



European Securities and
Markets Authority

Response Form to the Consultation Paper

Guidelines for reporting under Articles 4 and 12 SFTR



Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex III. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **29 July 2019**.

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Please do not remove tags of the type <ESMA_QUESTION_RSFTTR_1>. Your response to each question has to be framed by the two tags corresponding to the question.
3. If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.
4. When you have drafted your response, name your response form according to the following convention: ESMA_RSFTTR_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA_RSFTTR_ABCD_RESPONSEFORM.
5. Upload the form containing your responses, in Word format, to ESMA's website (www.esma.europa.eu under the heading "Your input – Open consultations" → "Consultation on Position limits and position management in commodities derivatives").

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading [Legal Notice](#).

Who should read this paper

All interested stakeholders are invited to respond to this consultation. In particular, responses are sought from financial and non-financial counterparties to securities financing transactions, tri-party agents, agent lenders, central counterparties (CCPs) and trade repositories (TRs), as well as from all the authorities having access to the TR data.

General information about respondent

Name of the company / organisation	The Investment Association
Activity	Other Financial service providers
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	UK

Introduction

Please make your introductory comments below, if any

<ESMA_COMMENT_RSFTTR_1>

The Investment Association is the trade body that represents UK investment managers, whose 240 members collectively manage over £7.7trillion on behalf of clients. Our purpose is to ensure investment managers are in the best possible position to:

- Build people's resilience to financial adversity
- Help people achieve their financial aspirations
- Enable people to maintain a decent standard of living as they grow older
- Contribute to economic growth through the efficient allocation of capital

The money our members manage is in a wide variety of investment vehicles including authorised investment funds, pension funds and stocks & shares ISAs. The UK is the second largest investment management centre in the world and manages 37% of European assets.

More information can be viewed on our [website](#).

Please note that we also submitted comments on the draft validation rules in separate file named ESMA_RSFTTR_THEIAANNEX_RESPONSEFORM.xlsx

<ESMA_COMMENT_RSFTTR_1>



Questions

Q1 : Do you agree with the above assessment? Are there any other transactions for which clarification is needed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_1>

Yes, we agree. No further clarification is needed.

<ESMA_QUESTION_RSFTTR_1>

Q2 : Do you agree with the approach set out for reporting of SFTs under Article 4 of SFTR as detailed above? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_2>

Yes.

<ESMA_QUESTION_RSFTTR_2>

Q3 : Do you agree with the approach for reporting repos and reverse repos as detailed in this section? Please detail the reasons for your response

<ESMA_QUESTION_RSFTTR_3>

Yes.

<ESMA_QUESTION_RSFTTR_3>

Q4 : Are there any other types of repos and reverse repos transactions for which reporting needs to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_4>

No.

<ESMA_QUESTION_RSFTTR_4>

Q5 : Are there any other aspects on reporting of master agreements or other elements of BSB/SBB that need to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_5>

No.

<ESMA_QUESTION_RSFTTR_5>

Q6 : Do you foresee any issues relating to the non-availability of information on the counterparties and the securities by T+1? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_6>

No.

<ESMA_QUESTION_RSFTTR_6>

Q7 : To what extent the SFTs that are cancelled and replaced bear price-forming information, i.e. does the cancellation imply an additional fee or price charged? If so, how can this information be better included in the reports? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_7>

We understand the scenario in mind with this question is where a transaction is agreed in the first instance between the counterparties, who subsequently then also agree to cancel it before it settles and execute a different transaction in its place.

In these circumstances, we do not believe there would usually be any fee paid with regard to the cancelled transaction or in association with the cancellation itself. The new trade would be negotiated as normal according to the nature of the transaction and instruments involved. We therefore do not believe any additional information regarding the sequence of events should need to be included in the reporting.

Note that our response to Q19 advocates that counterparties should be required only to report transactions in their state at the end of trade date. As such, we believe that if the above events all occur within the original trade date, the initial trade and its cancellation should not be reportable.

<ESMA_QUESTION_RSFTTR_7>

Q8 : Which approach would you favour in terms of reporting cash-driven SLB? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_8>

We have not identified any usage of cash-driven securities lending among IA members, so have no comment to make on this aspect.

