

Regulatory News Alert

Final ESMA report on EMIR and SFTR data quality

20 April 2021

Context and objectives

On 15 April 2021, the European Securities and Markets Authority (ESMA) published its [final report](#) on the European Markets Infrastructure Regulation (EMIR) and Securities Financing Transactions Regulation (SFTR) data quality.

The report marks **the first review of the quality of data reported by trade repositories (TR) since the EMIR and SFTR reporting regimes were introduced**. It provides an **overview of the actions taken by ESMA and various national competent authorities (NCAs)** to enhance both regulatory regimes.

EMIR data quality

The report notes that good progress has been made in recent years in improving the quality of EMIR data. However, a significant number of derivatives are not being reported on time; are not in line with the EMIR format and content rules; do not reconcile; or are not reported altogether.

ESMA aims to **increase its focus on potential non-reporting** in the future and will be sharing identified issues with NCAs during 2021.

SFTR data quality

The report only provides a limited overview of SFTR data quality, as the SFTR reporting regime was only recently launched. Considering the complexity and scale of SFTR reporting, all relevant stakeholders should set sufficient resources aside to monitor data quality thoroughly.

Like EMIR, Brexit has also had a significant impact on the SFTR reporting landscape. The number of open securities financing transactions (STFs) declined by 50% immediately following Brexit; however, this number has been trending upwards since.

For 2021, **ESMA and NCAs have agreed to carry out two rounds of SFTR data quality reviews**. They will **focus on format and content reporting, timeliness of reporting, and reconciliation of reported data by TRs**.

What is next?

ESMA will publish data quality reports annually and predicts later editions will provide a more comprehensive review of its findings.

How can Deloitte help?

Deloitte has been helping clients comply with EMIR and SFTR provisions by providing assistance on activities ranging from strategic considerations to the full implementation of their requirements.

Deloitte Luxembourg EMIR and SFTR Services can help your organization analyze any current gaps by implementing regulatory health checks, proposing remediation plans, and defining an appropriate governance framework (contracts, risk management, and control).

Our dedicated PSF Deloitte Solutions can help you with your daily transaction regulatory reporting (T2R) obligations in line with EMIR, SFTR, MiFIR and CSDR requirements.

Deloitte's **Regulatory Watch Kaleidoscope** service helps you stay ahead of the regulatory curve to better manage and plan upcoming regulations.

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