

28 July 2022

Circular on Regulation No 2015/2365 on Securities Financing Transactions Regulation ('SFTR' or 'the Regulation') – Update to the Industry

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

As the industry is aware, the Regulation has been into force since 2016. As a way forward, the Authority would like to advise that it intends to undertake several supervisory meetings during H₂ of 2022. The intention of such meetings is to ensure that the respective counterparties are not finding any difficulties to ensure compliance to the requirements emanating from the SFTR. The sample pool of counterparts to be chosen for such compliance meetings will be taken at random. However, it is strongly advised that entities not being contacted should still ensure that the entity's checks and procedures are up to the standard expected to meet such obligations.

During these supervisory meetings, specific emphasis will be given to the reporting requirements emanating from SFTR.

The industry should be advised that as of Q₁ 2023, the Authority intends to conduct onsite supervisory inspections, whereby entities would be required and expected to prove proper and full adherence to the respective requirements emanating from SFTR and its delegated and implementing regulations.

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.