



ASSOCIATION  
FRANÇAISE  
DES MARCHÉS  
FINANCIERS

## SFTR

### AMAFI ANALYSIS AND PROPOSALS ON :

- AGENCY LENDING SFTR REPORTING (ANALYSIS)
- BACK DATED REPORTING ISSUES (ANALYSIS AND PROPOSALS)
- MISSING ISSUERS LEI (ANALYSIS)
- RECONCILIATION FIELDS (PHASE 3 & 4) (ANALYSIS)

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# AGENCY LENDING SFTR REPORTING

## AMAFI Analysis

- **Scope:** mainly securities lending <sup>(1)</sup>
- Importance of SEBL reporting **volume**, agent lenders (AL) represent ~ **60%** of the securities lending market. <sup>(2)</sup>
- **Data dependency** from agent lenders (AL) & triparty agents (TPA): borrowers face the challenge of getting accurate data on a timely basis from third-party ALs & TPAs while the latter do not have a reporting obligation under SFTR. Agent lenders decide on the allocation of the quantities amongst principals to the original transaction, perform **intra-day re-allocations**, initiate partial & full returns.
- **Criticality of key fields reconciliation** between the borrower block / **shell trade** and the **allocations on vendor pre-matching platforms** for borrowers' accurate & timely reporting, adverse impact on back reporting. <sup>(3)</sup>

(1) Repo agency lending also exist, but in a much smaller volume

(2) Source: ISLA

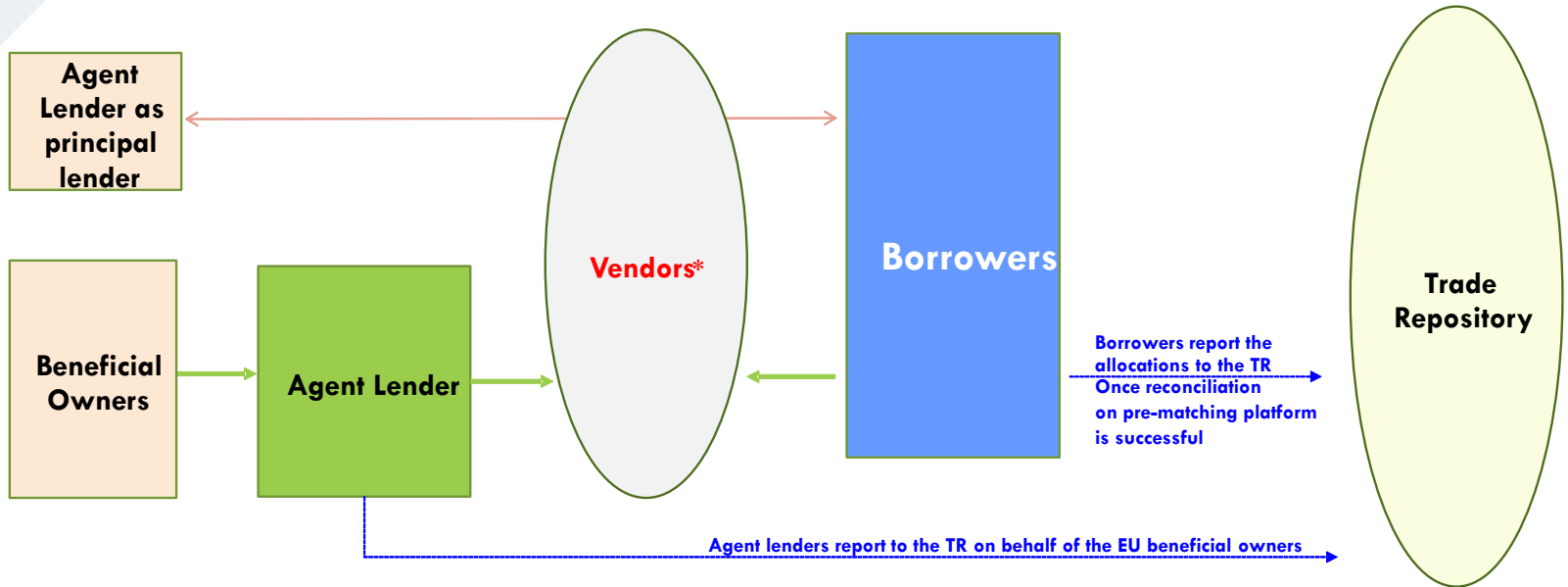
(3) All major agent lenders go through pre-matching platforms for SFTR UTI exchange and reporting.  
Examples of pre-matching & UTI exchange platforms vendors: IHS Markit, Equilend.