<ESMA_QUESTION_RSFTTR_8>

Q9 : Do you agree with the proposal with regards to reporting of SFTs involving commodities? What other aspects should be clarified with regards to these SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_9>

We have not identified any usage of commodity-related SFTs among IA members, so have no comment to make on this aspect.

<ESMA_QUESTION_RSFTTR_9>

Q10 : Are there any aspects that need to be clarified with regards to this type of SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_10>

We have not identified any usage of energy-related SFTs among IA members, so have no comment to make on this aspect.

<ESMA_QUESTION_RSFTTR_10>

Q11 : Do you agree with the proposal with regards to reporting of margin lending? What other aspects should be clarified with regards to these SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_11>

We are unable to comment with regard to margin lending, which is little-used among IA members.

<ESMA_QUESTION_RSFTTR_11>

Q12 : Having in mind that position reporting of CCP-cleared SFTs is optional only when transaction-level reporting was made in accordance with paragraph 84, do you believe that additional clarifications need to be provided by ESMA? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_12>

No.

<ESMA_QUESTION_RSFTTR_12>

Q13 : Do you agree with the approach regarding allocation of responsibility with regards to SFTs concluded between TC-FC and EU SME-NFC? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_13>

Yes, we agree. It will be key for SME-NFCs and others who may act on their behalf, such as investment managers, to understand the status of any third country counterparty.

<ESMA_QUESTION_RSFTTR_13>

Q14 : Do you agree with the approach regarding allocation of responsibility with regards to UCITS management company and AIFM, established in third country? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_14>

Yes, we agree.

It would be helpful, however, to confirm our understanding with regard to AIFs that an EU AIF with a third country AIFM should be classified as an NFC

Moreover, notwithstanding any local requirements that may exist in individual Member States, we believe SFTR Article 2(1)(a) limits the application of SFTR to AIFs that are established in the EU. We would suggest that this point be highlighted in the Guidelines given that the position differs from that under EMIR.

<ESMA_QUESTION_RSFTTR_14>

Q15 : Do you agree with the approach for determining conclusion of SFTs by EU branches of non-EU entities? Are there any other instances in addition to the ones in paragraph 102 that would need to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_15>

We have not identified any cases where IA members manage portfolios for branches of entities, so have no comment to make on this aspect.

<ESMA_QUESTION_RSFTTR_15>

Q16 : Is the proposed guidance for determining whether an SFT conducted by a branch needs to be reported clear and comprehensive? Which areas require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_16>

We have not identified any cases where IA members manage portfolios for branches of entities, so have no comment to make on this aspect.

<ESMA_QUESTION_RSFTTR_16>

Q17 : Is the proposed guidance for reporting of intragroup SFTs clear and comprehensive? Which areas require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_17>

Yes

<ESMA_QUESTION_RSFTTR_17>

Q18 : Do you agree with the approach for reporting by NFCs? Is there any additional aspect relating to reporting by NFCs that needs to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_18>

Paragraph 112 suggests that the reporting of SFTs between FCs and SME-NFCs is covered in section 5.2. We believe the intended reference is to section 5.3.2.

However, that section considers only trades with 3rd country FCs, so would suggest that either that section be broadened or a new section added to address trades with EU FCs.

It would be helpful to clarify the oversight obligations of FCs who might allow a small NFC counterparty to self-report or delegate to a different entity (eg. their investment manager).

<ESMA_QUESTION_RSFTTR_18>

Q19 : Do you agree with the proposal for reporting conclusion of SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_19>

We believe firms should be required to report trades only in their state at the end of trade date. We believe a requirement to report modifications that might occur intraday on trade date would be disproportionately burdensome for counterparties in view of the little value it would provide to regulators on T+1.

Although Article 2 of the RTS provides specifically only for trades that are executed in a trading venue to be reported for the first time against the clearing member, we do not believe this should prevent adoption of a similar approach for OTC trades that are cleared on trade date.

<ESMA_QUESTION_RSFTTR_19>

Q20 : Do you agree with the proposal for reporting modifications to SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_20>

Yes.

<ESMA_QUESTION_RSFTTR_20>

Q21 : Do you agree with the proposal for reporting collateral updates to SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_21>

Yes.

<ESMA_QUESTION_RSFTTR_21>

Q22 : Do you have any issues with reporting in a timely manner valuation, margin and reuse updates pertaining to SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_22>

No.

