esma European Securities and Markets Authority

Response Form to the Consultation Paper

Guidelines for reporting under Articles 4 and 12 SFTR

27 May 2019 ESMA70-151-2371

Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex III. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **29 July 2019.**

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.

2. Please do not remove tags of the type <ESMA_QUESTION_RSFTR_1>. Your response to each question has to be framed by the two tags corresponding to the question.

3. If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.

4. When you have drafted your response, name your response form according to the following convention: ESMA_RSFTR_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA_RSFTR_ABCD_RESPONSEFORM.

5. Upload the form containing your responses, in Word format, to ESMA's website (www.esma.europa.eu under the heading "Your input – Open consultations" → "Consultation on Position limits and position management in commodities derivatives").

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading Legal Notice.

Who should read this paper

All interested stakeholders are invited to respond to this consultation. In particular, responses are sought from financial and non-financial counterparties to securities financing transactions, tri-party agents, agent lenders, central counterparties (CCPs) and trade repositories (TRs), as well as from all the authorities having access to the TR data.

General information about respondent

Name of the company / organisation	Association of Proprietary Traders
Activity	Investment Services
Are you representing an association?	☒
Country/Region	Netherlands

Introduction

Please make your introductory comments below, if any

<ESMA_COMMENT_RSFTR_1>

. The Association of Proprietary Traders (APT), supports Europe's ambitions in improving the transparency and monitoring in the shadow-banking sector through the Securities Financing Transaction Regulation ("**SFTR**"). APT is the trade association of currently 22 *stand alone* proprietary trading firms established in the Netherlands.

To enable regulatory authorities and supervisors to efficiently use the data gathered through SFTR reporting, our response aims to identify unclarities in the reporting requirement which will be applicable to our business activities.

Respondents operate under a bilateral prime brokerage agreement with one (or more) clearing bank(s). Generally, under this type of agreement, the proprietary trading firm (client) receives credit in connection with the purchase, sale, carrying, or trading of securities.

Lending under this agreement, takes place on a portfolio basis, against a pool of collateral, by (re)using assets in the client's margin account as collateral.

Consequently, the scope of our response is limited to that of Margin Lending within the meaning of Article 3(10) of the SFTR.

<ESMA_COMMENT_RSFTR_1>

Questions

Q1 : Do you agree with the above assessment? Are there any other transactions for which clarification is needed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_1>
Generally, we agree with the above assessment. Respondents do not require further clarification on the scope of margin lending SFT reporting.

<ESMA_QUESTION_RSFTR_1>

Q2 : Do you agree with the approach set out for reporting of SFTs under Article 4 of SFTR as detailed above? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_2>
Yes, we agree with the approach set out for reporting margin lending SFTs under Article 4 as detailed above.
<ESMA_QUESTION_RSFTR_2>

Q3 : Do you agree with the approach for reporting repos and reverse repos as detailed in this section? Please detail the reasons for your response

<ESMA_QUESTION_RSFTR_3>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_3>

Q4 : Are there any other types of repos and reverse repos transactions for which reporting needs to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_4>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_4>

Q5 : Are there any other aspects on reporting of master agreements or other elements of BSB/SBB that need to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_5>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_5>

Q6 : Do you foresee any issues relating to the non-availability of information on the counterparties and the securities by T+1? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_6>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_6>

Q7 : To what extent the SFTs that are cancelled and replaced bear price-forming information, i.e. does the cancellation imply an additional fee or price charged? If so, how can this information be better included in the reports? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_7>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_7>

Q8 : Which approach would you favour in terms of reporting cash-driven SLB? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_8>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_8>

Q9 : Do you agree with the proposal with regards to reporting of SFTs involving commodities? What other aspects should be clarified with regards to these SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_9>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_9>

Q10 : Are there any aspects that need to be clarified with regards to this type of SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_10>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_10>