## AGENCY LENDING SFTR REPORTING

- **Asynchronous life cycle events** between **borrowers & agent lenders** impact borrowers' **pairing** and **reporting**, such as:
  - . New UTIs erroneously generated while trade contract does not change
  - . Issues on **roll-overs** management
  - . **Diverging market practices on returns reporting** (full returns on an “actual” settlement date basis or maturity date, modifications on a “contractual” date basis ...)
  - . Events sent on T+0 or T+1 respectively
  - . etc....
- Above issues occur for bilateral trades as well, but are much **more acute** in the scenarios of **agency lending**, mainly due to total dependency on data provided by agent lenders by T+1 coupled with constraints on back-reporting & possible mis-pairing shell vs. allocations.

# AGENCY LENDING SFTR REPORTING

Agent Lenders usually act as Third-party lending agents' intermediaries between lenders (end-beneficial owners) and borrowing counterparts (Borrowers)



**TPA**

Collaterals can be at a Triparty Agent (TPA) or can be bilaterally managed. They need to be allocated in % according to principal side.

\* Vendors can be intermediaries for agent lenders &/or borrowers

- on UTI exchange only
- or both on UTI exchange and reporting

Going through a vendor pre-matching platform is mandatory in the case of undisclosed agency lending.

Most major agent lenders delegate their reporting to vendor platforms

## BACK DATED REPORTING

**Constraints on past errors corrections & backdated amendments** exist for bilateral trades<sup>(4)</sup>, however they are more acute for agency lending: past amendments require to **re-enter a reconciliation process** via pre-matching platforms.

That mandatory **pre-TR reconciliation is based on the last version of the records, not on past event date**. Since agent lenders allocations characteristics would have already moved quite fast since that past event date & some agents could be reluctant to provide past event date data as not having a reporting obligation themselves: borrowers' amended shells are likely to fail matching past allocations. Hence, in effect past corrections beyond one- two working day is hardly feasible.

Impossibility to fix unreconciled reports following maturity or termination impacts more severely agency lending than bilateral trades since there is a requirement of pre-TR matching of both sides with volume & intra-day movements multiplier effect (shell vs allocations on principal and collateral side).

