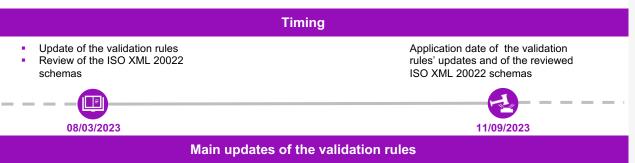# LAST AMENDMENT ON SFTR

April 2023

REPLY
AVANTAGE

SFTR - NEW REQUIREMENTS

The European Securities and Markets Authority (ESMA) released an **update** to **Validation Rules** and **XML Schemas** for the Securities Financing Transaction Regulation (SFTR) and **Reply's team** will support you in defining the **main impacts.**

Timing

- Update of the validation rules
- Review of the ISO XML 20022 schemas

Application date of the validation rules' updates and of the reviewed ISO XML 20022 schemas

08/03/2023

11/09/2023

Main updates of the validation rules

The changes affected the **General Information** and the **Cpy_Transaction** tabs:

GENERAL INFORMATION

The action type "**CORR**" can only be used to correct **loan data** or **loan-collateral data.** While the action type "**COLU**" is used both for update and correction for only collateral data.

CPY_TRANSACTION

1. **Additional sector classification** (field 1.6) is conditional for all action types
2. **UTI** (field 2.1) shall be populated for Repo, BSB and SL when the action type is COLU and the field "Collateralisation of net exposure" (field 2.73) is populated with 'False'
3. **Type of collateral component** (field 2.75): the validation rules take into account new conditions related to the action type CORR and POSC.
4. **Collateral unit of measure** (field 2.84) is not required for SL
5. **Level** (field 2.99) is not required for new or modified margin loans

Review of ISO XML 20022 schemas

MESSAGES MODIFIED	MESSAGES MODIFIED	MESSAGES MODIFIED
1. auth.052.001.02_ESMAUG 2. auth.080.001.02_ESMAUG	1. auth.052.001.02_ESMAUG 2. auth.080.001.02_ESMAUG	1. auth.052.001.02_ESMAUG_SFTTRA 2. auth.080.001.02_ESMAUG_SFTREC 3. auth.105.001.01_ESMAUG_SFTPOS

Counterparty and TR

TR and Authority

ISO

Inter and TR

SECURITIES FINANCING TRANSACTION REGULATION

What is it?

Securities Financing Transaction Regulation (SFTR) is a European Union regulation, introduced in January 2016 and applicable from July 2020, that aims to reduce systemic risk in the Securities Financing Transaction (SFT) market by increasing transparency and surveillance.

What are the products in scope?

- REPO
- Securities Lending / Borrowing
- Buy-Sell Back / Sell-Buy Back
- Commodities Lending / Borrowing
- Margin Lending

What are the information to report?

A report, divided into **four categories,** is transmitted to a **Trade Repository** in electronic form according to the **ISO XML 20022 method**:

- Counterparties → 18 Fields
- Loan and Collateral → 99 Fields
- Margins → 20 Fields
- Collateral Reuse → 18 Fields

WHY REPLY?

Avantage Reply excels in regulatory reporting and offers expertise on G20 reporting, automation, and consistency checks. Our **RegTech HUB** simulates **innovative solutions** and our approach to post-trading centres on regulatory compliance.

Our approach

- We have an **observatory** to monitor the **main regulatory reporting changes**
- We have **expertise in G20 reporting** (SFTR, EMIR, MIFIR, MIFID II, CFTC, MMSR, etc..)
- We provide support for **regulatory reporting automation** and consistency check
- We have set up a dedicated **RegTech HUB** to **simulate** the application of **innovative solutions** identified
- We have structured **our approach to post-trading** on regulatory requirement management, E2E project execution, advisory and innovation

CONTACT DETAILS

Sergio Guirreri
Avantage Reply
Via Castellanza, 11 - 20151 Milan - Italy

Phone: +39 02 535761
Mobile: +39 342 6086706
E-mail: s.guirreri@reply.it