-day termination plus NEWT with new UTI and different collateral composition. (1) Only if parties expressly agree to terminate and settle an existing repo - -- MODI of Repurchase Date to another future date or ETRM of specific repo for same-day termination plus NEWT with new UTI

		and change in one or more contractual terms other than in respect of collateral composition.
		(2) Otherwise, only MODI of one or more contractual terms.
10(b)	Automatic Early Termination. If parties are signatories of the GMRA 2011 and have agreed that the filing of a winding-up petition or similar document or the appointment of a liquidator or similar official should trigger the Automatic Early Termination provisions of para.10(b), all repos under the GMRA will be automatically terminated in response to the occurrence of either of those Acts of Insolvency. The Early Termination Date will be deemed to be “at the time immediately preceding” the occurrence of either of those Acts.	ETRM of all repos with an Event Date on the day before the occurrence of one of the relevant Acts of Insolvency.
10(a), (b), (c)	Early Termination post default. All repos under the same GMRA can be terminated early upon the occurrence of one of the listed Events of Default, which includes Act(s) of Insolvency (defined at 2(a)).	MODI of Repurchase Date to another future date or ETRM of all repos for same-day termination.
10(h)(iii)	Termination of a specific repo after failure to deliver Purchased Securities.	MODI of Repurchase Date to another future date or ETRM of specific repo for same-day termination.
10(i)(iii)	Termination of a specific repo after failure to deliver Equivalent Securities.	MODI of Repurchase Date to another future date or ETRM of specific repo for same-day termination.
11(c)	Termination upon Tax Event (in fact, this can be an adverse tax or regulatory event) unless other party overrides termination notice with a counter-notice and indemnifies the first party.	MODI of Repurchase Date to another future date or ETRM of specific repo for same-day termination.

Annex III: List of recommended codes for interest rate indexes

The following list consists of four-letter ISO codes for some of the short-term interest rate indexes that are or may be used as reference rates in the European repo market and recommended four-letter codes for such indexes where there is currently no ISO code. The list also includes the most relevant of the indexes in the list in Annex I of the RTS on transaction reporting under SFTR. When used to determine a floating repo rate, these codes would be reported in *Table 2, field 25, Floating Rate*.

Australian Overnight Index Average (AONIA)	AONA
Broad General Collateral Rate	BGCR
CORRA Canadian Overnight Repo Rate Average	CORR
Effective Fed Funds Rate	EFFR
Euro Short Term Rate	ESTR
Overnight Broad Funding Rate	OBFR
RepoFunds Rate Euro	RFRE
RepoFunds Rate Germany	RFRD
RepoFunds Rate France	RFRF
RepoFunds Rate Italy	RFRI
RepoFunds Rate Spain	RFRS
RepoFunds Rate Netherlands	RFRN
RepoFunds Rate Belgium	RFRB
Sterling RepoFunds Rate	RFRU
RONIA	RONA
SARON	SARO
SOFR	SOFR
SONIA	SONA
Singapore Overnight Rate Average	SORA
STOXX GC Pooling EUR ON	GCPO
STOXX GC Pooling EUR Extended ON	GPEO
STOXX GC Pooling EUR TN	GCPT
STOXX GC Pooling EUR Extended TN	GPET
STOXX GC Pooling EUR SN	GCSN
STOXX GC Pooling EUR Extended SN	GPSN
STOXX GC Pooling EUR Funding Rate	GCFR
STOXX GC Pooling EUR Deferred Funding Rate	GCDR
STOXX GC Pooling EUR 1 Week	GC1W
STOXX GC Pooling EUR 2 Weeks	GC2W
STOXX GC Pooling EUR 1 Month	GC2M
STOXX GC Pooling EUR 3 Months	GC3M
STOXX GC Pooling EUR 6 Months	GC6M
STOXX GC Pooling EUR 9 Months	GC9M
STOXX GC Pooling EUR 12 Months	GC12
Tri-Party General Collateral Rate	TPGR
TOIS	TOIS
TONAR	TONA

* ISO code

Annex IV: SFTR repo reporting glossary

ACK	An informal industry term for the acceptance of a report by a trade repository .
Action Type	<p>Field 2.98 in the SFTR reporting template. This field indicates the type of event that is being reported:</p> <ul style="list-style-type: none"> • new transaction (NEWT) • change in a position at a CCP (POSC) • modification of contractual terms (MODI) • termination of an open repo (ETRM) • collateral update (COLU) • correction to a mistaken report (CORR), • cancellation of a report sent in error (EROR) • change in the outstanding value of the margin given to or received from a CCP or clearing client (MARU) • change in the outstanding value of the re-use of collateral securities or the ISINs being re-used (REUU).
Additional Sector Classification	<p>Field 1.6 in the SFTR reporting template. If the Reporting Counterparty (field 2.3) is:</p> <ol style="list-style-type: none"> (1) classified in field 1.4 Nature of the Reporting Counterparty as a financial counterparty (F) and, in field 1.5 Sector of the Reporting Counterparty, it is either a UCITS (UCIT) or an Alternative Investment Fund (AIFD), then field 1.6 identifies whether the entity is also an ETF (ETFT), money market fund (MMFT), REIT (REIT) or some other type of <i>financial counterparty</i> (OTHR). (2) classified in field 1.4 Nature of the Reporting Counterparty as a non-financial counterparty (F) and in field 1.5 Sector of the Reporting Counterparty, it is involved in either financial & insurance activities (K) or real estate activities (L), then field 1.6 identifies whether the entity is an ETF (ETFT), money market fund (MMFT), REIT (REIT) or some other type of entity (OTHR).
Adjusted Rate	Field 2.35 in the SFTR reporting template. For floating rate repos, this is equal to the current fixing of the Floating Rate (field 2.30) plus any Spread (field 2.34).
Agent Lender	Field 1.18 in the SFTR reporting template. This field is populated with the LEI of an entity lending securities as an agent through a repo on behalf of a client --- who would be the Reporting Counterparty (field 1.3) --- to a third party --- who would be the Other Counterparty (field 1.11). See ICMA recommendation 4.4.

ANNA	Acronym for Association of National Numbering Agencies . A global association comprising central banks, CSDs , data vendors, regulators and stock exchanges with national responsibility for issuing ISINs and CFI codes for securities in their jurisdictions.
Availability of Collateral for Re-Use	Field 2.95 in the SFTR reporting template. This field indicates whether or not (TRUE or FALSE) the buyer can re-use collateral received through an SFT . Parties should ignore operational, technical and regulatory constraints on re-use. Therefore, all collateral sold in title-transfer repos is available for re-use. See ICMA recommendation 6.15.
back-loading	Term used by ESMA to describe the requirement under Article 4(1)(b) of SFTR to report transactions executed before an entity's go-live date and still outstanding 180 days later. See ICMA recommendations 2.1 and 2.2. Effectively abolished on 26 March 2020.
Beneficiary	This field is populated with the LEI of the entity which ultimately has the exposure to the risk on an SFT but only if this entity is different from the Reporting Counterparty (field 1.3). This is not a common situation in the repo market. Examples might be where the <i>Reporting Counterparty</i> is a trust or, in Belgium, a “commissaire du croire”. See ICMA recommendation 4.3.
Broker	Field 1.15 in the SFTR reporting template. Under <i>SFTR</i> , a Broker is “broker-dealer” --- which is a dual capacity firm that can sometimes act as a “broker” (trading as an agent for other parties) and at other times act as a “dealer” (trading for own account) --- that is acting in respect of the relevant repo as an agent on behalf of the Reporting Counterparty . This category does <u>not</u> include repo voice-brokers. See ICMA recommendation 4.4.
buy/sell-back	Defined (incorrectly) in SFTR as “ <i>a transaction by which a counterparty buys or sells securities, commodities, or guaranteed rights relating to title to securities or commodities, agreeing, respectively, to sell or to buy back securities, commodities or such guaranteed rights of the same description at a specified price on a future date, that transaction being a buy-sell back transaction for the counterparty buying the securities, commodities or guaranteed rights, and a sell-buy back transaction for the counterparty selling them, such buy- sell back transaction or sell-buy back transaction not being governed by a repurchase agreement or by a reverse- repurchase agreement within the meaning of point (9) [definition of a repurchase transaction]</i> ”. See <i>SFTR</i> Article 2(8).

CCP	Acronym for <i>central counterparty</i> (sometimes for <i>central clearing counterparty</i>). Defined by ESMA as “a legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer. In certain occasions, a CCP may also hold banking or other financial services license. Regardless of that, a <i>CCP</i> shall report itself only as <i>CCP</i> ” (Final Report of March 2017, p.37, para.93).
CFI	Acronym for <i>Classification of Financial Instruments</i> . This is an ISO standard system of classification (ISO 10692). <i>CFI</i> codes are composed of six letters. They are issued by the national numbering agencies that are members of ANNA . This code has to be reported in field 2.79 Classification of Securities Used as Collateral of the SFTR reporting template.
Classification of a Security Used as Collateral	Field 2.79 of the SFTR reporting template. This field is populated with the CFI code for each and any security provided as collateral, for example, DBFTFB is the CFI code for a bund. ESMA requires the source to be a national numbering agency. See ICMA recommendation 6.12.
Collateral Basket Identifier	Field 2.96 of the SFTR reporting template. This field is populated with the ISIN code for the pre-agreed basket (list) of eligible securities on the basis of which parties have agreed that collateral should be allocated or, if the basket lacks an <i>ISIN</i> , the code NTAV (not available). If the collateral allocation is known in time to report by T+1, then this field can be left blank. See ICMA recommendation 6.4.
Collateral Market Value	Field 2.88 of the SFTR reporting template. This is populated with the market value of collateral expressed in terms of field 2.86 Price Currency . In the case of fixed-income securities, <i>Collateral Market Value</i> includes accrued interest and any adjustment for the purpose of calculating the cash proceeds to be paid at settlement --- for example, a “pool factor” adjustment in the case of asset-backed securities (ABS) and mortgage-backed securities (MBS) or an “index factor” in the case of inflation-linked securities --- but excludes any haircut.
Collateral Quality	Field 2.90 of the SFTR reporting template. This field indicates whether collateral securities are investment grade (INVG), non-investment grade (NIVG), have not got a credit rating (NOTR) or are of a type that is not rated (NOAP). See ICMA recommendation 6.13.
Collateral Quantity or Nominal Amount	Field 2.83 of the SFTR reporting template. This field is populated with the nominal value of fixed-income securities in terms of the Currency of the Nominal Amount (field 2.85) or the number of other types of security.

Collateral Type	Field 2.94 of the SFTR reporting template. This field is populated with a four-letter code classifying collateral securities into one of eight categories in a taxonomy produced by the FSB . See ICMA recommendation 6.14.
collateral update (COLU) report	One of eight codes for field 2.98 Action Type . <i>COLU</i> indicates that the report in which it is included is an end-of-day update of the value or composition of the collateral held against a repo or portfolio of repos. <i>COLU</i> reports are made only if there been a change in the value or composition of collateral since the previous report (but must report all fields, even those that have not changed). <i>COLU</i> reports have to be submitted to a trade repository on the day after settlement (S+1). Only one <i>COLU</i> report is made on any given day. See ICMA recommendation 9.3.
Collateralisation of Net Exposure	Field 2.73 of the SFTR reporting template. This field indicates whether or not (TRUE or FALSE) a repo is collateralized as part of a portfolio, in other words, there is one pool of collateral for multiple repos. The alternative to such net collateralization is individual or transaction-level collateralization, in other words, there is a separate pool of collateral for each repo. See ICMA recommendation 6.1.
conditional	Cardinality applied to a data field in the SFTR reporting template requiring the field to be populated if one or more Validation Rules are satisfied. When the conditions in the <i>Validation Rules</i> are satisfied, a conditional field becomes mandatory.
correction (CORR) report	One of eight codes for field 2.98 Action Type . <i>CORR</i> indicates that the report in which it is included is a correction of a previous report in which one or more of the data fields were incorrect.
CPMI	Acronym for the Committee on Payments and Market Infrastructures of the Bank for International Settlements (BIS), which promotes the safety and efficiency of payment, clearing, settlement and related arrangements, thereby supporting financial stability and the wider economy. The <i>CPMI</i> monitors and analyses developments in these arrangements, both within and across jurisdictions, and serves as a forum for central bank cooperation in related oversight, policy and operational matters, including the provision of central bank services. The <i>CPMI</i> works with the IOSCO on issues relating to international market infrastructures.
CREST	Acronym for <i>Certificateless Registry for Electronic Share Transfer</i> , which is a UK-based CSD that holds UK equities and government securities, as well as Irish equities and other international securities. It has been owned and operated by Euroclear since 2002. <i>CREST</i> operates the DBV collateral tri-party management service.