Q11 : Do you agree with the proposal with regards to reporting of margin lending? What other aspects should be clarified with regards to these SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_11>
Yes, we generally agree with the proposal with regards to reporting of margin lending. However, certain aspects in relation to margin lending SFTs require further clarification, particularly in relation to the reporting of the collateral component. These concerns are identified in detail under Q66 of this consultation.
<ESMA_QUESTION_RSFTR_11>

Q12 : Having in mind that position reporting of CCP-cleared SFTs is optional only when transaction-level reporting was made in accordance with paragraph 84, do you believe that additional clarifications need to be provided by ESMA? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_12>
TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTR_12>

Q13 : Do you agree with the approach regarding allocation of responsibility with regards to SFTs concluded between TC-FC and EU SME-NFC? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_13>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_13>

Q14 : Do you agree with the approach regarding allocation of responsibility with regards to UCITS management company and AIFM, established in third country? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_14>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_14>

Q15 : Do you agree with the approach for determining conclusion of SFTs by EU branches of non-EU entities? Are there any other instances in addition to the ones in paragraph 102 that would need to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_15>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_15>

Q16 : Is the proposed guidance for determining whether an SFT conducted by a branch needs to be reported clear and comprehensive? Which areas require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_16>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_16>

Q17 : Is the proposed guidance for reporting of intragroup SFTs clear and comprehensive? Which areas require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_17>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_17>

Q18 : Do you agree with the approach for reporting by NFCs? Is there any additional aspect relating to reporting by NFCs that needs to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_18>
TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTR_18>

Q19 : Do you agree with the proposal for reporting conclusion of SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_19>
We agree with the approach as proposed by ESMA.
<ESMA_QUESTION_RSFTR_19>

Q20 : Do you agree with the proposal for reporting modifications to SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_20>
We agree with the approach as proposed by ESMA.
<ESMA_QUESTION_RSFTR_20>

Q21 : Do you agree with the proposal for reporting collateral updates to SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_21>
We agree with the approach as proposed by ESMA.
<ESMA_QUESTION_RSFTR_21>

Q22 : Do you have any issues with reporting in a timely manner valuation, margin and reuse updates pertaining to SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_22>
Within the context of margin lending SFTs, clients of prime brokers face an information dependency in relation to their prime broker. As per ESMA Final Report ESMA70-708036281-82, *"clients receive information from their prime broker(s) about their exposures, short market value, estimated collateral re-use, margin requirements and margin financing, on a net position basis"*. To appreciate the information asymmetry between prime broker and client, and consequential dependency of the latter on the former, Respondents take the view that ESMA should allow for optional reporting by clients of prime brokers in relation to fields where such clients face an information dependency vis-à-vis the prime broker.
<ESMA_QUESTION_RSFTR_22>

Q23 : Do TRs require additional guidance in relation to how reports submitted by the entities mentioned in Article 2(2) and (3) of SFTR should be treated and the relevant procedures to follow? If so please confirm where further guidance is required.

<ESMA_QUESTION_RSFTR_23>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_23>

Q24 : Do you agree with the proposed rules for reporting of field 1.17? Are there any other instances that would need to be clarified? Please detail the reasons for your answer.

<ESMA_QUESTION_RSFTR_24>
The Consultation Paper notes that *"Counterparties should populate the CSD participant field in all cases, even if the SFT settles outside of a CSD"*. However, it is understood that Field 1.17 is not applicable for margin lending SFTs. As described in ESMA's final guidelines on SFTR (70-708036281-82) under Point 189, margin lending SFTs do not involve transaction settlement or central clearing. Annex I of RTS 2019/356 under 17 further exhibits that Field 1.17 *"CSD participant or indirect participant"* is not applicable to margin lending SFT reporting. We would welcome ESMA to clarify that this field is not applicable to margin lending SFTs.