(4) cf. ICMA note

# AGENCY LENDING SFTR REPORTING/ BACK DATED REPORTING LIMITATIONS

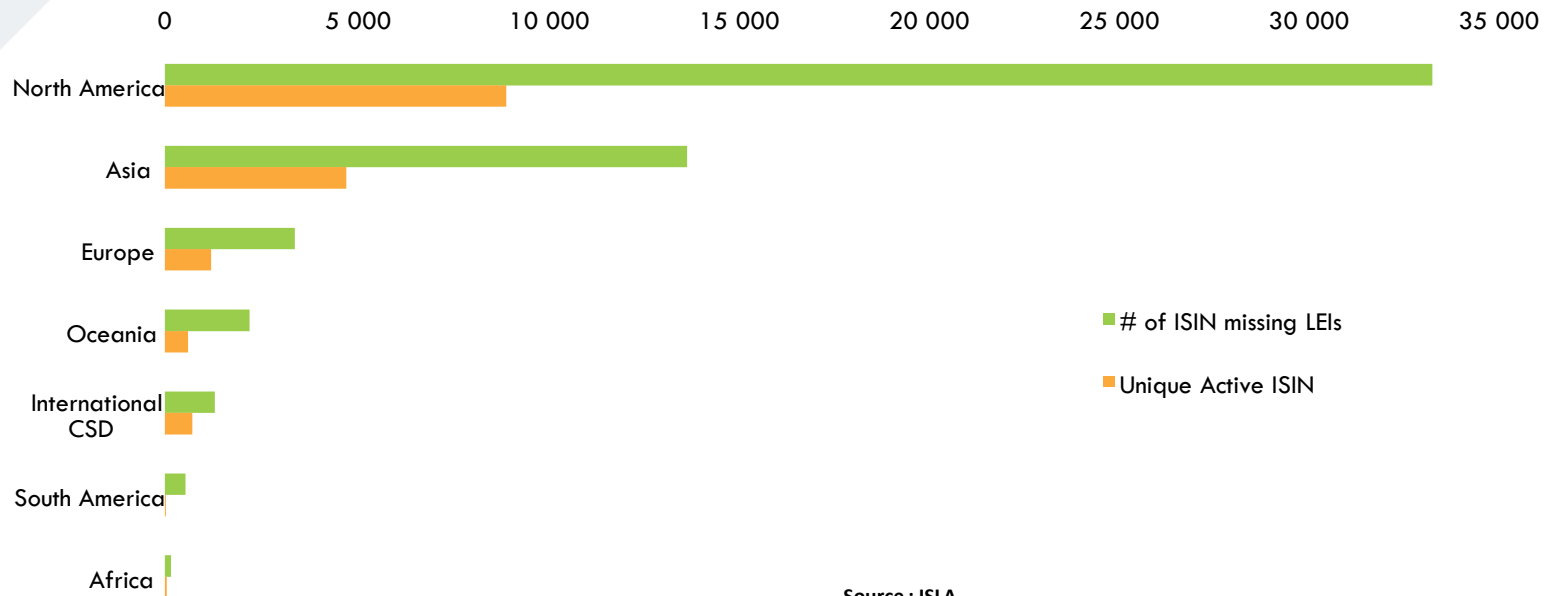
## AMAFI Proposals

- **Take into account specific issues on Agency lending for the Data Quality Review**

Given that pre-matching platforms are necessary for agency lending, allow for more flexibility for borrowers reporting, “pairing” between the shell and the allocations should not be mandatory for back reporting, allow for more time for borrowers’ reporting (e.g. S+2)

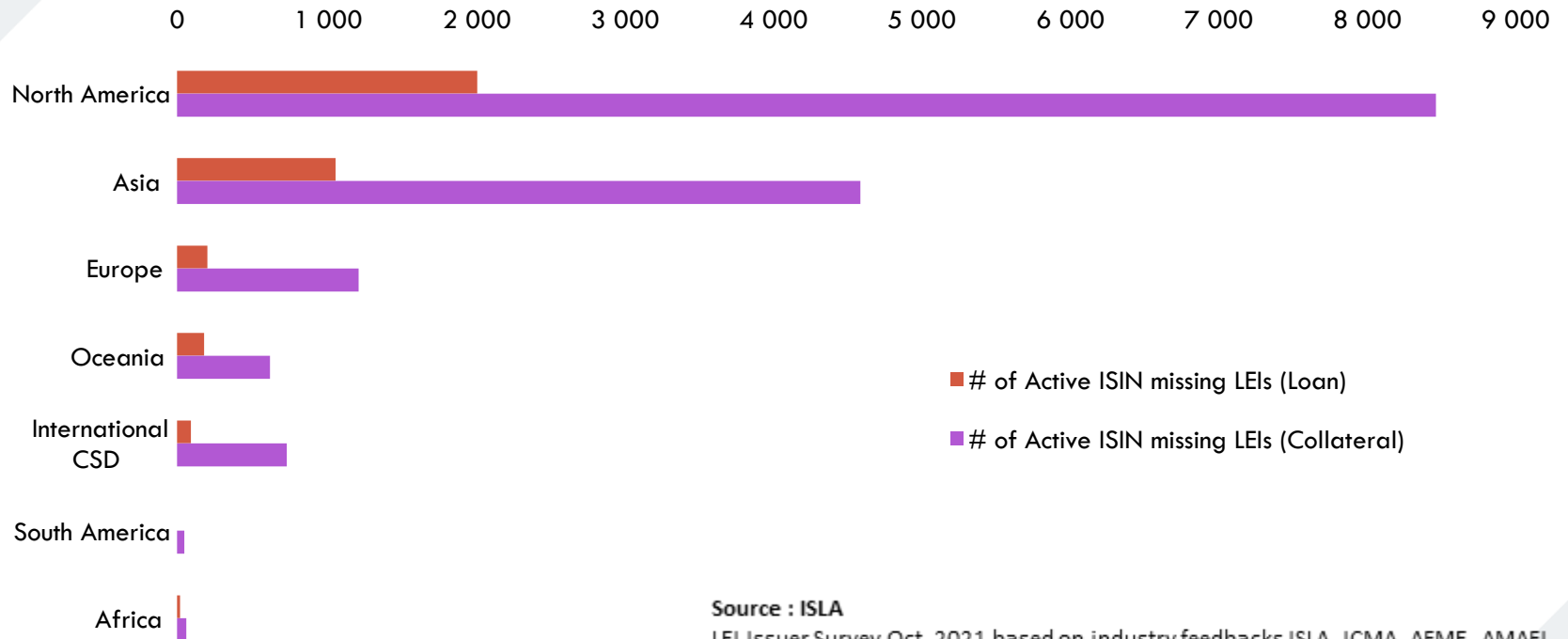
- Allow for back reporting after the reporting window post-maturity date or termination: introduce some sort of “**Revive**” functionality such as in EMIR REFIT to re-open historically closed transaction or erroneously terminated trades, hence allowing past amendments.
- Mandatory delegated reporting by agent lenders of borrower's allocations: **transfer of reporting responsibility to agent lenders**, justified by the fact that the latter **control** & have all relevant data for reporting for borrowers (cf. [Proposed SEC Rule 10c-1](#))