CSD	Acronym for <i>Central Securities Depository</i> , which is an institution that holds financial instruments, including equities, bonds, money market instruments and mutual funds. Where the holding of financial instruments take an electronic form, ownership of those instruments can be transferred by “book entry”, which means updating electronic records rather than physical transfers of certificates.
CSD Participant or Indirect Participant	Field 1.17 of the SFTR reporting template. This field is populated with the LEI of the Reporting Counterparty (field 2.3) if it is settling the transfer of collateral securities directly at an (I)CSD as a Participant or, if it is settling through the agency of a custodial agent and is therefore an Indirect Participant of the (I)CSD , the field is populated with the LEI of the agent. See ICMA recommendation 4.6.
Currency of Collateral Nominal Amount	Field 2.85 of the SFTR reporting template. This field is populated with the three-letter ISO 4217 code for the currency in which the nominal amount of a fixed-income security is denominated. See ICMA recommendation 6.5.
DBV	Acronym for <i>Delivery-By-Value</i> . This is a tri-party collateral management service for sterling-denominated securities operated in the UK by Euroclear UKI (formerly CREST). If a repo is managed by <i>DBV</i> , this is indicated in field 2.19 <i>Delivery by Value (DBV) Indicator</i> .
Earliest Call-Back Date	Field 2.17 of the SFTR reporting template. This field is populated with the first date on which a termination or extension option can be exercised on an open, evergreen or extendible repo. See ICMA recommendation 5.4.
early termination (ETRM) report	One of eight codes for field 2.98 Action Type . <i>ETRM</i> indicates the termination of an open repo by one of the parties or the agreed termination of a fixed-term repo by both which will settle on the same day as the termination notice or agreement.
ECB	Acronym for the <i>European Central Bank</i> , which is the central bank for the euro and administers monetary policy within the eurozone, which comprises 19 member states of the EU. The national central banks of the eurozone and the <i>ECB</i> together constitute the Eurosystem.
EMIR	Acronym for European Market Infrastructures Regulation (Regulation (EU) 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories).

Entity Responsible for the Report	Field 1.10 of the SFTR reporting template. This field is populated with the LEI of the entity who has the regulatory obligation to ensure the completeness, accuracy and timeliness of reports to trade repositories . If responsibility for reporting is mandatorily delegated by SFTR to another entity (as it is for small EU non-financial counterparties dealing with EU financial counterparties , UCITS and Alternative Investment Funds), then the <i>Entity Responsible for the Report</i> will be someone other than the Reporting Counterparty (field 2.3). This regulatory obligation cannot be voluntarily delegated. See ICMA recommendation 4.1.
error (EROR) report	One of eight codes for field 2.98 Action Type . <i>EROR</i> indicates that the report in which it is included turned out not to exist (eg a repo transacted conditionally upon clearing by a CCP which is rejected by the CCP) or should not have been reported because it was not within scope of SFTR reporting obligations (eg a report by a non-EU entity trading from outside the EU). See ICMA recommendation 9.6.
ESCB	Acronym for <i>European System of Central Banks</i> . Composed of the ECB and the central banks of the EU. Members of the <i>ESCB</i> are exempt from the reporting obligations of SFTR . Transactions by parties with reporting obligations with members of the <i>ESCB</i> are also exempt from reporting under SFTR but have to be reported under MiFIR Article 22. See ICMA recommendation 1.11.
ESMA	Acronym for European Securities and Markets Authority , one of the three EU European Supervisory Authorities (ESA). It is responsible for safeguarding the stability of the EU financial system by enhancing investor protection, promoting stable and orderly financial markets, and fostering supervisory convergence amongst national securities regulators. It is also responsible for implementing SFTR and is author of the Level 2 regulations (RTS and ITS) and Level 3 regulations (Validation Rules).
Event Date	Field 2.3 in the SFTR reporting template. This field is populated the “date on which the reportable event...took place” or “the date for which the information contained in the report is provided”. For reports of new transactions (field 2.98 Action Type = NEWT), it is the transaction date. For reports of balances of collateral --- field 2.98 Action Type = COLU , MARU , REUU --- it is the date as of which the outstanding balance is measured (settlement date). For modifications (field 2.98 Action Type = MODI), it is either (1) the date on which a change in maturity has been agreed, where the new maturity will be later than today or otherwise (2) the date on which a change in contractual terms comes into effect. For terminations (field 2.98 Action Type = ETRM), where settlement is on the same day, it is today. For corrections of previous reports (field 2.98/ 3.20 / 4.18 Action Type = CORR), it is the <i>Event Date</i> of the incorrect report. There is no <i>Event</i>

		<p><i>Date</i> for error reports (field 2.98/3.20/4.18 <i>Action Type</i> = EROR). See ICMA recommendation 9.2.</p>
Execution Timestamp		<p>Field 1.12 of the SFTR reporting template. This field is populated with the date and time of the formal creation of a repo contract expressed using the ISO 8601 date format and the UTC time format combined in the format YYYY-MM-DDThh:mm:ssZ.</p>
Final Report		<p>Final Report on the Guidelines on reporting under Articles 4 and 12 SFTR (ESMA70-151-2703) of 06 January 2020. The Final report contains ESMA's assessment of the feedback received from stakeholders on key elements of the Guidelines and is supposed to provide clarification regarding the compliance with the SFTR technical standards and ensure the consistent implementation of the new SFTR rules. A draft <i>Final Report</i> was published in March 2017.</p>
financial counterparty		<p>One of two classifications in field 1.4 Nature of the Reporting Counterparty of the SFTR reporting template used to classify the activity of the Reporting Counterparty. A financial counterparty (F) is an entity authorised in the EU (or requiring authorization if it were established in the EU) under any of eight Directives or Regulations as a credit institution (CDTI), investment firm (INVF), insurance undertaking (INUN), Alternative Investment Fund (AIFD), institution for occupational retirement provision (ORPI), CCP (CCPS), reinsurance undertaking (REIN), CSD (CSDS) or UCITS (UCIT). See SFTR Article 3(3).</p>
FIRDS		<p>Acronym for Financial Instruments Reference Database. Operated by ESMA but fed by NCAs. A database of reference data on Trading Venues and Systematic Internalizers, including MICs and LEIs.</p>
Floating Rate		<p>Field 2.25 of the SFTR reporting template. In the case of a floating-rate repo, this field is populated with a four-letter code for the interest rate index being as a reference for the floating repo rate. There is a list of codes for 26 indices in the Validation Rules. In practice, many of these indices are not used in the repo market. On the other hand, if an index is used that is not on the list, then this field is populated with the name of that index using up to 25 alphanumeric characters. See ICMA recommendations 5.1, 5.2 and 9.7.</p>
Floating Rate Payment Frequency - Multiplier		<p>Field 2.29 of the SFTR reporting template. This field is populated with the number of the units of time specified in field 2.28 below that are in the interval between each payment of interest, where the repo rate is determined by reference to the floating interest rate index selected in field 2.25 Floating Rate plus any Spread (field 2.32). See ICMA recommendation 5.2.</p>

Floating Rate Payment Frequency – Time Period	Field 2.28 of the SFTR reporting template. This field is populated with the unit of time --- either days, weeks, months or years --- that is being used to measure the interval between each payment of interest, where the repo rate is determined by reference to the floating interest rate index selected in field 2.25 Floating Rate plus any Spread (field 2.32). See ICMA recommendation 5.2.
Floating Rate Reference Period - Multiplier	Field 2.27 of the SFTR reporting template. This is the number of the units of time specified in field 2.26 below that are in the period over which the floating interest rate index selected in field 2.25 Floating Rate accrues interest. See ICMA recommendation 5.2.
Floating Rate Reference Period - Time Period	Field 2.26 of the SFTR reporting template. This field is populated with the unit of time --- either days, weeks, months or years --- that is being used to measure the period over which the floating interest rate index selected in field 2.25 Floating Rate accrues interest, where the repo rate is determined by reference to the index plus any Spread (field 2.32). See ICMA recommendation 5.2.
Floating Rate Reset Frequency - Multiplier	Field 2.31 of the SFTR reporting template. This field is populated with the number of the units of time specified in field 2.30 below in the intervals between the re-fixing of the floating interest rate index selected in field 2.25 Floating Rate , where the repo rate is determined by reference to the index plus any Spread (field 2.32), eg 3-month LIBOR on a loan resets every three months. See ICMA recommendation 5.2.
Floating Rate Reset Frequency – Time Period	Field 2.30 of the SFTR reporting template. This field is populated with the unit of time --- either days, weeks, months or years --- that is being used to measure the intervals between the re-fixing of the floating interest rate index selected in field 2.25 Floating Rate , where the repo rate is determined by reference to the index plus any Spread (field 2.32). See ICMA recommendation 5.2.
FSB	Acronym for Financial Stability Board , which is an international body set up by the Group of Twenty (G-20) to promote international financial stability by monitoring and making recommendations about the global financial system, co-ordinating national financial authorities and international standard-setting bodies in their work toward developing strong regulatory, supervisory and other financial sector policies, and fostering a level playing field by encouraging coherent implementation of recommended policies across sectors and jurisdictions. SFTR is in part designed to meet the EU’s obligations to contribute to FSB efforts to enhance the transparency of global SFT markets.

General Collateral Indicator	Field 2.18 of the SFTR reporting template. This field indicates whether the collateral securities are general collateral (GENE) or specific (SPEC). ESMA defines general collateral as involving “a general collateral arrangement...in which the collateral giver may choose the security to provide...amongst a relatively wide range of securities meeting predefined criteria”. ICMA recommends limiting general collateral for reporting purposes to the collateral provided in tri-party repo, GC financing facilities (where a CCP and tri-party collateral manager are involved) and the GC facilities provided by electronic trading systems. See ICMA recommendation 6.3.
GLEIF	Acronym for Global Legal Entity Identifier Foundation , which is a supranational not-for-profit organization established by the FSB in June 2014 to support the implementation and use of the LEI to enhance transparency in global financial markets. GLEIF is backed and overseen by the LEI Regulatory Oversight Committee, which represents public authorities from around the world. GLEIF operates a public database of LEIs called the Global LEI Index .
GMRA	Acronym for <i>Global Master Repurchase Agreement</i> , which is the most commonly used master agreement for documenting transactions is repo in the international market and many domestic markets. The GMRA is published by the ICMA .
go-live date	An informal industry term for the Reporting Start Date from which new repos transacted by parties subject to the reporting obligations of SFTR become subject to those reporting obligations. There are four go-live dates. In succession, these are were 11 April 2020 for credit institutions and investment firms, 11 July 2020 for CCPs and CSDs , 11 October 2020 for insurance firms, UCITS, Alternative Investment Funds and pension funds, and 11 January 2021 for non-financial entities. <u>However, the go-live date for credit institutions and investment firms was delayed because of the Covid-19 pandemic to 13 July 2020.</u> See ICMA recommendation 6.1.
Guidelines	Guidelines on Reporting under Article 4 and 12 SFTR (ESMA70-151-2838) of 06 January 2020 . The Guidelines are supposed to clarify various provisions of SFTR and provide practical guidance on the implementation of those provisions. A consultation paper on the Guidelines was published in May 2019.
Haircut or Margin	Field 2.89 of the SFTR reporting template. This is populated by the discount of the Principal Amount on the Value Date (field 2.37) to the Collateral Market Value (field 2.88) expressed as a percentage. In other words, the haircut to be reported is like a loan-to-value ratio. See ICMA recommendation 6.8.

