

# Clearstream Banking Securities Financing Transaction Regulation

Frequently asked questions:  
Clearstream acting as Triparty Agent



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# Securities Financing Transaction Regulation

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# 1. General information

This document provides guidance on how Clearstream, acting as a Triparty Agent, supports customers in meeting their regulatory compliance in the context of Securities Financing Transaction Regulation (SFTR).

The key objective is to provide comprehensive information about Clearstream's reporting offering, incorporating both Clearstream Banking S.A. (CBL) and Clearstream Banking AG (CBF).

## 2. Regulatory highlights

### 2.1 What are SFTs?

As per the [European Commission definition](#), securities financing transactions (SFTs) allow investors and firms to use assets, such as the shares or bonds they own, to secure funding for their activities.

A securities financing transaction can be

- a repurchase transaction - selling a security and agreeing to repurchase it in the future for the original sum of money plus a return for the use of that money
- lending a security for a fee in return for a guarantee in the form of financial instruments or cash given by the borrower
- a buy-sell back transaction or sell-buy back transaction
- a margin lending transaction

### 2.2 Entities subject to SFTR

- Financial counterparties (FCs)
- Non-financial counterparties (NFCs)
- EU-based entities, including their non-EU-based branches
- Non-EU entities, where the SFT is concluded by an EU-based branch

**Note:** The European System of Central Banks, the Bank for International Settlements and public bodies managing public debt are exempt from reporting.

### 2.3 SFTR Reporting timeline

Reporting obligation is phased in on quarterly basis.

11 April 2020 <sup>1</sup>	Phase 1	Investment firms and credit institutions
11 July 2020	Phase 2	CCPs and CSDs
11 October 2020	Phase 3	Insurance, UCITS, AIF and pensions
11 January 2021	Phase 4	Non-financial counterparts

1. In response to the COVID-19 pandemic, the European Securities and Markets Authority (ESMA) has issued a public statement announcing the delay of phase 1 of the Securities Finance Transaction Regulation (SFTR) reporting obligations from 13 April 2020 to 13 July 2020.

### 2.4 Reporting Requirements

SFT Regulation requires the parties to the transaction to compile and report the following data elements - these consist of four tables of data:

- Counterparty data - this relates to the identification of the parties who execute, report, benefit from, arrange, broker and clear the transaction.
- Loan and Collateral data - this relates to the characteristics and terms of the securities financing transaction itself, including the trading and clearing venues, interest calculations, security and commodity information, pricing and rebate details, haircuts and collateral quality.
- Margin data - this relates to initial and variation margin, and collateral posted and received against a portfolio of transactions.
- Re-use, Cash Reinvestment and Funding Sources data - this relates to collateral re-use, cash collateral reinvestment and, for margin lending transactions, funding source information.

## 3. Clearstream reports

Acting as triparty collateral agent (TPA), Clearstream does not have own reporting obligation however aims at supporting customers in relation to their collateral and re-use data within the triparty environment.

As a TPA, Clearstream is not in a position to offer any delegated reporting or enrichment services. Clearstream shall not also access to any Trade Repository (TRs) for customer reporting purposes.

Scope of reporting services:

- All Securities Financing Transactions (SFTs) within the triparty environment will be included in the report: TRS, TCMS, TSLs 1 & 2, GCPooling, Select Finance/Invest, Seclend Market, eTriparty etc.
- Triparty agent will not apply any pre-selection on any transaction executed within triparty environment.
- Collateral type focuses on cash and securities.

Depending on the customer's business activity, information from Clearstream acting as TPA will be provided by:

- Clearstream Banking Luxembourg S.A. (CBL - ICSD)
- Clearstream Banking AG (CBF - CSD)

## 4. Frequently asked questions

### 4.1 What is CBL's approach to SFTR Reporting?

Delivery focus from CBL is on daily two new reports supporting customer for their own reporting obligation, based on EOD value date:

- Triparty Collateral Management Collateral Allocation Report: Information on confirmed collateral position.
- Triparty Collateral Management Collateral Reuse Report: Raw data elements on collateral which has been re-used within triparty environment.

Reports will be provided following the last collateral allocation batch run for the day (Value date) and will contain full-position (that is, no delta position reporting).

The **Collateral Allocation Report** will contain detailed information with regards to allocated and confirmed collateral position across all transactions and services which customers are active. This report is provided in .txt format.

New report is designed to provide additional SFT Regulation related fields and more in line with the format required by the reporting requirements. Additional fields will be provided by CBL to the extent available within CBL reference data space.

The **Collateral Reuse Report** is only to be sent to customers acting as Collateral Givers (CGs) and will leverage the received securities collateral to another triparty transaction. Aim is to provide the necessary data points which could enable customers to perform their own calculation and/or estimations for final reporting. Clearstream will not perform any calculation or estimation on behalf of the customer. This report is provided in .txt format.

Both reports will be generated at the end of business day following the last allocation and settlement run and will be available to customer via Xact Web Portal until the next generation point, that is, end of the next business day (V+1)

Customers can also leverage the existing MT569 Triparty Collateral and Exposure Statement - Detailed version EOD for reporting purposes

#### 4.2 Can customers continue to use MT569 Triparty Collateral and Exposure Statement?

Customers can further leverage the existing MT569 message in detail to capture their collateral allocation, based on their preferences.

#### 4.3 When will these reports be available to customers?

The reports have been available since 21 October 2019 and customers can subscribe to the reports at any time.

