

## SFTR Trade Repository



### SFTR

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The SFTR is an important part of the EU's efforts to increase the transparency of the market for conditional securities financing transactions (SFTs) and thus of the banking sector and the wider financial system. The trade repository ensures the provision of risk monitoring tools, which should in turn contribute to greater safety in financial markets.

The launch of reporting under the SFTR complements the trade repository service operated by KDPW under the EMIR. It is in line with KDPW's strategic objective of providing capital market participants with a comprehensive and complementary range of post-trade services.

The Regulation provides for the obligation to report to authorised trade repositories details of SFTs executed by all market participants, including both financial and non-financial counterparties. The SFTR gives European national competent authorities (NCAs) access to information on the use of SFTs in securities financing and the re-use of securities derived from SFTs.

## Scope of the service

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The service is provided to all EEA legal entities. KDPW processes reports on all types of SFTs: securities lending, repo, buy sell back and sell buy back, and collateral lending. The KDPW\_CCP trade repository accepts reports on securities re-use and reports on initial deposits and initial margins posted as collateral for transactions cleared centrally by an authorised CCP.

## European passport

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KDPW acts as an intermediary for the transmission of transaction details on the basis of the authorisation granted by ESMA, which directly supervises the SFTR trade repository service operated by KDPW.

Reports provided by obliged entities are made available on a daily basis to ESMA and the ECB as well as to the NCAs of each jurisdiction and the central banks of each jurisdiction.

## Service security and availability

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KDPW provides clients with an automated and secure communication interface and a well-established model of cooperation with supervisory authorities and participants. The system is available 24/7. In view of the obligation to report at T+1, where T is the transaction date, the continuous availability of the system provides clients with a comfortable environment for fulfilling their reporting obligations.

Our expertise and experience allow us to provide technical and substantive support in the performance of the reporting obligation in accordance with the SFTR requirements.

## Broad scope of validation

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The SFTR trade repository service deploys mechanisms which ensure the completeness and correctness of recorded reports, including the detection of obvious errors and omissions. These mechanisms include a set of formal and content checks performed when each report is received.

- Formal checks consist in verifying the authority of the entity to submit reports to the SFTR trade repository and in examining the conformity of all submitted XML files with the XSD schema of messages handled in the SFTR system.
- Content checks consist in ensuring the correctness of the submitted reports.

Further details are available in ESMA validation table and the functional documentation of the SFTR service provided to clients.

## Benefits for clients

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Thanks to the complementary services offered by KDPW, trade repository participants (both in the SFTR and the EMIR trade repository) can get significant benefits as they can perform both obligations by

reporting to a single entity operating the trade repository service (which saves costs and workload by maintaining a single communication channel).

In connection with the obligation to report automatic loans concluded in the automatic securities lending system organised by KDPW in cooperation with KDPW\_CCP, we have prepared a Q&A and proposals for completing ISO 20022 messages for KDPW participants. These documents describe the proposed reporting method and are, in principle, designed to allow KDPW participants to develop and standardise the process.

<https://www.kdpw.pl/pl/raportowanie-pozyczek-automatycznych.html>

## **Data porting**

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Counterparties subject to the obligation to report transactions under the SFTR who report to trade repositories other than the trade repository operated by KDPW can change their current trade repository and transfer data to the KDPW trade repository. Appropriate procedures have been developed and implemented to enable such porting to take place. Voluntary porting resulting, for example, from commercial considerations or the quality of services provided by the previous trade repository can be carried out at any time. Porting covers the last balance of reported active trades, i.e., trades that have not yet matured or been terminated before that date. From the porting date, reports recorded in the KDPW trade repository databases are taken into account in all trade repository processes. First and foremost, however, it is possible to continue to report ported transactions and to report transactions concluded after porting on the terms offered by KDPW.

## **End Of Day reports**

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As part of the service, at the end of each business day, the SFTR trade repository makes available to the reporting entity and the reporting counterparty and, where applicable, to the entity responsible for reporting, information on the relevant securities financing transactions in XML format in a form developed in accordance with the ISO 20022 methodology:

- reports submitted that day,
- transaction/position status report,
- report of unsecured transactions flagged as transactions to be secured,
- reports rejected that day,
- reconciliation status report.

The status of transactions and re-use events and reported margin values are also visible in the graphical user interface of the SFTR trade repository service.