ICMA	<p>Acronym for the <i>International Capital Market Association</i>, which is a not-for-profit membership association representing a wide range of firms in global primary and secondary debt securities markets, and in the international repo market, including private and public sector issuers, banks and securities houses, asset managers and other investors, capital market infrastructure providers, central banks and law firms. <i>ICMA</i> publishes rules and recommendations for the conduct of cross-border business by its members. It also publishes the GMRA for the international repo market.</p>
ICSD	<p>Acronym for <i>International Central Securities Depository</i>. There are two <i>ICSDs</i>, Euroclear Bank and Clearstream Bank Luxembourg. They act as CSDs for Eurobonds and as global custodians for bonds issued in other markets and held at national <i>CSDs</i>. They also operate tri-party repo collateral management services.</p>
ISIN	<p>Acronym for International Security Identification Number which is a code that uniquely identifies a specific securities issue, which includes futures, options, warrants, rights, trusts and commercial paper. <i>ISINs</i> for securities issued in a particular country are allocated by the country's National Numbering Agency (NNA), which will be a member of ANNA. <i>ISINs</i> are composed of a 12-digit alphanumeric code and act to unify different ticker symbols which can vary by exchange and currency for the same security. For US securities, <i>ISINs</i> are extended versions of 9-character CUSIP (Committee on Uniform Security Identification Procedures) numbers. <i>ISINs</i> can be formed by adding an ISO 6166 country code and check digit to the beginning and end of a CUSIP, respectively. A special code, XS, is used for international securities cleared through the ICSDs.</p>
ISO	<p>The short form name (from “isos”, which is the Greek for “equal”) for the International Organisation for Standardisation, which is an independent, non-governmental international organization, with a membership of 164 national standards bodies, which produces specifications for products, services and systems, including country and currency codes, and LEIs.</p>
IOSCO	<p>Acronym for <i>International Organization of Securities Commissions</i>, which is an association of organizations that regulate the world's securities and futures markets. Members are typically primary securities and/or futures regulators in a national jurisdiction or the main financial regulator from each country. Its mandate is to develop, implement, and promote high standards of regulation to enhance investor protection and reduce systemic risk; share information with exchanges and assist them with technical and operational issues; and establish standards toward monitoring global investment transactions across borders and markets. <i>IOSCO</i> works with the CPMI at the BIS on issues relating to international market infrastructures.</p>

ITS	<p>Acronym for <i>Implementing Technical Standard</i>. Along with the RTS, the ITS is a so-called Level 2 financial legislative text drafted by one of the European Supervisory Authorities (ESAs --- EBA, EIOPA and ESMA) and then adopted by the EU Commission by means of an implementing act as a binding regulation. For SFTR, this is Commission Implementing Regulation (EU) 2019/363 of 13 December 2018 laying down implementing technical standards with regard to the format and frequency of reports on the details of securities financing transactions (SFTs) to trade repositories in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council and amending Implementing Regulation (EU) No 1247/2012 with regard to the use of reporting codes in the reporting of derivative contracts. The ITS for SFTR focuses on the format of the data fields, whereas the other Level 2 regulation, the RTS, focus on the content.</p>
Jurisdiction of the Issuer	<p>Field 2.92 of the SFTR reporting template. Where the issuer is a foreign subsidiary, the jurisdiction required is that of the ultimate parent, unless that jurisdiction is not known, in which case, it is the jurisdiction of the subsidiary. See ICMA recommendation 6.11.</p>
LEI	<p>Acronym for Legal Entity Identifier, which is a 20-character, alpha-numeric code based on the ISO 17442 standard. It connects to key reference information on a database operated by GLEIF about an entity's ownership structure and thus answers the questions of "who is who" and "who owns whom", which allows identification of legal entities participating in financial transactions. The minimum reference data which must be supplied for each <i>LEI</i> in order to answer the question "who is who" --- so-called Level 1 data --- is:</p> <ul style="list-style-type: none"> • Official name of the legal entity as recorded in official registers. • Registered address of that legal entity. • Country of formation. • Codes for the representation of names of countries and their subdivisions. • Date of the first <i>LEI</i> assignment; date of last update of the <i>LEI</i> information; and date of expiry, if applicable. <p>Additional information may be registered as agreed between the legal entity and its <i>LEI</i> issuing organization. The so-called Level 2 data answers the question of "who owns whom", giving an <i>LEI</i> holder's "direct accounting consolidating parent" and "ultimate accounting consolidating parent".</p>
LEI of the Issuer	<p>Field 2.93 of the SFTR reporting template. Where this is not available for non-EU issuers, it does not have to be reported for the first year of reporting obligations. See ICMA recommendation 6.10.</p>
Level	<p>Field 2.99 of the SFTR reporting template. This field indicates whether the report is for an individual transaction (TCTN) or a change in a position into which individual transactions are subsumed (PSTN).</p>

mandatory	Cardinality applied to a data field in the SFTR reporting template requiring the field to be populated in all reports with Action Types (field 2.98) for which the Validation Rules specify the field to be mandatory.
margin update report	A set of data fields in Table 3 of the SFTR reporting template for reporting the value of initial margins posted by a CCP Clearing Member to the CCP or by a clearing client to a CCP Clearing Member, the value of variation margins transferred between a CCP and a Clearing Member or a Clearing Member and a clearing client, and excess collateral held by a CCP or a Clearing Member. The first margin update report is identified with the Action Type (field 2-983.20) NEWT. Subsequent margin update reports are identified with the Action Type MARU but are only made when there is a change in the value of the margin or excess collateral. See ICMA recommendation 8.2.
Master Agreement Type	Field 2.11 of the SFTR reporting template. A list of 22 master agreements for documenting SFTs plus generic codes for bilateral agreements (BIAG), bilateral agreements with CSDs (CSDA) and agreements not listed (OTHR). If an agreement is not listed, the code OTHR is reported and field 2.12 Other Master Agreement Type is populated. Where the standard version of the master agreement being reported has a publication year, this should be reported in field 2.13 Master Agreement Version . If there is no publication year, the year in which the two parties signed the agreement should be reported. See ICMA recommendations 1.8, 1.9, 7.1, 8.4 and 1.10.
Method Used to Provide Collateral	Field 2.20 of the SFTR reporting template. This field indicates whether the legal method of collateralisation is: <ul style="list-style-type: none"> • title transfer (TTCA) • a security interest with a right of re-hypothecation (SIUR) • a security interest without a right of re-hypothecation (SICA).
MIC	Acronym for Market Identifier Code . These are four alphanumeric character codes conforming to the ISO 10383 standard on Codes for Exchanges and Market Identification which identify exchanges, trading platforms, regulated or non-regulated markets and trade reporting facilities that are sources of prices and related information. See ICMA recommendation 4.5.
MiFID II	Acronym for the Market in Financial Instruments Directive II . The aim of this Directive is to create a single market in the EU for investment services and activities and to provide harmonized protection for investors in financial instruments by setting out: conduct of business and organizational requirements for investment firms; authorization requirements for regulated markets; regulatory reporting to avoid market abuse; trade transparency obligation for shares; and rules on the admission of financial instruments to trading.

MiFIR	Acronym for the Market in Financial Instruments Regulation (Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments and amending Regulation (EU) No 648/2012), which sets the rules and reporting requirements for the execution of transactions in financial instruments, including Trading Venue transparency, trade reporting and transaction reporting. SFTs transacted with members of the ESCB do not have to be reported under SFTR but do have to be reported under <i>MiFIR</i> Article 22. See ICMA recommendation 1.11 and 10.3.
Minimum Notice Period	Field 2.16 of the SFTR reporting template. This field reports the number of business days required under the terms of an open, evergreen or extendible repo to exercise an option to terminate or extend the transaction, in other words, the number of business days between notice and settlement. The problem is that the notice period for evergreen repos with extended notice periods and extendible repos use calendar days. See ICMA recommendation 5.3.
modification (MODI) report	One of eight codes for field 2.98 Action Type . <i>MODI</i> indicates that the report in which it is included is describing changes to the contractual terms of an SFT such as changes in the repo rate (“re-rates”), transaction size and in field 2.14 <i>Maturity Date</i> , provided the new maturity date is later than today (otherwise, the change is reported in an early termination (ETRM) report . <i>Modifications</i> during the course of a day only have to be reported as they stand at the end of the day. In other words, if a <i>modification</i> is made and the changed later in the same day, only the final <i>modification</i> has to be reported. See ICMA recommendations 9.4 and 9.5.
MTF	Acronym for <i>Multilateral Trading Facility</i> . A type of EU Trading Venue regulated under MiFID II . Electronic trading platforms will typically be <i>MTFs</i> but some voice-brokers are <i>MTFs</i> as well.
NACE	Acronym for Nomenclature Statistique des Activités Economiques dans la Communauté Européenne , which is the Statistical Classification of Economic Activities in the European Community used in the EU system of national accounts. <i>NACE</i> provides the taxonomy for Reporting Counterparties (field 2.3) that are identified as non-financial counterparties in field 1.5 Sector of the Reporting Counterparty . There are 21 sectors, each represented by a letter between A and U.
NACK	Informal industry term for the rejection of a report by a trade repository .
Nature of the Reporting Counterparty	Field 1.4 of the SFTR reporting template. This field indicates whether a Reporting Counterparty (field 1.3) is a financial counterparty (F) or a non-financial counterparty (N).

NCA	Acronym for <i>National Competent Authority</i> . This means a national regulator in the EU.
non-financial counterparty	One of two classifications in field 1.4 Nature of the Reporting Counterparty of the SFTR reporting template used to classify the activity of the Reporting Counterparty (field 1.3). A non-financial counterparty (N) is an entity not authorised in the EU (or not requiring authorization it were established in the EU) under one of the eight Directives or Regulations that would qualify it as a financial counterparty . See SFTR Article 3(4). See ICMA recommendation 1.2.
optional	The cardinality applied to a data field in the SFTR reporting template requiring the field to be populated only if it provides relevant additional information to fields which are mandatory or conditional . However, some optional fields always have to be reported because they are the only source of certain relevant information, for example, field 2.17 CSD Participant or Indirect Participant is always required for reports of new, modified and corrected reports and for collateral updates .
OTC	Acronym for <i>over the counter</i> . Under SFTR , this term is applied as an adjective to a marketplace (execution venue) which is not a Trading Venue , in other words, not a Regulated Market, an MTF or an OTF . See ICMA recommendation 4.5.
OTF	Acronym for <i>Organized Trading Facility</i> . A type of EU Trading Venue regulated under MiFID II (field 2.8).
Other Counterparty	Field 1.11 of the SFTR reporting template. This field is populated with the LEI of the counterparty to the Reporting Counterparty (field 1.3).
Other Master Agreement Type	Field 2.12 of the SFTR reporting template. If field 2.11 Master Agreement Type is populated with OTHR, which means that the master agreement being used is not listed in that field, then this field must be populated with the name of the agreement described in up to 50 alphanumeric characters. This would be the case for CCP -cleared repos, where the master agreement is the CCP 's rule book. In the case of undocumented buy/sell-backs, this field would be populated with UNDOCUMENTED. See ICMA recommendation 8.4.
pairing	The name under SFTR of the process whereby a trade repository which has received a report from only one party discovers whether another trade repository has the corresponding report from the other party.

Portfolio Code	Field 2.97 of the SFTR reporting template. The proprietary code of up to 52 alphanumeric characters (including four special characters) used by a Reporting Counterparty (field 1.3) for a portfolio of repos which are margined collectively. This portfolio may include other SFTs and financial instruments. Should the portfolio include derivatives that are reportable under EMIR , it should already have a <i>Portfolio Code</i> and this should be used under SFTR . See ICMA recommendation 8.2.
position component (POSC) report	One of eight codes for field 2.98 Action Type . POSC indicates that the report in which it is included is describing changes to a position into which CCP -cleared repos have been subsumed. In practice, this <i>Action Type</i> cannot be used because the clearing of repos by CCPs do not meet ESMA's requirement for the individual repos to be fungible. See ICMA recommendation 8.1.
Price Currency	Field 2.86 of the SFTR reporting template. In the case of fixed-income securities, which are quoted in percentage terms, this field is left blank. Otherwise, this field is populated with the three-letter ISO 4217 code for the currency. See ICMA recommendation 6.6.
Price Per Unit	Field 2.87 of the SFTR reporting template. For fixed-income securities, this is the dirty price of the security (that is, including accrued interest) expressed as a percentage of the nominal amount. See ICMA recommendation 6.7.
Principal Amount Currency	Field 2.39 of the SFTR reporting template. This field is populated with the three-letter ISO 4217 code for the currency of the purchase price.
Principal Amount on Maturity Date	Field 2.38 of the SFTR reporting template. This field is populated with the repurchase price of the repo.
Principal Amount on Value Date	Field 2.37 of the SFTR reporting template. This field is populated with the purchase price of the repo.
prior repo	In the case of a CCP -cleared repo, a <i>prior repo</i> is the transaction that is assumed by ESMA to exist before novation by the CCP , whether or not there is actually any contract between the parties. The UTI of a <i>prior repo</i> is called an RTN . If a repo is cleared by open offer rather than novation, there is assumed to be no <i>prior repo</i> . See ICMA recommendation 9.7.
Rate Date	The date as of which an Adjusted Rate takes effect. Field 2.36 in the SFTR reporting template. See ICMA recommendation 5.2.
reconciliation	This is name in SFTR of the process whereby trade repositories match the data fields in the reports of the same transaction or event made by or on behalf of the two parties.

