

Deloitte regulatory news alert

Securities Financing Transaction Regulation - SFTR January 2016

18 January 2016

On 23 December 2015, the [Securities Financing Transaction Regulation \(SFTR\)](#) was published in the [EU Official Journal](#).

Key attention points

The Regulation affects investment firms, credit institutions, UCITS/UCITS managers and AIFs/AIFMs.

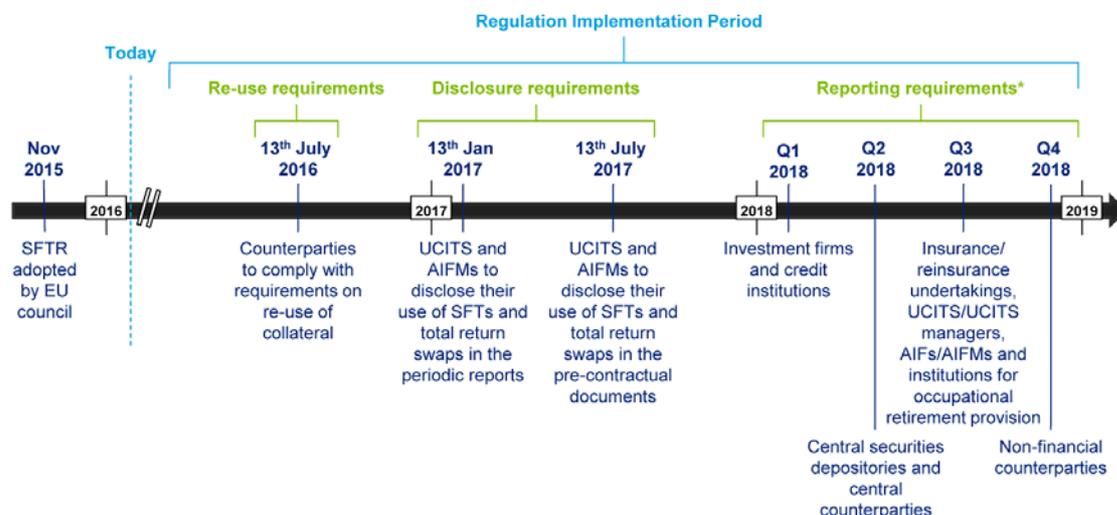
The main requirements of SFTR are:

- transaction reporting to a trade repository and record keeping requirements for the counterparties of securities financing transactions (SFTs); broadly securities and commodities lending, repo and margin lending transactions;
- disclosure requirements for the managers of undertakings for collective investment in transferable securities (UCITS) and alternative investment fund managers (AIFMs); and
- specific requirements for the re-use (re-hypothecation) of collateral.

For trade repositories currently authorized under EMIR by ESMA, a simplified application procedure will apply.

Timetable

The Regulation will enter into force on 12 January 2016 with implementation estimated to be phased-in until the end of 2018.



* Expected dates as entry into force of level 2 Delegated Act expected in Q1 2017

[Download the Timetable](#)

Key impacts for you

- The Regulation affects investment firms, credit institutions, UCITS/UCITS managers and AIFs/AIFMs.
- The transaction reporting rules for SFTs are similar to those for derivatives under EMIR meaning firms should be able to use some existing internal infrastructure. When undertaking MiFID II transaction reporting implementation or EMIR remediation, firms should be building in flexibility to comply with the final transaction reporting rules for SFTs.
- Firms will also need to undertake a re-papering exercise to comply with the new requirements on re-use of collateral.

Next steps

- ESMA is expected to publish draft technical standards by the end of 2016 specifying the details of the requirements. Following the publication of ESMA's RTS, the European Commission will have three months to endorse it.
- The date of publication of the Commission's Delegated Act is important as it will trigger the start of the phase-in period for the implementation of the reporting requirements.
- By 13 October 2017, the European Commission should submit a report on the progress of the FSB recommendations for haircuts on non-centrally cleared SFTs and propose whether these recommendations are suitable for the EU markets, which leaves open the possibility of the introduction of haircut floors into EU law through the SFTR at a later date.

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