<ESMA_QUESTION_RSFTTR_22>

Q23 : Do TRs require additional guidance in relation to how reports submitted by the entities mentioned in Article 2(2) and (3) of SFTR should be treated and the relevant procedures to follow? If so please confirm where further guidance is required.

<ESMA_QUESTION_RSFTTR_23>

We have no comment to make on this question, which is directed at the trade repositories.

<ESMA_QUESTION_RSFTTR_23>

Q24 : Do you agree with the proposed rules for reporting of field 1.17? Are there any other instances that would need to be clarified? Please detail the reasons for your answer.

<ESMA_QUESTION_RSFTTR_24>

We believe paragraph 121 should make it clear that this section refers only to trades involving the loan of securities, as Field 1.17 is not applicable to commodities.

<ESMA_QUESTION_RSFTTR_24>

Q25 : Do you consider proposal A or proposal B to be the most efficient way to ensure that details of SFTs are reported accurately, and why? What would be the costs and benefits of each approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_25>

Discussions with IA members suggest that they would find it much simpler, and therefore more cost effective, to re-report the trade in its entirety, rather than have to compile a "delta" report containing just the fields that have changed.

<ESMA_QUESTION_RSFTTR_25>

Q26 : Do you agree with the sequences proposed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_26>

The tables indicate that an "Error" report cannot be followed by any other action for the same report. We would ask ESMA to consider the case where a counterparty submits an Error report by mistake - there needs to be a way to reverse this, bearing in mind that the UTI will still be live and used by the other counterparty.

<ESMA_QUESTION_RSFTTR_26>

Q27 : Do you agree with the proposed mapping between business events and action types? Are there any additional business events that should be included? Please detail the reasons for your answer.

<ESMA_QUESTION_RSFTTR_27>

Table 5 suggests on page 37 that ETRM should be used in the case of a settlement fail. This should be the case *only* if the trade were terminated as a result, while in many cases the fail will be temporary and the trade will continue.

Table 5 suggests on page 39 to use MODI to close out an open-term repo. We believe this should be done using the ETRM action type, as described in paragraph 127 and Table 41, as well as in the RTS definition of the ETRM action type.

<ESMA_QUESTION_RSFTTR_27>

Q28 : Are there any other relationships that would need to be defined? If so, please detail which ones.

<ESMA_QUESTION_RSFTTR_28>

No.

<ESMA_QUESTION_RSFTTR_28>

Q29 : Is there any aspect not covered by the ITS on reporting that would require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_29>

No.

<ESMA_QUESTION_RSFTTR_29>

Q30 : Do you agree with the proposed approach for reporting of counterparty side in the case of CCP-cleared SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_30>

Yes.

<ESMA_QUESTION_RSFTTR_30>

Q31 : Do you agree with the proposed approach to determine which side of a transaction is the collateral provider and which is the collateral taker for unsecured lending/borrowing of securities? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_31>

Yes.

<ESMA_QUESTION_RSFTTR_31>

Q32 : Please indicate how frequently is a haircut, margin or any other type of discount/add-on, applied to the loan side of SLB?

<ESMA_QUESTION_RSFTTR_32>

We assume the proposal to report margins etc. that may be applied to the loan value by way of adjustment to the price of the loaned instrument would be a temporary workaround, given the lack of a dedicated field for this purpose and in preference to reflecting it as haircut on the collateral. This being the case, we would suggest to note in the Guidelines that a new field for this purpose may be added in a future update to the technical standards.

We are aware that for some clients for whom IA members mat report do add a margin to the loan value for collateralslisation purposes. We understand that this may be instead of or addition to applying a haircut to the collateral, but we have been unable to ascertain how commonly this is done.

<ESMA_QUESTION_RSFTTR_32>

Q33 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_33>

Yes.

<ESMA_QUESTION_RSFTTR_33>

Q34 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_34>

Yes.

<ESMA_QUESTION_RSFTTR_34>

Q35 : Do you agree with the proposed approach on timing and use of FX rates? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_35>

Yes.

<ESMA_QUESTION_RSFTTR_35>

Q36 : Does ESMA need to provide additional guidance on the reporting of the valuation fields? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_36>

Any guidance in this respect should be limited to ensuring that counterparties engage to agree a common valuation.