# MISSING ISSUERS LEI - SPLIT PER REGION



Source : ISLA  
LEI Issuer Survey Oct. 2021 based on industry feedbacks ISLA, ICMA, AFME, AMAFI, ...

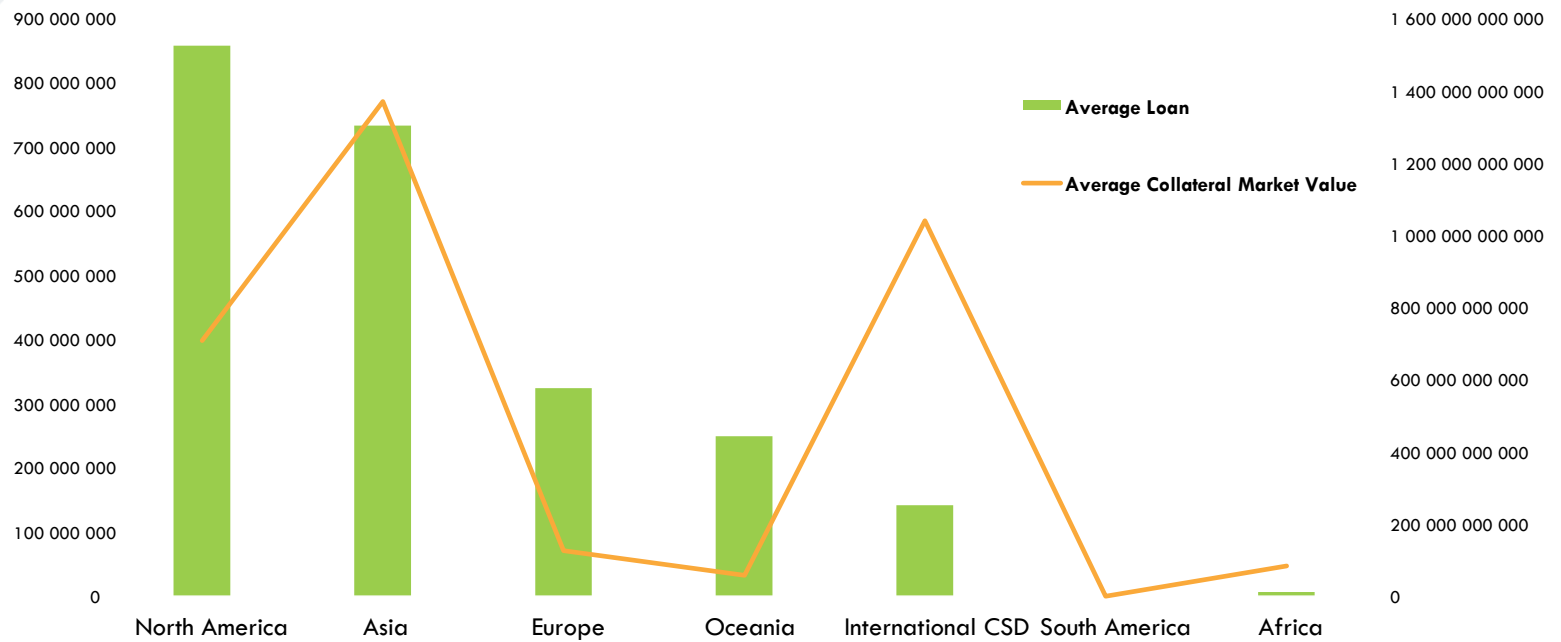
## MISSING ISSUERS LEI - SPLIT LOAN / COLLATERAL (5)



Source : ISLA  
LEI Issuer Survey Oct. 2021 based on industry feedbacks ISLA, ICMA, AFME, AMAFI...