Report Submitting Entity	Field 1.2 of the SFTR reporting template. This is populated with the LEI of the entity which actually submits reports to a trade repository . It will therefore be directly connected and will be entity whose identity is authenticated by the trade repository . It may also be the Reporting Counterparty (field 1.3) or the Entity Responsible for the Report (field 1.10) or both. It has no regulatory responsibility for the completeness, accuracy or timeliness of reports. The role of the <i>Report Submitting Entity</i> can be voluntarily delegated to another entity. See ICMA recommendation 4.1.
Reporting Counterparty	Field 1.3 of the SFTR reporting template. This field is populated with the LEI of the entity about whom the report is being made, in other words, the principal to the transaction. This entity will also be the Entity Responsible for the Report (field 1.10) unless there is a mandatory delegation of the reporting obligation under <i>SFTR</i> to another entity. This is the case for small EU non-financial counterparties transacting with EU financial counterparties (where the Entity Responsible for the Report is the EU <i>financial counterparty</i>) as well as UCITS and Alternative Investment Funds (where the managers, if located in the EU, are responsible). See ICMA recommendation 4.1.
Reporting Timestamp	Field 1.1 of the SFTR reporting template. The date and time at which a Report Submitting Entity (field 1.2) submitted a report to a trade repository expressed using the ISO 8601 date format and the UTC time format combined in the format YYYY-MM-DDThh:mm:ssZ.
repurchase transaction	Defined (incorrectly) in SFTR as “ <i>a transaction governed by an agreement by which a counterparty transfers securities, commodities, or guaranteed rights relating to title to securities or commodities where that guarantee is issued by a recognised exchange which holds the rights to the securities or commodities and the agreement does not allow a counterparty to transfer or pledge a particular security or commodity to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities or commodities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities or commodities and a reverse repurchase agreement for the counterparty buying them</i> ”. See <i>SFTR</i> Article 2(9).
re-use update report	A set of data fields in Table 4 of the SFTR reporting template for reporting the outstanding re-use of collateral received through SFTs . The first re-use update report is identified with the Action Type (field 2-984.18) NEWT. Subsequent re-use update reports are identified with the <i>Action Type</i> REUU. Updates are only reported when there is a change in the value of re-use. Re-use is reported per ISIN and can be actual (field 4.8) or can be estimated using an FSB formula (field 4.9). The two approaches are based on different definitions of re-use.

Updates are made as of the end of the day. See [ICMA](#) recommendations 10.1, 10.2 and 10.3.

RTN	Acronym for <i>Report Tracking Number</i> . Field 2.2 in the SFTR reporting template. It is the UTI of a " prior repo ". See ICMA recommendation 8.3.
RTS	<p>Acronym for <i>Regulatory Technical Standard</i>. Along with the ITS, an RTS is a so-called Level 2 financial legislative text drafted by one of the European Supervisory Authorities (ESAs) --- EBA, EIOPA and ESMA --- and then adopted as a binding regulation by the EU Commission by means of a delegated act. There are three RTSs under SFTR:</p> <ul style="list-style-type: none"> • RTS on reporting (Commission Delegated Regulation (EU) 2019/356 of 13 December 2018 supplementing Regulation (EU) 2015/2365 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of securities financing transactions (SFTs) to be reported to trade repositories). • RTS on data access (Commission Delegated Regulation (EU) 2019/357 of 13 December 2018 supplementing Regulation (EU) 2015/2365 of the European Parliament and of the Council with regard to regulatory technical standards on access to details of securities financing transactions (SFTs) held in trade repositories). • RTS on data verification (Commission Delegated Regulation (EU) 2019/358 of 13 December 2018 supplementing Regulation (EU) 2015/2365 of the European Parliament and of the Council with regard to regulatory technical standards on the collection, verification, aggregation, comparison and publication of data on securities financing transactions (SFTs) by trade repositories). <p><u>In respect of reporting obligations, the RTS focus on the content of the data fields, whereas the ITS focuses on the format.</u></p>
Sector of the Reporting Counterparty	Field 1.5 of the SFTR reporting template. This field is populated with a code describing the class or classes of activity in which the Reporting Counterparty (field 1.3) is engaged. The codes comes from either a taxonomy for financial counterparties (based on the EU Directive or Regulation under which an entity is authorized) or one for non-financial counterparties (based on the NACE system used in EU national accounts).
SFT	Acronym for <i>securities financing transaction</i> . Under SFTR , these are repurchase transactions , buy/sell-backs , securities or commodities lending or borrowing, and margin lending.
SFTR	Acronym for SFTR (Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation).

small non-financial entity	<p><i>Small non-financial entities</i> for the purpose of SFTR are defined by reference to the definition of “medium-sized undertakings” in Article 3(3) of the EU Accounting Directive (2013/34/EU) as those which ‘on their balance sheet dates do not exceed the limits of at least two of the three following criteria:</p> <ul style="list-style-type: none"> • balance sheet total: EUR 20 000 000; • net turnover: EUR 40 000 000; • average number of employees during the financial year: 250. <p>The reporting obligations of a <i>small EU non-financial entity</i> transacting an SFT with an EU financial counterparty are mandatorily delegated to the EU financial counterparty. It is the responsibility of the <i>small EU non-financial entity</i> to inform its EU financial counterparties of its status. See ICMA recommendation 1.2.</p>
Spread	<p>Field 2.32 of the SFTR reporting template. This field reports the number of basis points above or below the Floating Rate (field 2.25) that have been agreed as part of the repo rate for a floating-rate repo.</p>
Termination Date	<p>Field 2.15 of the SFTR reporting template. This field reports the settlement date in ETRM reports.</p>
Termination Optionality	<p>Field 2.22 of the SFTR reporting template. This field indicates whether a repo is an evergreen (EGRN) or extendible (ETSB). See ICMA recommendations 7.3, 7.4, 7.5 and 7.6.</p>
trade repository	<p>Central databases which collect and maintain the records of financial instruments, transactions and positions reported to them by market users. In the EU, <i>trade repositories</i> are authorized by ESMA, in the case of SFTs, under SFTR.</p>
Trading Venue	<p>Field 2.8 of the SFTR reporting template. This field reports whether a repo has been:</p> <ul style="list-style-type: none"> • transacted on a Trading Venue regulated under MiFID II and MiFIR -- in which case, its segment MIC code is reported; • transacted OTC and then registered on a Trading Venue --- in which case, the MIC code XOFF is reported; • transacted OTC and not registered on a Trading Venue --- in which case, the MIC code XXX is reported. <p>See ICMA recommendation 4.5.</p>
Type of Collateral Component	<p>Field 2.75 of the SFTR reporting template. This field indicates whether collateral is securities (SECU), cash (CASH) or commodities (COMM). If the collateral is a mixture, this field should be repeated.</p>
T2S	<p>Acronym for <i>Target 2 Securities</i>, which is the securities settlement system operated by the ECB which offers centralised settlement in central bank money in eurozone and Danish securities.</p>

UTC	French acronym for <i>Co-ordinated Universal Time</i> , which is effectively Greenwich Mean Time (GMT). This is the time format to be used in all SFTR reports.
UTI	Acronym for <i>Unique Transaction Identifier</i> , which is field 2.1 of the SFTR reporting template. A <i>UTI</i> is a code of up to 52 alphanumeric characters that is unique to a particular SFT . Once allocated, a <i>UTI</i> cannot be amended. Where repos are transacted on a Trading Venue , cleared on a CCP or matched on a third-party trade confirmation platform, the infrastructure are required to generate the <i>UTI</i> . Otherwise, it is up to the parties. See ICMA recommendations 3.1 and 32.
Validation Rules	This is a spreadsheet setting out the content, format and cardinality of data fields in the SFTR reporting template and, where relevant, the conditional links between data fields. In many respects, it summarizes the SFTR RTS and ITS . It is a Level 3 financial legislative text published by ESMA . The latest version (ESMA70-151-1019) was published on 6 January 2020.
Value Date of the Collateral	Field 2.74 of the SFTR reporting template. This field reports, where a portfolio of repos is collateralized on a net exposure basis (so field 2.73 Collateralization of Net Exposure = TRUE), the value date (field 2.13 Value Date) of the earliest repo in the portfolio. This field was originally introduced to cover the situation where the collateral for a securities loan was “pre-paid”. It was then extended to all net collateralized repos but, under the latest Validation Rules , the field now no longer applies to reports of new repos but only to COLU and CORR reports. See ICMA recommendation 6.2.

Annex III: UTI sharing XML schema and template files

Shared data specification

XML schema

```
<?xml version="1.0" encoding="UTF-8"?>
```

```
<xs:schema xmlns:xs="http://www.w3.org/2001/XMLSchema">
```

```
  <!-- START: TYPE DEFINITIONS -->
```

```
  <xs:simpleType name="MaxElevenDigitType Optional">
```

```
    <xs:annotation>
```

```
      <xs:documentation>
```

An empty field OR up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as "100%".

The decimal mark is not counted as a numeric character.

If populated, it shall be represented with a dot.

The negative symbol, if populated, is not counted as a numeric character.

```
      </xs:documentation>
```

```
    </xs:annotation>
```

```
    <xs:union>
```

```
      <xs:simpleType>
```

```
        <xs:restriction base='xs:string'>
```

```
          <xs:length value="0"/>
```

```
        </xs:restriction>
```

```
      </xs:simpleType>
```

```
      <xs:simpleType>
```

```
        <xs:restriction base='xs:decimal'>
```

```
          <xs:totalDigits value="11"/>
```

```
          <xs:fractionDigits value="10"/>
```

```
        </xs:restriction>
```

```
      </xs:simpleType>
```

```
    </xs:union>
```

```
  </xs:simpleType>
```

```
  <xs:simpleType name="MaxEighteenDigitType Optional">
```

```
    <xs:annotation>
```

```
      <xs:documentation>
```

An empty field OR up to 18 numeric characters including up to 5 decimals.

The decimal mark is not counted as a numeric character.

If populated, it shall be represented with a dot.

</xs:documentation>

</xs:annotation>

<xs:union>

<xs:simpleType>

<xs:restriction base='xs:string'>

<xs:length value="0"/>

</xs:restriction>

</xs:simpleType>

<xs:simpleType>

<xs:restriction base='xs:decimal'>

<xs:totalDigits value="18"/>

<xs:fractionDigits value="5"/>

</xs:restriction>

</xs:simpleType>

</xs:union>

</xs:simpleType>

<xs:simpleType name="CurrencyCodeType">

<xs:annotation>

<xs:documentation>

ISO 4217 Currency Code (3 capitalized alphabetic characters).

Follows the scheme [CCC] where C is a capitalized alphabetic character.

No content-wise check in place (e.g. is "XYZ" actually an existing currency?) as the set of specified currency codes may be subject to changes at any time.

</xs:documentation>

</xs:annotation>

<xs:restriction base="xs:string">

<xs:length value="3"/>

<xs:pattern value="[A-Z]*"/>

</xs:restriction>

</xs:simpleType>

<xs:simpleType name="CurrencyCodeType Optional">

<xs:annotation>

<xs:documentation>

An empty field OR a valid CurrencyCodeType (see above).

