

# Regulation on Transparency of Securities Financing Transactions and of Reuse and amending EMIR

The purpose of the regulation on transparency of securities financing transactions (**SFTs**) and of reuse (known as **SFTR**) is to improve the transparency of the securities financing markets and help regulators and investors better understand the risks.

The financial crisis highlighted the need to improve regulation and monitoring outside the regulated banking sector, because the volume of transactions carried on outside the core banking sector had increased tremendously and the risks created could be systemic.

## SFTR enhances transparency in 3 ways:

1

Introduces the reporting of all SFTs, except those concluded with central banks, to trade repositories. Depending on their category, firms should start reporting at different stages from 12 to 21 months after the entry into force of the relevant regulatory technical standards. See reporting timeline below.



2

Since 13 January 2017 investment funds (AIFs and UCITS) have been required to disclose information on the use of SFTs and Total Return Swaps to investors in their regular reports and also, from 13 July 2017, in their pre-contractual documents (prospectus).



3

SFTR introduced on 13 July 2016 minimum transparency conditions that should be met on the reuse of collateral, such as disclosure of the risks and also for the need of the providing counterparty to grant its prior express consent.



## What is an SFT?



A repurchase transaction



A margin lending transaction



Securities or commodities lending and securities or commodities borrowing



A buy-sell back transaction or sell-buy back transaction (that is not a repurchase transaction)

## Reporting Timeline



**22 March 2019**

RTS/ITS published in the Official Journal of the European Union.

**11 April 2019**  
Entry into force.



**11 April 2020**

Start of reporting for credit institutions and investment firms.

**11 July 2020**

Start of reporting for CSD's and CCP's.



**11 October 2020**

Start of reporting for other financial counterparties, including AIFs and UCITS.

**11 January 2021**

Start of reporting for non-financial counterparties.



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