

02 June 2021

Circular on Regulation N^o 2015/2365 on Securities Financing Transactions Regulation ('SFTR') – Publication of Q&As on SFTR Reporting

Introduction

This Circular is being addressed to all market participants, particularly entities who enter into securities financing transactions ('SFTs') and which fall within scope of SFTR, namely financial and non-financial counterparties as defined in Article 3 of SFTR.

Purpose of the Circular

The Authority would like to inform market participants that the European Securities and Markets Authority ('ESMA') has updated its [Q&A Document](#) (Q&As) relating to reporting under SFTR. Specifically, this update relates to the inclusion of Question 10 relating to the reporting of changes to the reference rate in a securities financing transaction.

Updates to the Q&A document

New Question 10 – Reporting of changes to the reference rate in an SFT

To ensure consistency of reporting of SFTs, it is important to clarify how the counterparties should report SFTs based on reference rates that are not included explicitly in the Commission Implementing Regulation (EU) 2019/363, such as €STR. In particular: (a) How the counterparties should report the changes to the reference rate in an SFT? In particular, how such changes should be reported in the scenario when, following to the benchmarks reform, the counterparties agree to switch to a different rate or when a fallback is triggered? (b) How the counterparties should report SFTs based on reference rates that are not included explicitly in the Commission Implementing Regulation (EU) 2019/363, for example €STR?

Answer 10

(a) In all such cases the counterparties should report a modification of an SFT and update the relevant fields, 2.25 Floating rate or 2.59 Floating rebate rate, as applicable.

(b) At the time the Commission Implementing Regulation (EU) 2019/363 was developed, €STR was not yet available, therefore the list of standardised codes for reporting of floating rate specified in this Regulation (for the fields 2.25 Floating rate and 2.59 Floating rebate rate) does not provide the code for reporting of this reference rate. Consequently, the counterparties need to use the free-text field to

report €STR. In order to ensure consistent reporting and enable the reconciliation of the reports in question, counterparties should report in the free-text field "ESTR", i.e. the 4-letter code assigned to €STR in the ISO 20022 standard. Similarly, for other reference rates that are not included in the list of standardised codes, counterparties should report in the free-text field the 4-letter code assigned to that reference rate in the ISO 20022 standard, to the extent it is available, as described in ISO 20022 Benchmark Curve Name Code at the following [link](#).

Contacts

Should you have any queries in relation to the contents of the Q&As, please do not hesitate to contact the Authority on SFTR@mfsa.mt.