</xs:documentation>

</xs:annotation>

<xs:union memberTypes="CurrencyCodeType">

<xs:simpleType>

<xs:restriction base='xs:string'>

```

<xs:length value="0"/>
</xs:restriction>
</xs:simpleType>
</xs:union>
</xs:simpleType>

<xs:simpleType name="CountryCodeType">
  <xs:annotation>
    <xs:documentation>
      ISO 3166-1 alpha-2 Country Code (2 capitalized alphabetic
characters).
      Follows the scheme [CC] where C is a capitalized alphabetic
character.
      No content-wise check in place (e.g. is "XY" actually an existing
country?) as the set of specified country codes may be subject to changes at any time.
    </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:length value="2"/>
    <xs:pattern value="[A-Z]*"/>
  </xs:restriction>
</xs:simpleType>

<xs:simpleType name="CountryCodeType Optional">
  <xs:annotation>
    <xs:documentation>
      An empty field OR a valid CountryCodeType (see above).
    </xs:documentation>
  </xs:annotation>
  <xs:union memberTypes="CountryCodeType">
    <xs:simpleType>
      <xs:restriction base='xs:string'>
        <xs:length value="0"/>
      </xs:restriction>
    </xs:simpleType>
  </xs:union>
</xs:simpleType>

<xs:simpleType name="LEICodeType">
  <xs:annotation>
    <xs:documentation>
      ISO 17442 Legal Entity Identifier (LEI) (20 alphanumeric characters).
      Follows the scheme [AAAAAAAAAAAAAAAAAAAAA] where A is a an
alphanumeric character (capitalized, if alphabetic).
      No content-wise check in place (e.g. is "1234GHIJKLMNOPQR00"
actually an existing legal entity?) as the set of specified LEIs is changed constantly.
    </xs:documentation>
  </xs:annotation>

```



```

</xs:documentation>
</xs:annotation>
<xs:restriction base="xs:string">
  <xs:length value="20"/>
  <xs:pattern value="[A-Z0-9]*"/>
</xs:restriction>
</xs:simpleType>

<xs:simpleType name="LEICodeType Optional">
  <xs:annotation>
    <xs:documentation>
      An empty field OR a valid LEICodeType (see above).
    </xs:documentation>
  </xs:annotation>
  <xs:union memberTypes="LEICodeType">
    <xs:simpleType>
      <xs:restriction base='xs:string'>
        <xs:length value="0"/>
      </xs:restriction>
    </xs:simpleType>
  </xs:union>
</xs:simpleType>

<xs:simpleType name="ISINCodeType">
  <xs:annotation>
    <xs:documentation>
      ISO 6166 International Securities Identification Number (ISIN) (12
      alphanumeric characters).
      Follows the scheme [AAAAAAAAAAAA] where A is an alphanumeric
      character (capitalized, if alphabetic).
      No content-wise check in place (e.g. is "US1234567890" actually an
      existing ISIN?) as the set of specified ISINs is changed constantly.
    </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:length value="12"/>
    <xs:pattern value="[A-Z0-9]*"/>
  </xs:restriction>
</xs:simpleType>

<xs:simpleType name="ISINCodeType Optional">
  <xs:annotation>
    <xs:documentation>
      An empty field OR a valid ISINCodeType (see above).
    </xs:documentation>
  </xs:annotation>

```

```

<xs:union memberTypes="ISINCodeType">
  <xs:simpleType>
    <xs:restriction base='xs:string'>
      <xs:length value="0"/>
    </xs:restriction>
  </xs:simpleType>
</xs:union>
</xs:simpleType>

<xs:simpleType name="UTICodeType Optional">
  <xs:annotation>
    <xs:documentation>
      (An empty field OR) a Unique Transaction Identifier code (up to 52
      alphanumeric characters).
      Only capitalized alphabetic characters A-Z, digits 0-9 as well as
      special characters "." "-" and " " are allowed.
    </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:maxLength value="52"/>
    <xs:pattern value="[A-Z0-9. \-]*" />
  </xs:restriction>
</xs:simpleType>

<xs:simpleType name="TradeIDType Optional">
  <xs:annotation>
    <xs:documentation>
      (An empty field OR) a Trade Identifier code (up to 52 alphanumeric
      characters).
      Only capitalized alphabetic characters A-Z and the digits 0-9,
      inclusive in both cases, are allowed.
    </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:maxLength value="52"/>
    <xs:pattern value="[A-Z0-9]*" />
  </xs:restriction>
</xs:simpleType>

<xs:simpleType name="FloatingRateIndexType Optional">
  <xs:annotation>
    <xs:documentation>
      (An empty field OR) up to 25 alphanumeric characters. Preferably
      use one of one of the following indices specified by ESMA and ICMA:
      'EONA' -> EONIA,
      'EONS' -> EONIA SWAP,

```

'EURI' â€“ EURIBOR,
'EUUS' â€“ EURODOLLAR,
'EUCH' â€“ EuroSwiss,
'GCFR' â€“ GCF REPO,
'ISDA' â€“ ISDAFIX,
'LIBI' â€“ LIBID,
'LIBO' â€“ LIBOR,
'MAAA' â€“ Muni AAA,
'PFAN' â€“ Pfandbriefe,
'TIBO' â€“ TIBOR,
'STBO' â€“ STIBOR,
'BBSW' â€“ BBSW,
'JIBA' â€“ JIBAR,
'BUBO' â€“ BUBOR,
'CDOR' â€“ CDOR,
'CIBO' â€“ CIBOR,
'MOSP' â€“ MOSPRIM,
'NIBO' â€“ NIBOR,
'PRBO' â€“ PRIBOR,
'TLBO' â€“ TELBOR,
'WIBO' â€“ WIBOR,
'TREA' â€“ Treasury,
'SWAP' â€“ SWAP,
'FUSW' â€“ Future SWAP,
'AONA' - Australian Overnight Index Average (AONIA),
'BGCR' - Broad General Collateral Rate,
'CORR' - CORRA Canadian Overnight Repo Rate Average,
'EFFR' - Effective Fed Funds Rate,
'ESTR' - Euro Short Term Rate,
'OBFR' - Overnight Broad Funding Rate,
'RFRE' - RepoFunds Rate Euro,
'RFRD' - RepoFunds Rate Germany,
'RFRF' - RepoFunds Rate France,
'RFRI' - RepoFunds Rate Italy,
'RFRS' - RepoFunds Rate Spain,
'RFRN' - RepoFunds Rate Netherlands,
'RFRB' - RepoFunds Rate Belgium,
'RFRU' - Sterling RepoFunds Rate,
'RONA' - RONIA,
'SARO' - SARON,
'SOFR' - SOFR,
'SONA' - SONIA,
'SORA' - Singapore Overnight Rate Average,
'GCPO' - STOXX GC Pooling EUR ON,
'GPEO' - STOXX GC Pooling EUR Extended ON,
'GCPT' - STOXX GC Pooling EUR TN,

```

'GPET' - STOXX GC Pooling EUR Extended TN,
'GCSN' - STOXX GC Pooling EUR SN,
'GPSN' - STOXX GC Pooling EUR Extended SN,
'GCFR' - STOXX GC Pooling EUR Funding Rate,
'GCDR' - STOXX GC Pooling EUR Deferred Funding Rate,
'GC1W' - STOXX GC Pooling EUR 1 Week,
'GC2W' - STOXX GC Pooling EUR 2 Weeks,
'GC2M' - STOXX GC Pooling EUR 1 Month,
'GC3M' - STOXX GC Pooling EUR 3 Months,
'GC6M' - STOXX GC Pooling EUR 6 Months,
'GC9M' - STOXX GC Pooling EUR 9 Months,
'GC12' - STOXX GC Pooling EUR 12 Months,
'TPGR' - Tri-Party General Collateral Rate,
'TOIS' - TOIS,
'TONA' - TONAR
</xs:documentation>
</xs:annotation>
<xs:restriction base="xs:string">
  <xs:maxLength value="25"/>
  <xs:pattern value="[A-Z0-9]*"/>
</xs:restriction>
</xs:simpleType>

<xs:simpleType name="ProductCodeType">
  <xs:annotation>
    <xs:documentation>
      Product code according to Commission Delegated Regulation (EU)
      2017/585 of 14 July 2016 (4 capitalized alphabetic characters).
      Follows the scheme [CCC] where C is a capitalized alphabetic
      character.
      No content-wise check in place (e.g. is "ABCD" actually an existing
      product code?) as the set of specified currency codes may be subject to changes at any time.
    </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:length value="4"/>
    <xs:pattern value="[A-Z]*"/>
  </xs:restriction>
</xs:simpleType>

<xs:simpleType name="ProductCodeType_Optional">
  <xs:annotation>
    <xs:documentation>
      An empty field OR a valid ProductCodeType (see above).
    </xs:documentation>
  </xs:annotation>

```

```

<xs:union memberTypes="ProductCodeType">
  <xs:simpleType>
    <xs:restriction base='xs:string'>
      <xs:length value="0"/>
    </xs:restriction>
  </xs:simpleType>
</xs:union>
</xs:simpleType>

<xs:simpleType name="UnitOfMeasureType Optional">
  <xs:annotation>
    <xs:documentation>
      (An empty field OR) one of the Unit of Measure codes (4 capitalized
      alphabetic characters).
      Follows the scheme [CCCC] where C is a capitalized alphabetic
      character.
    </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:enumeration value=""/>
    <xs:enumeration value="KILO"/>
    <xs:enumeration value="PIEC"/>
    <xs:enumeration value="TONS"/>
    <xs:enumeration value="METR"/>
    <xs:enumeration value="INCH"/>
    <xs:enumeration value="YARD"/>
    <xs:enumeration value="GBGA"/>
    <xs:enumeration value="GRAM"/>
    <xs:enumeration value="CMET"/>
    <xs:enumeration value="SMET"/>
    <xs:enumeration value="FOOT"/>
    <xs:enumeration value="MILE"/>
    <xs:enumeration value="SQIN"/>
    <xs:enumeration value="SQFO"/>
    <xs:enumeration value="SQMI"/>
    <xs:enumeration value="GBOU"/>
    <xs:enumeration value="USOU"/>
    <xs:enumeration value="GBPI"/>
    <xs:enumeration value="USPI"/>
    <xs:enumeration value="GBQA"/>
    <xs:enumeration value="USQA"/>
    <xs:enumeration value="USGA"/>
    <xs:enumeration value="MMET"/>
    <xs:enumeration value="KMET"/>
    <xs:enumeration value="SQYA"/>
    <xs:enumeration value="ACRE"/>
  </xs:restriction>

```

<xs:enumeration value="ARES"/>
<xs:enumeration value="SMIL"/>
<xs:enumeration value="SCMT"/>
<xs:enumeration value="HECT"/>
<xs:enumeration value="SQKI"/>
<xs:enumeration value="MILI"/>
<xs:enumeration value="CELI"/>
<xs:enumeration value="LITR"/>
<xs:enumeration value="PUND"/>
<xs:enumeration value="ALOW"/>
<xs:enumeration value="ACCY"/>
<xs:enumeration value="BARL"/>
<xs:enumeration value="BCUF"/>
<xs:enumeration value="BDFT"/>
<xs:enumeration value="BUSL"/>
<xs:enumeration value="CEER"/>
<xs:enumeration value="CLRT"/>
<xs:enumeration value="CBME"/>
<xs:enumeration value="DAYS"/>
<xs:enumeration value="DMET"/>
<xs:enumeration value="ENVC"/>
<xs:enumeration value="ENVO"/>
<xs:enumeration value="HUWG"/>
<xs:enumeration value="KWDC"/>
<xs:enumeration value="KWHO"/>
<xs:enumeration value="KWHC"/>
<xs:enumeration value="KMOC"/>
<xs:enumeration value="KWMC"/>
<xs:enumeration value="KWYC"/>
<xs:enumeration value="MWDC"/>
<xs:enumeration value="MWHO"/>
<xs:enumeration value="MWHC"/>
<xs:enumeration value="MWMC"/>
<xs:enumeration value="MMOC"/>
<xs:enumeration value="MWYC"/>
<xs:enumeration value="TONE"/>
<xs:enumeration value="MIBA"/>
<xs:enumeration value="MBTU"/>
<xs:enumeration value="OZTR"/>
<xs:enumeration value="UCWT"/>
<xs:enumeration value="IPNT"/>
<xs:enumeration value="PWRD"/>
<xs:enumeration value="DGEU"/>
<xs:enumeration value="GGEU"/>
<xs:enumeration value="TOCD"/>
</xs:restriction>

</xs:simpleType>

<xs:simpleType name="Date Optional">

<xs:annotation>

<xs:documentation>

An empty field OR a valid xs:date type.

Note that xs:date is compliant with ISO 8601 standard [YYY-MM-DD].

</xs:documentation>

</xs:annotation>

<xs:union memberTypes="xs:date">

<xs:simpleType>

<xs:restriction base='xs:string'>

<xs:length value="0"/>

</xs:restriction>

</xs:simpleType>

</xs:union>

</xs:simpleType>

<xs:simpleType name="DateTime Optional">

<xs:annotation>

<xs:documentation>

An empty field OR a valid xs:dateTime type.

Note that xs:dateTime is compliant with ISO 8601 standard [YYY-MM-DD]T[hh:mm:ss]Z.

</xs:documentation>

</xs:annotation>

<xs:union memberTypes="xs:dateTime">

<xs:simpleType>

<xs:restriction base='xs:string'>

<xs:length value="0"/>

</xs:restriction>

</xs:simpleType>

</xs:union>

</xs:simpleType>

<xs:simpleType name="TypeOfSFTType Optional">

<xs:annotation>

<xs:documentation>

(An empty field OR) one of either SLEB or REPO.

Type of SFT transaction as defined in paragraphs (7) to (10) of Article 3 of Regulation (EU) No 2365/2015.