Ahead of the initial implementation date (13 July 2020), customers can review and implement these new reports on a timely basis.

#### 4.4 Can Clearstream pre-select, map or change fields in the reports for individual purposes?

In its role as TPA, CBL will not provide any delegated reporting on behalf of the customers due to lack of visibility of information in relation to trade, counterparty etc. Clearstream also shall not provide any pre-selection or filtering of any information (for example, transaction or service type) and shall not perform any translation or conversion of data elements.

With regards to fields such as "Collateral type", "Collateral quality", Clearstream is not in a position to provide this information since this requires a mapping/translation of data.

#### 4.5 How can customer access the report definitions and samples?

New report content and field definitions are available in the "CmaX Connectivity Guide". This documentation also contains samples reports that customers can further replicate.

#### 4.6 How can customers subscribe to new reports?

To receive the two new reports, that is, the Triparty collateral allocation and Triparty collateral re-use report, customers can either provide the [Operational Profile \(Appendix D\)](#) indicating the delivery times and required Participant Short Codes (PSCs) or contact GSF Operations by sending an MT599 based on the below template. Customers should note that these reports can be provided on PSC basis. It is advisable that customers define each PSC to be included in the report. The reports will be run following the last allocation batch on the day and the content will remain unchanged until the next EOD run, the following business day.

ATTN OBR CONTRACTS AND Account manager  
AS SHORTCODE \_\_\_\_\_ WE HEREBY  
REQUEST TO CREATE A REPORTING GROUP

WITH THE SHORTCODES \_\_\_\_\_  
IN ORDER TO SCHEDULE THE FOLLOWING REPORTS  
COLLATERAL ALLOCATION REPORT  
COLLATERAL REUSE REPORT  
TO BE SENT FOR OUR FILESTORE \_\_\_\_\_  
DAILY AT THE FOLLOWING TIMINGS \_\_\_\_\_  
CONTACT DETAILS \_\_\_\_\_

Concerning the subscription and any other report queries, please contact your Relationship Manager for further information.

### 4.7 How can customers connect to the reports?

Reports will be delivered through ClearstreamXact via File Transfer, which is based on “pull services”. Clearstream’s SFTP connection setup is via public and private key exchange. The keys will be linked to a specific user.

For further technical information, please refer to the document [Clearstream file transfer connectivity solutions](#).

### 4.8 Why did CBL choose to implement new reports?

During the development of the reporting solutions, various options were discussed, for example, the enrichment of an existing report, that is, the Agreement Summary (AS) report or to create a new report focusing on SFT Regulation. To avoid extensive customer implementation impact in case of field or content changes due to any change in regulation, the delivery of new reports was selected.

### 4.9 What is CBF's approach to SFTR Reporting?

Delivery focus from CBF is to encourage customers to leverage MT569 provided from Xemac.

In terms of identifying the reuse positions, customers can identify these positions as per below:

Distinction between own and pledged securities is included in current MT569 detailed reporting can be found in the Subsequence with the Securities Details - Field :35B:: contains qualifier “/TYPE” with value “E” (own securities) or “T” (re-used from GC Pooling).

Reports will be part of the customer’s suite of reports and follow similar subscription approach. Set-up will allow customers to select their delivery points, that is collateral report can be sent to an intermediary /vendor selected by the customer or directly to the customer.

### 4.10 Is there a user guide for the MT569 message from Xemac?

The [CBF Connectivity Guide - Part 2](#) contains specific information on the MT569 message from Xemac.

Collateral management messages and examples are available in Chapter 6 (MT527 / MT558 / MT569).

### 4.11 What are the Eurex contacts for GC pooling trades?

For further information, please refer to the [Eurex website](#) or contact the email address [sftr@eurexclearing.com](mailto:sftr@eurexclearing.com).

### 4.12 What are the current fees?

For the fees of these reports, please refer to the latest [Clearstream Banking Fee Schedule](#), section 5.1.6 “CmaX reports”.



#### 4.13 What is the offering in relation to KAG+/LMS?

For Borrowers: They can subscribe to Allocated Collateral (MT569) from Xemac, to capture their collateral information

For Lenders: Existing LMS report provides collateral quantity, price and HC information at fund level from Borrower perspective. Lenders can also coordinate with their Borrowers to access the MT569. Any outsourcing or report delegation discussion is outside of Clearstream scope.

#### 4.14 Will CBL or CBF create/capture/ deliver UTIs?

No, triparty agents are not part of the proposed Waterfall approach as per regulatory text and the current communication mediums and message formats are not aligned to capture UTIs. Within these limitations, Clearstream, as TPA, is not position to create or distribute UTIs.

#### 4.15 Can these reports be delivered to third-party vendors?

CBL can route these reports to third-party regulatory reporting vendors for further processing subject to collection of Power of Attorney (PoA) from common customers in line with Luxembourg Banking requirements and readiness of the vendor on the Clearstream platform. A PoA example is available on [Clearstream website](#).

CBF can route MT569 third-party regulatory reporting vendors in line with the current subscription process.

#### 4.16 Best practice advice

Given that Clearstream will provide the collateral information to both parties - Collateral Giver (CG) and Collateral Receiver (CR), it is advisable that parties do not update or change the static data information to avoid any reconciliation issues.

Clearstream can only provide information based on "principal" relationship basis. For Agent lenders, unless the underlying lender is identified within Clearstream via technical re-use, the further breakdown of collateral at beneficial owner level falls under the responsibility of Agent lender.

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