<ESMA_QUESTION_RSFTTR_36>

Q37 : Do you have any remarks concerning the reporting of CFI? What other aspects need to be clarified to ensure that reporting is consistently performed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_37>

Paragraph 163 should establish at the outset that the "official" CFI is the one assigned by the numbering agency that has issued the ISIN, per the ISO 10962 standard.

It should then clarify that the further explanation is applicable only to those instruments for which the numbering agency has not assigned the CFI, in which case the counterparties will need to agree upon the appropriate "user-assigned" CFI.

<ESMA_QUESTION_RSFTTR_37>

Q38 : Do you agree with the approach for back-loading? What other aspects have to be considered to make the reporting of backloaded SFTs more efficient for counterparties and TRs, i.e. the costs of this approach are minimised and also the usefulness of the reports submitted going forward is maximised? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_38>

It is not clear if ESMA is advocating that all open trades should be reported on the relevant reporting start date, notwithstanding the legal obligation to do so only between 180 and 190 days thereafter; or that counterparties subject to the same reporting start date must agree to backload at the same time.

We would suggest that, although either of the above may be possible and ESMA might wish to discuss the merits of each, it also needs to acknowledge that each counterparty will be free to adopt any approach that complies with the backloading obligation and that, if the counterparties do not agree, the one that reports first will need to accept that its reports will remain unpaired (and therefore unmatchable) until the other party reports.

This will in any event be the case for new trades in the many instances, where a bank or investment firm has traded with a counterparty that is not required to commence reporting until the third wave.

<ESMA_QUESTION_RSFTTR_38>

Q39 : What other aspects with regards to the UTI have to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_39>

We do not believe that the endorsement or not of a global UTI by ESMA is relevant to the flow chart that follows paragraph 174.

It would be helpful to reiterate here (even though it is mentioned in paragraph 232) that the generating party must provide the UTI on a timely basis to facilitate compliant reporting by the non-generating party.

<ESMA_QUESTION_RSFTTR_39>

Q40 : Are there any other instances that need to be clarified? Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFTTR_40>

With regard to umbrella funds, we believe it would in fact be an edge case that the umbrella is the counterparty rather than the sub-fund, if it happens at all.

We believe a more useful clarification would be that the beneficiary field should not be populated when the reporting counterparty is the beneficiary.

<ESMA_QUESTION_RSFTTR_40>

Q41 : Please provide the relative volume of transactions for which issuer's LEI (of securities used as collateral) or ISIN is not available in principle.

<ESMA_QUESTION_RSFTTR_41>

IA members typically do not yet store the issuer LEI in their instrument reference data, so are unable to provide this analysis at present. It is nonetheless a key concern, especially with issuers whose instruments are not TOTV in Europe, that firms may be unable to obtain the issuer LEI for reporting and therefore will be constrained in their securities lending activities and what collateral may be used.

<ESMA_QUESTION_RSFTTR_41>

Q42 : Do you agree with this approach? What other aspects need to be considered? Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFTTR_42>

We welcome the statement in paragraph 188 that non-banks may choose to commence reporting in advance of their designated start date. We are aware that some IA members may elect to move early for some clients in order to reduce the burden of the final go-live date.

However, it should be the case that any errors or omissions in the "voluntary" reporting that are addressed prior to the mandatory commencement date are not considered to be breaches of the reporting obligations.

<ESMA_QUESTION_RSFTTR_42>

Q43 : Do you believe there are other use cases that need to be further defined in this subsection? Do you agree with the applicability of those use cases to the different types of SFTs as outlined above? Please detail the reasons for your answers.

<ESMA_QUESTION_RSFTTR_43>

We believe the use cases provided offer sufficient coverage and include those that would be applicable to the particular types of client for which IA members are likely to report.

<ESMA_QUESTION_RSFTTR_43>

Q44 : Do you agree with the population of the counterparty data fields? Please detail the reasons for your response and indicate the table to which your comments refer.

<ESMA_QUESTION_RSFTTR_44>

Yes, we agree.

However, we would request the following further clarifications to be added to paragraph 210:

- (a) The reference to "asset manager" should be replaced with "fund management company".
- (b) Typically, a separate entity to which portfolio management is delegated would act as both an intermediary for the fund in executing SFTs, per the specific definition of "broker" in the RTS; and submit the reporting associated with the trades it executes. In that case, it would be identified in the report in the capacities of report submitting entity and broker.
- (c) In contrast, with the above (and as suggested in Table 30) we believe the intention is that if the fund management company undertakes the trading itself, it would not fit the "broker" definition, being the mind and management of the fund itself.