'SLEB' - securities or commodities lending or securities or commodities borrowing,

'REPO' - repurchase transaction,

'SBSC' - buy-sell-back transaction

```

</xs:documentation>
</xs:annotation>
<xs:restriction base="xs:string">
  <xs:enumeration value="" />
  <xs:enumeration value="SLEB" />
  <xs:enumeration value="REPO" />
  <xs:enumeration value="SBSC" />
</xs:restriction>
</xs:simpleType>

<xs:simpleType name="CounterpartySideType Optional">
  <xs:annotation>
    <xs:documentation>
      (An empty field OR) one of either GIVE or TAKE.
      Indication of whether the reporting counterparty is a collateral
      provider or a collateral taker.
      In accordance with the Article 4 of the Commission Implementing
      Regulation (EU) 2019/363.
      'TAKE' - Collateral taker,
      'GIVE' - Collateral provider
    </xs:documentation>
  </xs:annotation>
  <xs:restriction base="xs:string">
    <xs:enumeration value="" />
    <xs:enumeration value="GIVE" />
    <xs:enumeration value="TAKE" />
  </xs:restriction>
</xs:simpleType>

<!-- END: TYPE DEFINITIONS -->

<!-- START: DOCUMENT STRUCTURE -->
<xs:element name="UTI Exchange">
  <xs:complexType>
    <xs:sequence>
      <xs:element name="Transaction" maxOccurs="unbounded"
minOccurs="0">
        <xs:complexType>
          <xs:sequence>
            <xs:element type="TradeIDType Optional"
name="ShellQuantity" minOccurs="0" maxOccurs="1" />
            <xs:element type="TradeIDType Optional"
name="ShellTradeID" minOccurs="0" maxOccurs="1" />
            <xs:element type="LEICodeType Optional"
name="ReportingCounterparty" minOccurs="0" maxOccurs="1" />

```



```

<xs:element
type="CountryCodeType Optional" name="BranchOfTheReportingCounterparty"
minOccurs="0" maxOccurs="1"/>
<xs:element
type="CountryCodeType Optional" name="BranchOfTheOtherCounterparty" minOccurs="0"
maxOccurs="1"/>
<xs:element
type="CounterpartySideType Optional" name="CounterpartySide" minOccurs="0"
maxOccurs="1" />
<xs:element type="LEICodeType Optional"
name="OtherCounterparty" minOccurs="0" maxOccurs="1"/>
<xs:element
type="CountryCodeType Optional" name="CountryOfTheOtherCounterparty" minOccurs="0"
maxOccurs="1"/>
<xs:element type="LEICodeType Optional"
name="TripartyAgent" minOccurs="0" maxOccurs="1" />
<xs:element type="LEICodeType Optional"
name="AgentLender" minOccurs="0" maxOccurs="1" />
<xs:element type="UTICodeType Optional"
name="UniqueTransactionIdentifier" minOccurs="0" maxOccurs="1"/>
<xs:element type="TypeOfSFTType Optional"
name="TypeOfSFT" minOccurs="0" maxOccurs="1" />
<xs:element type="DateTime Optional"
name="ExecutionTimestamp" minOccurs="0" maxOccurs="1"/>
<xs:element type="Date Optional"
name="ValueDate" minOccurs="0" maxOccurs="1"/>
<xs:element type="Date Optional"
name="MaturityDate" minOccurs="0" maxOccurs="1"/>
<xs:element
type="MaxElevenDigitType Optional" name="FixedRate" minOccurs="0" maxOccurs="1"/>
<xs:element
type="FloatingRateIndexType Optional" name="FloatingRate" minOccurs="0"
maxOccurs="1"/>
<xs:element
type="MaxEighteenDigitType Optional" name="PrincipalAmountOnValueDate" minOccurs="0"
maxOccurs="1"/>
<xs:element
type="CurrencyCodeType Optional" name="PrincipalAmountCurrency" minOccurs="0"
maxOccurs="1"/>
<xs:element type="ISINCodeType Optional"
name="SecurityIdentifier" minOccurs="0" maxOccurs="1"/>
<xs:element
type="ProductCodeType Optional" name="BaseProduct" minOccurs="0" maxOccurs="1"/>
<xs:element
type="ProductCodeType Optional" name="SubProduct" minOccurs="0" maxOccurs="1"/>

```

```

</xs:element>
<xs:element type="ProductCodeType Optional" name="FurtherSubProduct" minOccurs="0"
maxOccurs="1"/>
</xs:element>
<xs:element type="MaxEighteenDigitType Optional" name="QuantityOrNominalAmount" minOccurs="0"
maxOccurs="1"/>
</xs:element>
<xs:element type="UnitOfMeasureType Optional" name="UnitOfMeasue" minOccurs="0" maxOccurs="1"/>
</xs:element>
<xs:element type="CurrencyCodeType Optional" name="CurrencyOfNominalAmount" minOccurs="0"
maxOccurs="1"/>
</xs:element>
<xs:element type="MaxElevenDigitType Optional" name="FixedRebateRate" minOccurs="0"
maxOccurs="1"/>
</xs:element>
<xs:element type="FloatingRateIndexType Optional" name="FloatingRebateRate" minOccurs="0"
maxOccurs="1"/>
</xs:element>
<xs:element type="MaxElevenDigitType Optional" name="LendingFee" minOccurs="0" maxOccurs="1"/>
<xs:element type="ISINCodeType Optional"
name="IdentificationOfSecurityUsedAsCollateral" minOccurs="0" maxOccurs="1"/>
</xs:element>
<xs:element type="MaxEighteenDigitType Optional" name="CollateralQuantityOrNominalAmount"
minOccurs="0" maxOccurs="1"/>
</xs:sequence>
</xs:complexType>
</xs:element>
</xs:sequence>
</xs:complexType>
</xs:element>
<!-- END: DOCUMENT STRUCTURE -->
</xs:schema>

```

XML file example

```
<?xml version="1.0" encoding="UTF-8"?>
```

<UTI Exchange

```
xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"
```

```
xsi:noNamespaceSchemaLocation="SFTR UTI Exchange Schema.xsd">
```

```
<!-- Example follows the 5.0 (fixed rate REPO) set of SFTR Sample reports issued by ICMA ERCC Task Force. -->
```

```
<Transaction>
```

```
<ReportingCounterparty>7LWTFZYICNSX8D621K86</ReportingCounterparty>
```

```
<BranchOfTheReportingCounterparty>DE</BranchOfTheReportingCounterparty>
```

```
<BranchOfTheOtherCounterparty>GB</BranchOfTheOtherCounterparty>
```

```
<CounterpartySide>GIVE</CounterpartySide>
```

```
<OtherCounterparty>529900SEOICVR2VM6Y05</OtherCounterparty>
```

```
<CountryOfTheOtherCounterparty>GB</CountryOfTheOtherCounterparty>
```

```
<UniqueTransactionIdentifier>E02MP6I5ZYZBEU3UXPYFY54DM23L45DME01234</UniqueTransactionIdentifier>
```

```
<TypeOfSFT>REPO</TypeOfSFT>
```

```
<ExecutionTimestamp>2018-04-19T10:55:30Z</ExecutionTimestamp>
```

```
<ValueDate>2018-04-20</ValueDate>
```

```
<MaturityDate>2018-04-27</MaturityDate>
```

```
<FixedRate>-0.61000000</FixedRate>
```

```
<PrincipalAmountOnValueDate>10162756.90</PrincipalAmountOnValueDate>
```

```
<PrincipalAmountCurrency>EUR</PrincipalAmountCurrency>
```

```
<IdentificationOfSecurityUsedAsCollateral>DE0001102317</IdentificationOfSecurityUsedAsCollateral>
```

```
<CollateralQuantityOrNominalAmount>10000000.00</CollateralQuantityOrNominalAmount>
```

```
</Transaction>
```

```
<!-- Example follows the 2.7 (floating rate REPO) set of SFTR Sample reports issued by ICMA ERCC Task Force -->
```

```
<Transaction>
```

```
<ReportingCounterparty>MP6I5ZYZBEU3UXPYFY54</ReportingCounterparty>
```

```
<CounterpartySide>GIVE</CounterpartySide>
```

```
<OtherCounterparty>DL6FFRRLF74S01HE2M14</OtherCounterparty>
```

```
<CountryOfTheOtherCounterparty>GB</CountryOfTheOtherCounterparty>
```

```
<UniqueTransactionIdentifier>E02MP6I5ZYZBEU3UXPYFY54DM23L45DME01234</UniqueTransactionIdentifier>
```

```
<TypeOfSFT>REPO</TypeOfSFT>
```

```

<ExecutionTimestamp>2020-04-20T10:55:30Z</ExecutionTimestamp>
<ValueDate>2020-04-21</ValueDate>
<MaturityDate>2020-04-28</MaturityDate>
<FloatingRate>EONA</FloatingRate>
<PrincipalAmountOnValueDate>10162756.90</PrincipalAmountOnValueDate>
<PrincipalAmountCurrency>EUR</PrincipalAmountCurrency>

<IdentificationOfSecurityUsedAsCollateral>DE0001102317</IdentificationOfSecurityUsed
AsCollateral>

<CollateralQuantityOrNominalAmount>10000000.00</CollateralQuantityOrNominalAmo
unt>
</Transaction>

```

<!-- Example follows the 2.5 (fixed rate REPO with agent lender) set of SFTR Sample reports issued by ICMA ERCC Task Force -->

```

<Transaction>
  <ReportingCounterparty>549300KM1L458YNTN211</ReportingCounterparty>
  <CounterpartySide>GIVE</CounterpartySide>
  <OtherCounterparty>AL61GG34LM12CV28I911</OtherCounterparty>
  <CountryOfTheOtherCounterparty>GB</CountryOfTheOtherCounterparty>
  <AgentLender>549300RM34L56MA11M54</AgentLender>

  <UniqueTransactionIdentifier>E02MP6I5ZYZBEU3UXPYFY54DM23L45DME01234</Uniqu
eTransactionIdentifier>
  <TypeOfSFT>REPO</TypeOfSFT>
  <ExecutionTimestamp>2020-04-17T10:55:30Z</ExecutionTimestamp>
  <ValueDate>2020-04-21</ValueDate>
  <MaturityDate>2020-04-28</MaturityDate>
  <FixedRate>-0.61000000</FixedRate>
  <PrincipalAmountOnValueDate>10162756.90</PrincipalAmountOnValueDate>
  <PrincipalAmountCurrency>EUR</PrincipalAmountCurrency>

```

```

<IdentificationOfSecurityUsedAsCollateral>DE0001102317</IdentificationOfSecurityUsed
AsCollateral>

<CollateralQuantityOrNominalAmount>10000000.00</CollateralQuantityOrNominalAmo
unt>
</Transaction>

```

<!-- Example follows the 1.1 (SBSC) set of SFTR Sample reports issued by ICMA ERCC Task Force -->

```

<Transaction>
  <ReportingCounterparty>MP6I5ZYZBEU3UXPYFY54</ReportingCounterparty>
  <CounterpartySide>GIVE</CounterpartySide>
  <OtherCounterparty>DL6FFRRLF74S01HE2M14</OtherCounterparty>

```

<CountryOfTheOtherCounterparty>GB</CountryOfTheOtherCounterparty>

<UniqueTransactionIdentifier>E02MP6I5ZYZBEU3UXPYFY54DM23L45DME01234</UniqueTransactionIdentifier>

<TypeOfSFT>SBSC</TypeOfSFT>

<ExecutionTimestamp>2020-04-20T10:55:30Z</ExecutionTimestamp>

<ValueDate>2020-04-21</ValueDate>

<MaturityDate>2020-04-28</MaturityDate>

<PrincipalAmountOnValueDate>10213826.03</PrincipalAmountOnValueDate>

<PrincipalAmountCurrency>EUR</PrincipalAmountCurrency>

<IdentificationOfSecurityUsedAsCollateral>DE0001102317</IdentificationOfSecurityUsedAsCollateral>

<CollateralQuantityOrNominalAmount>1000000.00</CollateralQuantityOrNominalAmount>

</Transaction>

<!-- This technical example shows the full list of possible data fields. The contained data serves as a placeholder and is not meaningful. -->