## MISSING ISSUERS LEI - SPLIT LOAN / COLLATERAL <sup>(5)</sup> (IN \$ VALUE)



(5) Data feedback by industry not collected with strict controls on split loan/collateral

Source : ISLA

LEI Issuer Survey Oct. 2021 based on industry feedbacks ISLA, ICMA, AFME, AMAFI, ...

# SFTR RECONCILIATION FIELDS

#	Phase 1 11/07/2020 Article 33(2)(a)(i)		#	Phase 2 11/01/2021 Article 33(2)(a)(iv)		#	Phase 3 11/04/2022 Article 33(2)(a)(i) + 24 months		#	Phase 4 11/01/2023 Article 33(2)(a)(iv) + 24 months	
1,3	Reporting Counterparty	2,72	Uncollateralised Securities Lending ('SL') flag	2,51	Security quality	2,84	Collateral unit of measure	2,6	Clearing timestamp (1 H)		
1,9	Counterparty Side	2,73	Collateralisation of net exposure	2,52	Maturity of the security	2,50	Price currency	2,16	Minimum notice period		
1,11	Other Counterparty	2,74	Value date of the collateral	2,53	Jurisdiction of the issuer	2,87	Price per unit	2,17	Earliest call-back date		
2,1	UTI	2,75	Type of collateral component	2,54	LEI of the issuer	2,88	Collateral market value (0.0005%)	2,18	General collateral indicator		
2,4	Type of SFT	2,76	Cash collateral amount	2,55	Security type			2,19	Delivery By Value ('DBV')		
2,5	Cleared	2,77	Cash collateral currency					2,22	Termination optionality		
2,7	CCP	2,78	ISIN					2,27	Floating rate reference period - multiplier		
2,8	Trading Venue	2,79	CFI code					2,28	Floating rate payment frequency - time period		
2,9	Master agreement type	2,83	Collateral quantity or nominal amount					2,29	Floating rate payment frequency - multiplier		
2,12	Execution timestamp (1H)	2,85	Currency of collateral nominal amount					2,35	Adjusted rate (DPL 3)		
2,13	Value date	2,89	Haircut or margin (DPL 3)					2,36	Rate date		
2,14	Maturity date (End date)	2,90	Collateral quality					2,43	Base product		
2,15	Termination date	2,52	Maturity date of the security					2,44	Sub - product		
2,20	Method used to provide collateral	2,53	Jurisdiction of the issuer					2,45	Further sub - product		
2,21	Open term	2,54	LEI of the issuer					2,47	Unit of measure		
2,23	Fixed rate (DPL 3)	2,94	Collateral type					2,49	Security or commodity price		
2,24	Day count convention	2,95	Availability for collateral reuse					2,50	Price currency		
2,25	Floating rate	2,96	Collateral basket identifier					2,56	Loan Value		
2,26	Floating rate reference period - Floating rate reset frequency - time period	2,99	Level					2,57	Market Value		
2,30	Floating rate reset frequency - multiplier	2,40	Type of asset					2,60	Floating rebate rate reference period - time period		
2,31	Floating rate reset frequency - multiplier	2,41	Security identifier (ISIN)					2,61	Floating rebate rate reference period - multiplier		
2,32	Spread (DPL 3)	2,42	Classification of a security (CFI)					2,62	Floating rebate rate payment frequency - time period		
2,33	Margin lending currency amount	2,46	Quantity or nominal amount					2,63	Floating rebate rate payment frequency - multiplier		
2,34	Margin lending currency	2,48	Currency of nominal amount					2,64	Floating rebate rate reset frequency - time period		
2,37	Principal amount on value date	2,58	Fixed rebate rate					2,65	Floating rebate rate reset frequency - multiplier		
2,38	Principal amount on the maturity date	2,59	Floating rebate rate					2,66	Spread of the rebate rate		
2,39	Principal amount ccy	2,67	Lending fee					2,68	Exclusive arrangements		
		2,69	Outstanding margin loan					2,80	Based product		
		2,70	Based currency of outstanding margin loan					2,81	Sub - product		
		2,71	Short market value					2,82	Further sub - product		

KEY	
Collateral Data	
Loan Data	
Phase 1	11/07/2020
Phase 2	11/01/2021
Phase 3	11/04/2022
Phase 4	11/01/2023
Tolerance	0.0005%