



## SFTR reporting update issued by ESMA

March 2020

On 19 March 2020 ESMA issued a public statement relating to the application of the Securities Finance Transactions Regulation (“SFTR”) which it clarified on 26 March 2020. In light of the COVID-19 pandemic, the reporting obligations for credit institutions, investment firms and relevant third country entities which were due to apply from 13 April 2020 have been delayed as well as the registration requirements for trade repositories (“TRs”).

By way of reminder the reporting obligations for credit institutions, investment firms and relevant third country entities were due to become applicable as of 13 April 2020 followed by:

- » the central counterparties (“CCPs”), central securities depositories (“CSD”) and relevant third country entities due to start reporting on 13 July 2020;
- » insurance companies, funds, institutions for occupational retirement provision and relevant third country entities on 12 October 2020; and
- » non-financial counterparties on 11 January 2021.

The reporting obligations for credit institutions, investment firms, CCPs, CSD and relevant third country entities will now all commence on 13 July 2020 and TRs must be registered in advance of this date. There have been no changes to the reporting commencement dates for CCPs, CSD, insurance companies, funds, institutions for occupational retirement provision, non-financial counterparties and relevant third country entities.

Recognising that counterparties, entities responsible for reporting and report submitting entities and TRs face severe resource restrictions in implementing contingency plans to ensure the continuity of their operations at the same time as ongoing projects to meet new regulatory requirements such as finalising their implementation of the securities financing transactions (“SFT”) reporting requirements and completing the necessary technical set up before 13 April 2020, ESMA states that it:

1. expects competent authorities not to prioritise their supervisory actions towards counterparties, entities responsible for reporting and investment firms in respect of reporting obligations, under SFTR and under MIFIR, as of 13 April 2020 and until 13 July 2020, including regarding to SFTs concluded in that period of time, and to generally apply their risk-based approach in the exercise of supervisory powers in their day-to-day enforcement of applicable legislation in this area in a proportionate manner;
2. does not consider it necessary to register any TR ahead of 13 April 2020. This will give TRs more time to cope with the emergency and be ready to support the new reporting regime at a later point in time. ESMA is also not available to record the details of SFTs. As a result, counterparties, entities responsible for reporting and report submitting entities will be unable to report by the reporting start date; and
3. expects TRs to be registered sufficiently ahead of the next phase of the reporting regime, i.e. 13 July 2020, for credit institutions, investment firms, CCPs and CSD and relevant third country entities to start reporting as of this date.



In its revised statement on 26 March 2020 ESMA clarified that competent authorities should not prioritise their supervisory actions towards counterparties, entities responsible for reporting and investment firms in respect of their reporting obligations pursuant to SFTR or MIFIR, regarding SFTs concluded between 13 April 2020 and 13 July 2020, and SFTs subject to backloading under SFTR,

For a copy of ESMA's public statement, click [here](#).

## Contacts

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