<Transaction>

<ShellQuantity>DE02MP6I000SHELL000QUANTITY0001234</ShellQuantity>

<ShellTradeID>DE02MP6I000SHELL000ID0001234</ShellTradeID>

<ReportingCounterparty>7LWTFZYICNSX8D621K86</ReportingCounterparty>

<BranchOfTheReportingCounterparty>DE</BranchOfTheReportingCounterparty>

<BranchOfTheOtherCounterparty>GB</BranchOfTheOtherCounterparty>

<CounterpartySide>GIVE</CounterpartySide>

<OtherCounterparty>529900SEOICVR2VM6Y05</OtherCounterparty>

<CountryOfTheOtherCounterparty>GB</CountryOfTheOtherCounterparty>

<TripartyAgent>549300RM34L56MA11M54</TripartyAgent>

<AgentLender>549300RM34L56MA11M54</AgentLender>

<UniqueTransactionIdentifier>E02MP6I5ZYZBEU3UXPYFY54DM23L45DME01234</UniqueTransactionIdentifier>

<TypeOfSFT>SBSC</TypeOfSFT>

<ExecutionTimestamp>2018-04-19T10:55:30.123456Z</ExecutionTimestamp>

<ValueDate>2018-04-20</ValueDate>

<MaturityDate>2018-04-27</MaturityDate>

<FixedRate>-0.61000000</FixedRate>

<FloatingRate>RFRE</FloatingRate>

<PrincipalAmountOnValueDate>10162756.90</PrincipalAmountOnValueDate>

<PrincipalAmountCurrency>EUR</PrincipalAmountCurrency>

<SecurityIdentifier>DE0001102317</SecurityIdentifier>

<BaseProduct>METL</BaseProduct>

<SubProduct>PRME</SubProduct>

<FurtherSubProduct>GOLD</FurtherSubProduct>

<QuantityOrNominalAmount>10000000.00</QuantityOrNominalAmount>
<UnitOfMeasue>KILO</UnitOfMeasue>
<CurrencyOfNominalAmount>GBP</CurrencyOfNominalAmount>
<FixedRebateRate>0.611232</FixedRebateRate>
<FloatingRebateRate>SWAP</FloatingRebateRate>
<LendingFee>0.0217</LendingFee>

<IdentificationOfSecurityUsedAsCollateral>DE0001102317</IdentificationOfSecurityUsedAsCollateral>

<CollateralQuantityOrNominalAmount>10000000.00</CollateralQuantityOrNominalAmount>
</Transaction>

</UTI Exchange>

CSV file example

	A	B	C
1	ReportingCounterparty	BranchOfTheReportingCounterparty	BranchOfTheOtherCounterparty
2	7LTWFZYICNSX8D621K86	DE	GB
3	MP6I5ZYZBEU3UXPYFY54		
4	549300KM1L458YNTN211		
5	MP6I5ZYZBEU3UXPYFY54		
6	7LTWFZYICNSX8D621K86	DE	GB
	D	E	F
	CounterpartySide	OtherCounterparty	CountryOfTheOtherCounterparty
	GIVE	529900SEOICVR2VM6Y05	GB
	GIVE	DL6FFRRLF74S01HE2M14	GB
	GIVE	AL61GG34LM12CV28I911	GB
	GIVE	DL6FFRRLF74S01HE2M14	GB
	GIVE	529900SEOICVR2VM6Y05	GB
	G	H	I
	UniqueTransactionIdentifier	TypeOfSFT	ExecutionTimestamp
	E02MP6I5ZYZBEU3UXPYFY54DM23L45DME01234	REPO	2018-04-19T10:55:30Z
	E02MP6I5ZYZBEU3UXPYFY54DM23L45DME01234	REPO	2020-04-20T10:55:30Z
	E02MP6I5ZYZBEU3UXPYFY54DM23L45DME01234	REPO	2020-04-17T10:55:30Z
	E02MP6I5ZYZBEU3UXPYFY54DM23L45DME01234	SBSC	2020-04-20T10:55:30Z
	E02MP6I5ZYZBEU3UXPYFY54DM23L45DME01234	SBSC	2018-04-19T10:55:30.123456Z
	J	K	L
	ValueDate	MaturityDate	FixedRate
	20/04/2018	27/04/2018	-0.61
	21/04/2020	28/04/2020	
	21/04/2020	28/04/2020	-0.61
	21/04/2020	28/04/2020	
	20/04/2018	27/04/2018	-0.61
	M	N	O
	PrincipalAmountOnValueDate	PrincipalAmountCurrency	IdentificationOfSecurityUsedAsCollateral
	10162756.9	EUR	DE0001102317
	10162756.9	EUR	DE0001102317
	10162756.9	EUR	DE0001102317
	10213826.03	EUR	DE0001102317
	10162756.9	EUR	DE0001102317
	P	Q	R
	CollateralQuantityOrNominalAmount	FloatingRate	AgentLender
	10000000		
	10000000	EONA	
	10000000		549300RM34L56MA11M54
	10000000		
	10000000	RFRE	549300RM34L56MA11M54
	S	T	U
	ShellQuantity	ShellTradeID	TripartyAgent
	DE02MP6I000SHELL000QUANTITY0001234	DE02MP6I000SHELL000ID0001234	549300RM34L56MA11M54
	V	W	X
	SecurityIdentifier	BaseProduct	SubProduct
	DE0001102317	METL	PRME

Y	Z	AA
FurtherSubProduct	QuantityOrNominalAmount	UnitOfMeasue
GOLD	10000000	KILO

AB	AC	AD
CurrencyOfNominalAmount	FixedRebateRate	FloatingRebateRate
GBP	0.611232	SWAP

AE
LendingFee
0.0217

Shared data fields' specifications

Note that this table includes fields for commodity repos and securities and commodities lending as well as repo against securities.

SFTR RTS/ITS field cardinality & SFT application	applicable SFT	SFTR RTS/ITS table & field numbers	SFTR RTS/ITS field name	SFTR RTS/ITS field description	SFTR RTS/ITS field format
mandatory	REPO, SBSC, SLEB	1.3	Reporting Counterparty	Unique code identifying the reporting counterparty.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
mandatory	SLEB only	1.7	Branch of the Reporting Counterparty	Where the reporting counterparty concludes an SFT through a branch office, the code identifying the branch.	ISO 3166-1 alpha-2 country code 2 alphabetic characters.
mandatory	SLEB only	1.8	Branch of the Other Counterparty	Where the other counterparty concludes an SFT through a branch office, the code identifying the branch.	ISO 3166-1 alpha-2 country code 2 alphabetic characters.
mandatory	REPO, SBSC, SLEB	1.9	Counterparty Side	Indication of whether the reporting counterparty is a collateral provider or a collateral taker in accordance with the Article 4 of the the Commission Implementing Regulation (EU) 2019/363	'TAKE' - Collateral taker 'GIVE' - Collateral provider
mandatory	REPO, SBSC, SLEB	1.11	Other Counterparty	Unique code identifying the entity with which the reporting counterparty concluded the SFT. In case of a private individual, a client code shall be specified in a consistent manner.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code. Client code (up to 50 alphanumeric characters).
mandatory	SLEB only	1.12	Country of the Other Counterparty	Code of country where the registered office of the other counterparty is located or code of the country of residence in case that the other counterparty is a natural person.	ISO 3166-1 alpha-2 country code 2 alphabetic characters.
agent lending	REPO, SBSC, SLEB	1.14	Triparty Agent [B]	Unique code identifying the third party to which the reporting counterparty has outsourced the post-trade processing of an SFT (if applicable).	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
agent lending	REPO, SBSC, SLEB	1.18	Agent Lender	Unique code of the agent lender involved in the securities lending transaction.	ISO 17442 Legal Entity Identifier (LEI) 20 alphanumeric character code.
mandatory	REPO, SBSC, SLEB	2.1	Unique Transaction Identifier (UTI)	Unique reference assigned to the SFT in order to identify the trade.	Up to 52 alphanumeric character code including four special characters: Only upper-case alphabetic characters A-Z and the digits 0-9, inclusive in both cases, are allowed.
mandatory	REPO, SBSC, SLEB	2.4	Type of SFT	Type of SFT transaction as defined in paragraphs (7) to (10) of Article 3 of Regulation (EU) No 2365/2015.	'SLEB' - securities or commodities lending or securities or commodities borrowing 'SBSC' - buy-sell back

					transaction or sell-buy back transaction 'REPO' - repurchase transaction 'MGLD' - margin lending transaction
mandatory	REPO, SBSC, SLEB	2.12	Execution Timestamp	Date and time when the SFT was executed.	ISO 8601 date in the format and Coordinated Universal Time (UTC) time format, i.e. YYYY-MM-DDThh:mm:ssZ
mandatory	REPO, SBSC, SLEB	2.13	Value Date (Start Date)	Date contractually agreed between the counterparties for the exchange of cash, securities, or commodities versus collateral for the opening leg (spot leg) of the SFT.	ISO 8601 date in the format YYYY-MM-DD
mandatory	REPO, SBSC, SLEB	2.14	Maturity Date (End Dte)	Date contractually agreed between the counterparties for the exchange of cash, securities, or commodities versus collateral for the closing leg (forward leg) of the SFT. This information shall not be reported for open term repos.	ISO 8601 date in the format YYYY-MM-DD
optional	REPO, SBSC, SLEB	2.23	Fixed Rate [B]	In the case of repos, the annualised interest rate on the principal amount of the repurchase transaction in accordance with the day count conventions. In the case of margin lending, the annualised interest rate on the loan value that the borrower pays to the lender.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as "100". The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
optional	REPO, SBSC, SLEB	2.25	Floating Rate [B]	Indication of the reference interest rate used which is reset at predetermined intervals by reference to a market reference rate, if applicable.	The code representing a list of floating-rate indexes as specified by ESMA: 'EONA' – EONIA, 'EONS' – EONIA SWAP, 'EURI' – EURIBOR, 'EUUS' – EURODOLLAR, 'EUCH' – EuroSwiss, 'GCFR' – GCF REPO, 'ISDA' – ISDAFIX, 'LIBI' – LIBID, 'LIBO' – LIBOR, 'MAAA' – Muni AAA, 'PFAN' – Pfandbriefe, 'TIBO' – TIBOR, 'STBO' – STIBOR, 'BBSW' – BBSW, 'JIBA' – JIBAR, 'BUBO' – BUBOR, 'CDOR' – CDOR, 'CIBO' – CIBOR, 'MOSP' – MOSPRIM, 'NIBO' – NIBOR, 'PRBO' – PRIBOR, 'TLBO' – TELBOR, 'WIBO' – WIBOR, 'TREA' – Treasury, 'SWAP' – SWAP, 'FUSW' – Future SWAP. The code representing an additional list of floating-rate indexes as specified by ICMA: 'AONA' - Australian Overnight Index Average (AONIA), 'BGCR' - Broad General Collateral Rate, 'CORR' - CORRA Canadian Overnight Repo Rate Average, 'EFFR' - Effective Fed Funds Rate, 'ESTR' - Euro Short Term Rate, 'OBF' - Overnight Broad

					<p><u>Funding Rate, 'RFRE'</u> - <u>RepoFunds Rate Euro, 'RFRD'</u> - <u>RepoFunds Rate Germany, 'RFRF'</u> - <u>RepoFunds Rate France, 'RFRF'</u> - <u>RepoFunds Rate Italy, 'RFRS'</u> - <u>RepoFunds Rate Spain, 'RFRN'</u> - <u>RepoFunds Rate Netherlands, 'RFRB'</u> - <u>RepoFunds Rate Belgium, 'RFRU'</u> - <u>Sterling RepoFunds Rate, 'RONA'</u> - <u>RONIA, 'SARO'</u> - <u>SARON, 'SOFR'</u> - <u>SOFR, 'SONA'</u> - <u>SONIA, 'SORA'</u> - <u>Singapore Overnight Rate Average, 'GCPO'</u> - <u>STOXX GC Pooling EUR ON, 'GPEO'</u> - <u>STOXX GC Pooling EUR Extended ON, 'GCPT'</u> - <u>STOXX GC Pooling EUR TN, 'GPET'</u> - <u>STOXX GC Pooling EUR Extended TN, 'GCSN'</u> - <u>STOXX GC Pooling EUR SN, 'GPSN'</u> - <u>STOXX GC Pooling EUR Extended SN, 'GCFR'</u> - <u>STOXX GC Pooling EUR Funding Rate, 'GCDR'</u> - <u>STOXX GC Pooling EUR Deferred Funding Rate, 'GC1W'</u> - <u>STOXX GC Pooling EUR 1 Week, 'GC2W'</u> - <u>STOXX GC Pooling EUR 2 Weeks, 'GC2M'</u> - <u>STOXX GC Pooling EUR 1 Month, 'GC3M'</u> - <u>STOXX GC Pooling EUR 3 Months, 'GC6M'</u> - <u>STOXX GC Pooling EUR 6 Months, 'GC9M'</u> - <u>STOXX GC Pooling EUR 9 Months, 'GC12'</u> - <u>STOXX GC Pooling EUR 12 Months, 'TPGR'</u> - <u>Tri-Party General Collateral Rate, 'TOIS'</u> - <u>TOIS, 'TONA'</u> - <u>TONAR</u> Or up to 25 alphanumeric characters if the reference rate is not included in the above lists.</p>
<u>optional</u>	<u>REPO, SBSC, SLEB</u>	<u>2.37</u>	<u>Principal Amount on Value Date</u>	<u>Cash value to be settled as of the value date of the transaction.</u>	<u>Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.</u>
<u>optional</u>	<u>REPO, SBSC, SLEB</u>	<u>2.39</u>	<u>Principal Amount Currency [B]</u>	<u>Currency of the principal amount.</u>	<u>ISO 4217 Currency Code, 3 alphabetic characters.</u>
<u>optional</u>	<u>SLEB only</u>	<u>2.41</u>	<u>Security Identifier</u>	<u>Identification of the security that is the subject of the SFT. This field is not applicable for commodities.</u>	<u>ISO 6166 ISIN 12 character alphanumeric code.</u>
<u>optional</u>	<u>commodities</u>	<u>2.43</u>	<u>Base Product</u>	<u>Base product as specified in the classification of commodities in Table 5 of Annex I of the Implementing Regulation (EU) 2019/363.</u>	<u>Only values in the 'Base product' column of the classification of commodities derivatives table are allowed.</u>
<u>optional</u>	<u>commodities</u>	<u>2.44</u>	<u>Sub-Product</u>	<u>Sub - Product as specified in the classification of commodities in Table 5 of Annex I of the Implementing Regulation (EU) 2019/363. This field requires a specific base product in field 43.</u>	<u>Only values in the 'Sub - product' column of the classification of commodities derivatives table are allowed.</u>

