

20 March 2020

## Postponement of the reporting obligations in reaction to COVID-19 pandemic

This circular is being addressed to all market participants, particularly entities which enter into securities financing transactions falling under the scope of SFTR, inter alia financial and non-financial counter-parties as defined in Article 3 of SFTR.

This circular should be read in conjunction with the SFTR, its Delegated Acts and previous circulars issued by the Authority on this matter. Details on SFTR can be accessed through the Malta Financial Services Authority's ('MFSA') dedicated section in its website.

### Background

In response to the effect of current adverse developments surrounding the COVID-19 pandemic, on Wednesday 18 March 2020, ESMA issued a public statement on the actions taken to mitigate the impact of COVID-19 on the European financial Markets. ESMA's statement is aimed at ensuring coordinated supervisory actions on the application of the SFTR, in particular, in relation to the postponement of the reporting start date of financing transactions under SFTR.

As you are aware, the reporting requirements emanating from the regulatory technical standards ('RTS') and implementing technical standards ('ITS') developed in terms of Article 4 of the SFTR, which came into force in April 2019, were periodically phased-in vis-à-vis as follows:

- 13 April 2020 – Reporting obligation for Credit Institutions and Investment Firms;
- 13 July 2020 – Reporting obligation for CCPs and CSDs;
- 12 October 2020 – Reporting obligation for Insurance Companies, AIFs, UCITs and pension funds;
- 11 January 2021 – Reporting obligation for non-financial counterparties.

The first reporting date coincides with an acceleration in the proliferation of COVID-19, accordingly, firms' ability to ensure compliance with the requirements from 13 April 2020 onwards has been critically compromised due to such unforeseen circumstances.

### **ESMA's Public Statement** - Actions to mitigate the impact of COVID-19 on the EU financial markets

ESMA is aware of the fact that the COVID-19 pandemic has put European markets under substantial strain and acknowledges the actions taken by Member States to prevent its contagion. In this regard, ESMA has acknowledged the challenges that Trade Repositories, the relevant counterparties, the entities responsible for reporting or the report submitting entities and, to the extent applicable, investment firms, may face in finalising their implementation of the SFT reporting requirements and in completing the necessary technical set-up before 13 April 2020.

In this respect, the National Competent Authorities have been advised by ESMA not to prioritise their supervisory actions towards counterparties, entities responsible for reporting and investment firms in scope of the reporting obligation under SFTR, as of 13 April 2020 and until 13 July 2020. This includes the supervision of SFTs concluded during that period and to the application of supervisory powers in our day-to-day enforcement of SFTR.

The Authority will continue to monitor closely the situation surrounding COVID-19 and will inform market participants of any further communication from ESMA accordingly.

For ease of reference, the public statement is available on ESMA's website, and can be accessed through the following [link](#).

### Contacts

Should you have any queries on the above, please do not hesitate to contact Luca Caruana and Rachelle Baldacchino, Analysts within the Securities and Markets Supervision, on [sftr@mfsa.mt](mailto:sftr@mfsa.mt) for any further clarifications.