

## SFTR – Securities Financing Transactions Regulation

### What does SFTR mean?

Regulation 2015/2365 of the European Union on transparency of securities financing transactions and of reuse (SFTR), the purpose of which is increasing the transparency of the market by requiring counterparties of securities financing transactions (SFTs):

- to report securities market transactions to a trade repository (Article 4);
- to comply with the transparency requirements for collective investment funds (Articles 13-14);
- rules on the re-use of securities (Article 15).

### What does SFT mean?

A Securities Financing Trade or SFT includes the following transactions:

- securities repo transaction;
- securities or commodities lending and securities or commodities borrowing;
- a buy-sell back or sell-buy back transaction;
- margin lending agreements.

### What is the scope of the SFTR legislation?

The SFTR legislation applies to:

- all financial counterparties established in the EU (e.g. credit institutions, investment firms, brokerage firms, fund managers, insurance companies) and
- all non-financial counterparties established in the EU (any entity not part of a group of financial counterparties);
- a branch office of the above, operating in the EU or a third country, and
- all non-EU counterparties that have a branch office in the EU.

### Backloading obligation

Transactions concluded prior to the go-live date and existing at that date shall be reported within 190 days from the commencement of the reporting obligation if:

- there are more than 180 days remaining until the maturity dates of the transactions, or
- the transactions are open-ended and persist 180 days after the above-mentioned date.

### Deadlines in SFTR

2016		2019		2020		2021
entry into force		inception of the reporting obligation				
12.01.2016	11.04.2019	13.04.2020	13.07.2020	12.10.2020	11.01.2021	
entry into force of SFTR	entry into force of the technical standard	investment firms, credit institutions	CCPs, CSDs	fund managers, insurance companies, pension funds	non-financial counterparties	

## Possibility of delegation

The contracting party subject to the reporting obligation may delegate the reporting obligation to the counterparty or a third party involved in the transaction.

Where required by law, if a financial counterparty enters into a securities finance transaction with a small non-financial counterparty, then the financial counterparty shall submit the data reports on behalf of both counterparties.

## How to report?

- To the trade repository approved by ESMA;
- On the day following the transaction day at the latest;
- In ISO 20022 standard message format.

## The service provided by KELER

KELER assists market actors with fulfilling the reporting obligations set forth in the EMIR, REMIT, MiFID II, MiFIR legislation, by providing the Trade Reporting (TR) service.

KELER's TR system provides state-of-the-art technology with a one-stop solution for data reporting in accordance with EU regulations. The reporting obligation of bilateral securities financing transactions can be fulfilled by directly uploading client reports generated from their own source systems into the KELER TR system.

Our SFTR reporting service fulfills the following functions:

- automatic (web service) and manual report submitting options;
- authentication checks;
- schema validation;
- monitoring the status of reports submitted: the user receives feedback on both successful and unsuccessful reports;
- indication of possible causes of error;
- option of delegated reporting.

## Benefits of the service provided by KELER

- Simple, effective way to submit reports;
- A complete solution for both financial and non-financial actors;
- One-stop-shop: KELER's Trade Reporting (TR) system is capable of submitting both EMIR and MiFID II reports;
- web-based system can be tested continuously, free of charge;
- Harmonized file and reporting formats;
- Possibility of delegated reporting;
- Favorable fee structure.

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