optional	commodities	2.45	Further Sub-Product	Further sub product as specified in the classification of commodities table. This field requires a specific sub product in field 44.	Only values in the 'Further sub-product' of the classification of commodities derivatives table are allowed.
mandatory	SLEB	2.46	Quantity or Nominal Amount	Quantity or nominal amount of the security or commodity subject of the SFT. In the case of a bond, the total nominal amount which means the number of bonds multiplied by their face value. In the case of other securities or commodities, their quantity.	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
optional	commodities	2.47	Unit of Measure	Unit of measure in which the quantity is expressed. This field is applicable to commodities.	KILO' - Kilogram, 'PIEC' - Piece, 'TONS' - Ton, 'METR' - Metre, 'INCH' - Inch, 'YARD' - Yard, 'GBGA' - GBGallon, 'GRAM' - Gram, 'CMET' - Centimetre, 'SMET' - SquareMetre, 'FOOT' - Foot, 'MILE' - Mile, 'SQIN' - SquareInch, 'SQFO' - SquareFoot, 'SQMI' - SquareMile, 'GBOU' - GBOunce, 'USOU' - USOunce, 'GBPI' - GBPint, 'USPI' - USPint, 'GBQA' - GBQuart, 'USQA' - USQuart, 'USGA' - USGallon, 'MMET' - Millimetre, 'KMET' - Kilometre, 'SQYA' - SquareYard, 'ACRE' - Acre, 'ARES' - Are, 'SMIL' - SquareMillimetre, 'SCMT' - SquareCentimetre, 'HECT' - Hectare, 'SQKI' - SquareKilometre, 'MILI' - MilliLitre, 'CELI' - Centilitre, 'LITR' - Litre, 'PUND' - Pound, 'ALOW' - Allowances, 'ACCY' - AmountOfCurrency, 'BARL' - Barrels, 'BCUF' - BillionCubicFeet, 'BDFT' - BoardFeet, 'BUSL' - Bushels, 'CEER' - CertifiedEmissionsReduction, 'CLRT' - ClimateReserveTonnes, 'CBME' - CubicMeters, 'DAYS' - Days, 'DMET' - DryMetricTons, 'ENVC' - EnvironmentalCredit, 'ENVO' - EnvironmentalOffset, 'HUWG' - Hundredweight, 'KWDC' - KilowattDayCapacity, 'KWHO' - KilowattHours, 'KWHC' - KilowattHoursCapacity, 'KMOC' - KilowattMinuteCapacity, 'KWMC' - KilowattMonthCapacity, 'KWYC' - KilowattYearCapacity, 'MWDC' - MegawattDayCapacity, 'MWHO' - MegawattHours, 'MWHC' - MegawattHoursCapacity, 'MWMC' - MegawattMinuteCapacity, 'MMOC' - MegawattMonthCapacity, 'MWYC' -

					<p><u>MegawattYearCapacity, 'TONE'</u> <u>- MetricTons, 'MIBA'</u> <u>MillionBarrels, 'MBTU'</u> <u>OneMillionBTU, 'OZTR'</u> <u>TroyOunces, 'UCWT'</u> <u>USHundredweight, 'IPNT'</u> <u>IndexPoint, 'PWRD'</u> <u>PrincipalWithRelationToDebtInstrument, 'DGEU'</u> <u>DieselGallonEquivalent, 'GGEU'</u> <u>- GasolineGallonEquivalent, 'TOCD'</u> <u>- TonsOfCarbonDioxide.</u></p>
<u>optional</u>	<u>SLEB only</u>	<u>2.48</u>	<u>Currency of Nominal Amount</u>	<u>In the case where the nominal amount is reported, the currency of the nominal amount.</u>	<u>ISO 4217 Currency Code, 3 alphabetic characters.</u>
<u>mandatory</u>	<u>SBSC only</u>	<u>2.49</u>	<u>Security or Commodity Price</u>	<u>Up to 18 numeric characters including up to 5 decimals in case the price is expressed units. Up to 11 numeric characters including up to 10 decimals in case the price is expressed as percentage or yield. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.</u>	<u>When populated, this field shall contain up to 18 numeric characters including up to 5 decimals or up to 11 numeric characters including up to 10 decimals The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot. The negative symbol, if populated, shall not be counted as a numerical character.</u>
<u>optional</u>	<u>SLEB only</u>	<u>2.58</u>	<u>Fixed Rebate Rate</u>	<u>Fixed interest rate (rate agreed to be paid by the lender for the reinvestment of the cash collateral minus any lending fee) paid by the lender of the security or commodity to the borrower (positive rebate rate) or by the borrower to the lender (negative rebate rate) on the balance of the provided cash collateral.</u>	<u>Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as "100". The negative symbol, if populated, shall not be counted as a numerical character.</u>
<u>optional</u>	<u>SLEB only</u>	<u>2.59</u>	<u>Floating Rebate Rate</u>	<u>Indication of the reference interest rate used to calculate the rebate rate (rate agreed to be paid by the lender for the reinvestment of the cash collateral minus any lending fee) paid by the lender of the security or commodity to the borrower (positive rebate rate) or by the borrower to the lender (negative rebate rate) on the balance of the provided cash collateral.</u>	<u>The code representing the floating rate index, specified by ESMA and ICMA: '<u>EONA</u>' – <u>EONIA</u>, '<u>EONS</u>' – <u>EONIA SWAP</u>, '<u>EURI</u>' – <u>EURIBOR</u>, '<u>EUUS</u>' – <u>EURODOLLAR</u>, '<u>EUCH</u>' – <u>EuroSwiss</u>, '<u>GCFR</u>' – <u>GCF REPO</u>, '<u>ISDA</u>' – <u>ISDAFIX</u>, '<u>LIBI</u>' – <u>LIBID</u>, '<u>LIBO</u>' – <u>LIBOR</u>, '<u>MAAA</u>' – <u>Muni AAA</u>, '<u>PFAN</u>' – <u>Pfandbriefe</u>, '<u>TIBO</u>' – <u>TIBOR</u>, '<u>STBO</u>' – <u>STIBOR</u>, '<u>BBSW</u>' – <u>BBSW</u>, '<u>JIBA</u>' – <u>JIBAR</u>, '<u>BUBO</u>' – <u>BUBOR</u>, '<u>CDOR</u>' – <u>CDOR</u>, '<u>CIBO</u>' – <u>CIBOR</u>, '<u>MOSP</u>' – <u>MOSPRIM</u>, '<u>NIBO</u>' – <u>NIBOR</u>, '<u>PRBO</u>' – <u>PRIBOR</u>, '<u>TLBO</u>' – <u>TELBOR</u>, '<u>WIBO</u>' – <u>WIBOR</u>, '<u>TREA</u>' – <u>Treasury</u>, '<u>SWAP</u>' – <u>SWAP</u>, '<u>FUSW</u>' – <u>Future SWAP</u>. '<u>AONA</u>' - <u>Australian Overnight Index Average (AONIA)</u>, '<u>BGCR</u>' - <u>Broad General Collateral Rate</u>, '<u>CORR</u>' - <u>CORRA Canadian Overnight Repo Rate Average</u>, '<u>EFFR</u>' - <u>Effective Fed Funds Rate</u>, '<u>ESTR</u>' - <u>Euro Short Term</u></u>

					Rate, 'OBFR' - Overnight Broad Funding Rate, 'RFRE' - RepoFunds Rate Euro, 'RFRD' - RepoFunds Rate Germany, 'RFRF' - RepoFunds Rate France, 'RFRI' - RepoFunds Rate Italy, 'RFRS' - RepoFunds Rate Spain, 'RFRN' - RepoFunds Rate Netherlands, 'RFRB' - RepoFunds Rate Belgium, 'RFRU' - Sterling RepoFunds Rate, 'RONA' - RONIA, 'SARO' - SARON, 'SOFR' - SOFR, 'SONA' - SONIA, 'SORA' - Singapore Overnight Rate Average, 'GCPO' - STOXX GC Pooling EUR ON, 'GPEO' - STOXX GC Pooling EUR Extended ON, 'GCPT' - STOXX GC Pooling EUR TN, 'GPET' - STOXX GC Pooling EUR Extended TN, 'GCSN' - STOXX GC Pooling EUR SN, 'GPSN' - STOXX GC Pooling EUR Extended SN, 'GCFR' - STOXX GC Pooling EUR Funding Rate, 'GCDR' - STOXX GC Pooling EUR Deferred Funding Rate, 'GC1W' - STOXX GC Pooling EUR 1 Week, 'GC2W' - STOXX GC Pooling EUR 2 Weeks, 'GC2M' - STOXX GC Pooling EUR 1 Month, 'GC3M' - STOXX GC Pooling EUR 3 Months, 'GC6M' - STOXX GC Pooling EUR 6 Months, 'GC9M' - STOXX GC Pooling EUR 9 Months, 'GC12' - STOXX GC Pooling EUR 12 Months, 'TPGR' - Tri-Party General Collateral Rate, 'TOIS' - TOIS, 'TONA' - TONAR Or up to 25 alphanumeric characters if the reference rate is not included in the above list
optional	SLEB only	2.67	Lending Fee	Fee that the borrower of the security or commodity pays to the lender.	Up to 11 numeric characters including up to 10 decimals expressed as percentage where 100% is represented as "100".
optional	REPO, SBSC, SLEB	2.78	Identification of a Security Used as Collateral	Identification of the security used as collateral. This field is not applicable to commodities.	ISO 6166 ISIN 12 character alphanumeric code.
optional	REPO, SBSC, SLEB	2.83	Collateral Quantity or Nominal Amount	Quantity or nominal amount of the security or commodity used as collateral. In the case of a bond, the total nominal amount which means the number of bonds multiplied by the face value. In the case of other securities or commodities, their quantity.	Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot.
agent lending	SLEB only	-	Shell Quantity (repeated)	Included to help operations identify the trade.	No ESMA field - Up to 52 alphanumeric characters; Only capitalized alphabetic characters A-Z and the digits 0-9, inclusive in both cases, are allowed.

<u>agent lending</u>	<u>SLEB only</u>	-	<u>Shell Trade ID (repeated)</u>	<u>Internal Trade reference of the reporting counterparty (used for operational referencing)</u>	<u>No ESMA field - Up to 52 alphanumeric characters; Only capitalized alphabetic characters A-Z and the digits 0-9, inclusive in both cases, are allowed.</u>
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ICMA Zurich**T: +41 44 363 4222**

Dreikönigstrasse 8

CH-8002 Zurich

ICMA London**T: +44 20 7213 0310**

23 College Hill

London EC4R 2RP

ICMA Paris**T: +33 1 70 17 64 72**

62 rue la Boétie

75008 Paris

ICMA Hong Kong**T: +852 2531 6592**

Unit 3603, Tower 2,

Lippo Centre

89 Queensway Admiralty

Hong Kong

icmagroup.org