

20 July 2022

Circular on Updates to the Q&As on Regulation N^o 2015/2365 - Securities Financing Transactions Regulation ('SFTR' or 'the Regulation')

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](#) relating to reporting under SFTR. Specifically, this update relates to the inclusion of Question 13 and Question 14 relating to the construction of trade state report and the reporting of valuation and collateral on the last day of an SFT, respectively.

Updates to the Q&A document

Question 13

Construction of Trade State Report

How should TRs take into consideration the maturity date of SFTs transactions for the construction of the Trade State Report?

Answer 13: For the construction of the Trade State Report, TRs should ensure that SFTs should be included in the Trade State report up until the date to which their maturity date refers to, unless the SFTs have been terminated/errored before their maturity date. For example, an SFT concluded at T with a maturity date of T+1 should be included up until the Trade State Report of T+1.

Question 14

Reporting of valuation and collateral on the last day of an SFT

Where a counterparty reports on T+1:

- a repo, buy/sell back (sell/buy back) or securities lending transaction concluded on date T with a maturity date of T+1 (namely “overnight transactions”); or
- a repo, buy/sell back (sell-buy back) or securities lending transaction concluded and terminated on the same day (namely “intraday transactions”), should counterparties send valuation and collateral updates on the last day of overnight transactions and for intraday transactions?

More generally, should counterparties send valuation and collateral updates on the last day of an SFT?

Answer 14: No, the counterparties should not send valuation and collateral updates for the last day of an SFT. In the case of intraday SFTs, the day of the conclusion is the last day of the SFT. Finally, it is worth recalling that for “overnight transactions” counterparties should send valuation and collateral updates referred to the day of their conclusion, i.e. referred to date T.

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.