

MEMO# 30419

November 23, 2016

Draft ICI Global Response to ESMA Consultation Paper on the Securities Financing Transactions Regulation - Member Comments Requested by Monday 28 November 2016

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TO: ICI Global Capital Markets Union Task Force
ICI Global Exchange Traded Funds Committee
ICI Global Regulated Funds Committee
ICI Global Trading & Markets Committee
International Committee
International Operations Advisory Committee
Equity Markets Advisory Committee
Derivatives Markets Advisory Committee RE: Draft ICI Global Response to ESMA Consultation Paper on the Securities Financing Transactions Regulation - Member Comments Requested by Monday 28 November 2016

As previously advised[\[1\]](#), on 30 September 2016 the European Securities and Markets Authority (ESMA) published a consultation paper (CP)[\[2\]](#) containing draft regulated technical standards (RTS) and implementing technical standards (ITS) under the Securities Financing Transactions Regulation (SFTR)[\[3\]](#) and amendments to related RTS under EMIR.

ICI Global's draft response to the CP is attached for your review. **Please provide comments on the draft response to Giles Swan (+44 207 961 0832 or giles.swan@iciglobal.org) by close of business on Monday 28 November 2016.**

Draft Response

Responses to the CP must be submitted online using a reply form[\[4\]](#) by 30 November 2016. ICI Global plans to respond to 14 questions raised by ESMA in the CP and make the following general comments:

- We support ESMA's approach to permit an SFT counterparty to delegate submission of SFT reports to a third-party, including the other counterparty;

- We recommend ESMA allow for additional time for counterparties to submit and reconcile reports for those SFTs concluded between an EU and a non-EU counterparty to account for collateral substitution and valuation in different time zones;
- We generally support the publication of aggregated SFT data – to the extent that such disclosure advances the goal of mitigating systemic risk and informs regulatory policy initiatives – but we recommend examining other SFT data initiatives to identify opportunities for convergence (e.g. the Federal Reserve Bank of New York Tri-party statistical data); and
- We encourage ESMA to continue to identify opportunities to rationalise SFTR reporting requirements (e.g. changes arising from the EMIR Review) – to avoid duplication with other regulatory reporting regimes and ensure consistency in reporting (e.g. AIFM Directive).

ICI Global is proposing to respond to questions in the following sections of the CP:

- Reporting Logic (Questions 4, 5, 11, 12 and 13);
- Trade Scenarios (Questions 16 and 18);
- Content and Structure of the SFT report (Question 38);
- Beneficiary (Question 40);
- Collateral Reporting (Question 47);
- Trade Repository Reconciliation (Questions 77, 85, 87 and 88);

Corrigendum to the original published CP

On 4 November 2016, ESMA identified a clerical error in the original published CP. It has subsequently published a revised CP and the following statement:

ESMA has found a clerical mistake in the Consultation paper published on 30 September 2016. In particular, there are some instances in the explanatory text, in particular on pages 85, 87, 88, 92 and 96, where the deadline for reporting of the collateral component of an SFT is erroneously indicated as taking place on value date + 1. The timeline for reporting of the details of the collateral component of an SFT is value date, as included in Article 5 of the draft technical standards under Article 4(10) of SFTR on page 254. In similar way the reporting of availability for reuse, mentioned on page 108, refers to value date.

To provide background to members when reviewing ICI Global's draft response, a summary of the CP, taking into account the corrigendum, is attached to this memo.

Giles Swan
Director of Global Funds Policy, ICI Global

[Attachment No. 1](#)

[Attachment No. 2](#)

endnotes

[1] <https://www.iciglobal.org/portal/site/ICI/menuitem.9ad35c6866c5fcca09ce3110b52001ca/?vgnextoid=ec8c9eacd59e7510VgnVCM100000650210acRCRD&vgnnextchannel=304db7b54e26b310VgnVCM1000005a0210acRCRD&vgnnextfmt=global>

[2] ESMA Consultation Paper, Draft RTS and ITS under SFTR and amendments to related EMIR RTS, 30 September 2016, *available from* https://www.esma.europa.eu/sites/default/files/library/2016-1409_sftr_consultation_paper_-_draft_rts_and_its_under_sftr_and_amendments_to_related_emir_rts.pdf

[3] 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, *available from* <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32015R2365>

[4] https://www.esma.europa.eu/sites/default/files/library/2016-1409_reply_form_for_cp_on_draft_rts_and_its_under_sftr_and_amendments_to_related_emir_rts.docx

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