<ESMA_QUESTION_RSFTTR_44>

Q45 : Do you agree with the approach to reporting action types? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_45>

We believe the description for Table 32 in paragraph 215, should mention that the counterparty and clearing member have agreed to use position-level reporting.

We understand that Table 33 illustrates the reporting of a cleared trade that is intended to form an initial position, but this is not readily apparent from the description in paragraph 216. We believe it would be better if this illustration preceded the one in Table 32.

<ESMA_QUESTION_RSFTTR_45>

Q46 : Do you agree with the approach to reporting event date? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_46>

Yes.

<ESMA_QUESTION_RSFTTR_46>

Q47 : Do you agree with the approach to reporting clearing? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_47>

We believe it would be helpful to also illustrate the reporting of a cleared trade between a clearing member and its client.

<ESMA_QUESTION_RSFTTR_47>

Q48 : Do you agree with the approach to reporting trading venue field? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_48>

Be believe it would be helpful to add a note to Table 54 that the approach to reporting trades that are concluded OTC but under the rules of a venue differs from that in MiFIR transaction reporting, where the venue would be identified.

<ESMA_QUESTION_RSFTTR_48>

Q49 : Do you have any remarks or questions concerning the reporting of master agreements? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_49>

No.

<ESMA_QUESTION_RSFTTR_49>

Q50 : Do you agree with the approach to reporting conclusion and beginning of an SFT? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_50>

Yes.

<ESMA_QUESTION_RSFTTR_50>

Q51 : Do you agree with the approach to reporting term of the SFT? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_51>

We understand that the validation rule for the earliest call-back date (Field 2.17) may be changed so that it is not required for open-term repo. However, even with fixed term repos we believe these are standard practice only for extendables, and optional with other fixed-term contracts.

We would, therefore, suggest that this field should be made optional.

<ESMA_QUESTION_RSFTTR_51>

Q52 : Do you see any issues with the approach to reporting termination optionality? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_52>

No.

<ESMA_QUESTION_RSFTTR_52>

Q53 : Which of these approaches do you favour for reporting general and specific collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_53>

It is not clear why the determination between specific and general is not straightforward, per the definition on Field 2.18. We would recommend the following:

Blank Uncollateralised SLB

GENE Where the collateral may be selected from an agreed range of instruments by the giver or triparty agent

SPEC Where the receiver demands or agrees to receive one or more specific instruments.

<ESMA_QUESTION_RSFTTR_53>

Q54 : Do you agree with the approach to reporting collateral arrangements? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_54>

Yes.

<ESMA_QUESTION_RSFTTR_54>

Q55 : Do you agree with the approach to reporting fixed and floating rates of SFTs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_55>

Yes.

<ESMA_QUESTION_RSFTTR_55>

Q56 : Do you see any issues with the approach to reporting repo and BSB/SBB principal amounts? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_56>

Yes.

<ESMA_QUESTION_RSFTTR_56>

Q57 : Do you agree with the approach regarding reporting fields 2.51 and 2.90? Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFTTR_57>

Yes.

<ESMA_QUESTION_RSFTTR_57>

Q58 : Do you agree with the approach to reporting securities on loan? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_58>

We believe it would be helpful to note that where the price is expressed in percentage terms, the price currency should be the same as for the nominal amount.

<ESMA_QUESTION_RSFTTR_58>

Q59 : Do you agree with the approach to reporting SFTs involving commodities? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_59>

We have not identified any usage of commodity-related SFTs among IA members, so have no comment to make on this aspect.

<ESMA_QUESTION_RSFTTR_59>

Q60 : Do you agree with the approach to reporting cash rebate SLBs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_60>

Yes.

<ESMA_QUESTION_RSFTTR_60>

Q61 : Do you agree with the approach to reporting non-cash collateral SLBs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_61>

Yes.

<ESMA_QUESTION_RSFTTR_61>

Q62 : Do you agree with the approach to reporting margin loan data? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_62>

We are unable to comment with regard to margin lending, which is little-used among IA members.

<ESMA_QUESTION_RSFTTR_62>

Q63 : Do you agree with the approach to reporting collateralisation? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_63>

Tables 85 and 86 suggests that a value date for collateral should be reported when collateralisation is at transaction level. This contradicts the RTS definition of Field 2.74 ("where trades have been collateralised on a net exposure basis...") and the validation rules.

The scenario description in paragraph 328 indicates that a collateral basket is not used, but suggests to report NTAV in field 2.96. We would expect 2.96 to be blank if there is no basket.

The scenario description in paragraph 328 indicates that a collateral basket is not used, but suggests to report NTAV in field 2.96. We would expect 2.96 to be blank if there is no basket.

Paragraph 320 advises that when a collateral basket is used, but not known at the time of reporting, Field 2.96 should be populated with NTAV. We have no issues with this, but our reading of the RTS definition for field 96 is that NTAV should also be used where the collateral basket does not have an identifier. We believe the Guidelines should be explicit and exhaustive as to when NTAV should be used (for example per our understanding as set out below in indents (b) and (c)).

We are conscious that Table 11 in the Final Report showed reporting of ISINs for both the basket and the individual lines of securities collateral securities element ISIN in the same report. However, it might be inferred from paragraph 319 in the latest consultation that the individual securities should be reported only when there is no collateral basket. The illustrations provided do not confirm whether or this is the case. In addition, is it not clear to us why the validation rules for the relevant fields within the range 2.83 - 2.95 indicate that the individual securities should be reported only when Field 2.96 is populated with NTAV.

It seem to us that there are four situations that determine the population of Field 2.96:

- (a) ISIN where a collateral basket is used, which has an ISIN;
- (b) NTAV where a collateral basket is used that does not have an ISIN;
- (c) NTAV where a collateral basket is used, for which the ISIN is not known at the time of reporting (to be updated when the information becomes available);
- (d) [blank] collateral basket not used;

and that the requirement to report the individual collateral securities or not should be consistent among (a) - (c).

We would ask that the Guidelines state explicitly whether or not individual collateral elements should be reported when collateralisation is against a basket, and that the validation rules are aligned with this.

Finally, the ISIN selected by ESMA to represent a collateral basket in Tables 85-87 is actually that for Vodafone ordinary shares. We do not believe this is appropriate and would urge that a fictitious ISIN be used instead.

<ESMA_QUESTION_RSFTTR_63>

Q64 : Do you agree with the approach to reporting cash collateral? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_64>

Yes.

<ESMA_QUESTION_RSFTTR_64>

Q65 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_65>

Yes.

<ESMA_QUESTION_RSFTTR_65>

Q66 : Do you agree with the proposed approach for calculating collateral haircuts or margin? Please provide justification for your response.

<ESMA_QUESTION_RSFTTR_66>

Yes.

<ESMA_QUESTION_RSFTTR_66>

Q67 : Do you agree with the proposed approach for reporting collateral type field? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_67>

Yes.

<ESMA_QUESTION_RSFTTR_67>

Q68 : Do you agree with the proposed approach for reporting Availability for collateral reuse? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_68>

Yes, we agree.

However, we believe it would be helpful to confirm our understanding that "operational/technical constraints" would include, for example, the inability of a UCITS to reuse collateral under the UCITS Directive. As such, we believe a counterparty that is a UCITS should report "true" in Field 2.95 where the master agreement or other contractual document does not prevent reuse, regardless of the constraints placed upon it by regulation.

<ESMA_QUESTION_RSFTTR_68>

Q69 : Do you agree with the proposed approach for reporting fields Identification of security and LEI of issuer? Are you aware of instances where securities provided as collateral do not have an ISIN? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_69>

We believe instances where securities used in SFTs do not have an ISIN would be very rare. However, there appears to be an assumption that they will tend to be instruments issued in the EU and, therefore, that an LEI will be available for the issuer - this may not be the case and there are significant concerns that issuers whose securities are not issued or traded in Europe may well not have an LEI.

<ESMA_QUESTION_RSFTTR_69>

Q70 : Do you agree with the proposed approach for reporting plain vanilla bonds as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_70>

Yes, although we would suggest to illustrate a fully compliant CFI (without the wildcard asterisks).

<ESMA_QUESTION_RSFTTR_70>

Q71 : Do you agree with the proposed approach for reporting perpetual bonds as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_71>

Yes, although we would suggest to illustrate a fully compliant CFI (without the wildcard asterisks).

<ESMA_QUESTION_RSFTTR_71>

Q72 : Do you agree with the proposed approach for reporting main index equities as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_72>

Yes, although we would suggest to illustrate a fully compliant CFI (without the wildcard asterisks).

<ESMA_QUESTION_RSFTTR_72>

Q73 : Do you agree with the proposed approach for reporting variation margining with additional provision of securities by the collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_73>

Yes, although we would suggest to illustrate a fully compliant CFI (without the wildcard asterisks).

<ESMA_QUESTION_RSFTTR_73>

Q74 : Do you agree with the proposed approach for reporting variation margining with return of the same securities to collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_74>

Yes, although we would suggest to illustrate a fully compliant CFI (without the wildcard asterisks).

<ESMA_QUESTION_RSFTTR_74>

Q75 : Do you agree with the proposed approach for reporting variation margining with return of different securities to the collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_75>

Yes, although we would suggest to illustrate a fully compliant CFI (without the wildcard asterisks).

We note that, unlike in the margin report, there is no indication in the loan and collateral report of the direction in which variation margin is moved. This might be from or to the giver of collateral for the transaction itself. We therefore believe Fields 76 and 83 should include the direction in which the collateral is moved, at least in the case of variation margin.

<ESMA_QUESTION_RSFTTR_75>

Q76 : Do you agree with the proposed approach for reporting prepaid collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_76>

Yes.

<ESMA_QUESTION_RSFTTR_76>

Q77 : Do you agree with the proposed approach for reporting portfolio code? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_77>

Yes.

<ESMA_QUESTION_RSFTTR_77>

Q78 : Do you agree with the approach to reporting margin data? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_78>

We believe there is an error in Table 102. Paragraph 363 indicates that J delegates reporting to D, so D should be the report submitting entity, while J would remain the entity responsible.

<ESMA_QUESTION_RSFTTR_78>

Q79 : Do you have any comments on the scope of the non-cash collateral re-use measure, and are there practical obstacles to the reporting? In the case of margin lending, do you agree with the exclusion of securities that cannot be transferred to the prime broker's account due to rehypothecation limits agreed contractually?

<ESMA_QUESTION_RSFTTR_79>

We have no comments to add with regard to the reuse of non-cash collateral.

We are unable to comment with regard to margin lending, which is little-used among IA members.

<ESMA_QUESTION_RSFTTR_79>

Q80 : Do you have any comments on cash collateral reinvestment, and do you agree with the scope?

<ESMA_QUESTION_RSFTTR_80>

We have no comments to add with regard to the reinvestment of cash collateral. We agree with the scope as described by ESMA.

<ESMA_QUESTION_RSFTTR_80>

Q81 : Do you agree with the proposed approach for reporting reuse, reinvestment and funding sources? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTTR_81>

We are unable to comment with regard to margin lending, which is little-used among IA members.

<ESMA_QUESTION_RSFTTR_81>

Q82 : What other aspects need to be considered with regards to the aforementioned approach with regards to treatment of rejection feedback? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_82>

We believe the proposed guideline will be sufficient.

<ESMA_QUESTION_RSFTTR_82>

Q83 : What other aspects need to be considered with regards to the aforementioned approach with regards to treatment of reconciliation feedback? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTTR_83>

We believe the proposed guideline will be sufficient.

In our response to Q42, we suggested that where a counterparty elects to start reporting before the mandatory commencement date, errors and omissions should not be considered as breaches. Nonetheless, we would expect them to receive reconciliation feedback as normal in order to identify and address any issues in their reporting logic.

<ESMA_QUESTION_RSFTTR_83>

Q84 : What other aspects need to be considered to make the process more efficient? Please elaborate on the reasons for your response?

<ESMA_QUESTION_RSFTTR_84>

We have no comment to make on this question, which is directed at the trade repositories.

<ESMA_QUESTION_RSFTTR_84>

Q85 : Do you have any comments on the aforementioned practicalities relating to the provision of access to SFT data to authorities? What other aspects need to be considered to make the process more efficient? Please elaborate on the reasons for your response?

<ESMA_QUESTION_RSFTTR_85>

We have no comment to make on this question, which is directed at the trade repositories.

<ESMA_QUESTION_RSFTTR_85>