<ESMA_QUESTION_RSFTR_24>

Q25 : Do you consider proposal A or proposal B to be the most efficient way to ensure that details of SFTs are reported accurately, and why? What would be the costs and benefits of each approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_25>
We strongly agree with Proposal A to ensure that details of margin lending SFTs are reported accurately. As indicated by ESMA under Point 133, counterparties normally handle information at the last-state level, and not at the delta level. This is particularly the case for margin lending SFTs, in which a prime broker lends cash to their clients against collateral. In particular, in Final Report ESMA70-708036281-82, ESMA correctly identifies that in prime brokerage margin lending, *"*(…) [e]*very day,* ***clients receive information from their prime broker(s)*** *about their exposures, short market value, estimated collateral re-use, margin requirements and margin financing,* ***on a net position basis****"* (emphasis added). Clients of prime brokers are generally dependent on the information provided by their prime broker(s), and in this regard face an information asymmetry.

Proposal B, requiring partial reporting of amendments, would significantly increase the complexity (and associated costs) of reporting margin lending SFTs, without offering benefits. In fact, expect that this approach will lead to less complete and less accurate reporting.

Therefore, we propose ESMA adopts Proposal A in relation to the reporting of margin lending SFTs.
<ESMA_QUESTION_RSFTR_25>

Q26 : Do you agree with the sequences proposed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_26>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_26>

Q27 : Do you agree with the proposed mapping between business events and action types? Are there any additional business events that should be included? Please detail the reasons for your answer.

<ESMA_QUESTION_RSFTR_27>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_27>

Q28 : Are there any other relationships that would need to be defined? If so, please detail which ones.

<ESMA_QUESTION_RSFTR_28>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_28>

Q29 : Is there any aspect not covered by the ITS on reporting that would require further clarification? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_29>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_29>

Q30 : Do you agree with the proposed approach for reporting of counterparty side in the case of CCP-cleared SFTs? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_30>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_30>

Q31 : Do you agree with the proposed approach to determine which side of a transaction is the collateral provider and which is the collateral taker for unsecured lending/borrowing of securities? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_31>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_31>

Q32 : Please indicate how frequently is a haircut, margin or any other type of discount/add-on, applied to the loan side of SLB?

<ESMA_QUESTION_RSFTR_32>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_32>

Q33 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_33>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_33>

Q34 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_34>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_34>

Q35 : Do you agree with the proposed approach on timing and use of FX rates? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_35>
Generally, Respondents agree with the approach outlined. Below outlines Respondents understanding in relation to timing and use FX rates in relation to margin lending SFT reporting.

Under 157 of the Consultation Paper, ESMA indicates that: *"counterparties should report the market value of their SFTs using the market prices and FX rates that those counterparties have used during the course of that business day for exposure management purposes. For securities lending transactions, this would generally mean that the market values reported as at close of business on any given day would be reported using the closing prices of the securities as of the previous business day."*

Here, no specific reference is made to margin lending SFTs. It is Respondents understanding that, for the reporting of collateral provided under a margin lending SFT, a similar approach must be followed. Namely, to report the market values and FX rates using the closing prices of the securities (used as collateral) as of the previous business day. However, it is not entirely clear how (and to what extent) these questions relate. Therefore, Respondents would welcome ESMA to clarify this.
<ESMA_QUESTION_RSFTR_35>

Q36 : Does ESMA need to provide additional guidance on the reporting of the valuation fields? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_36>
We do not consider additional guidance necessary.
<ESMA_QUESTION_RSFTR_36>

Q37 : Do you have any remarks concerning the reporting of CFI? What other aspects need to be clarified to ensure that reporting is consistently performed? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_37>
We do not expect significant difficulties with the generation and reporting of CFIs. However, it is observed that, in practice, market participants generate different CFIs for the same, or similar, instruments.
<ESMA_QUESTION_RSFTR_37>

Q38 : Do you agree with the approach for back-loading? What other aspects have to be considered to make the reporting of backloaded SFTs more efficient for counterparties and TRs, i.e. the costs of this approach are minimised and also the

usefulness of the reports submitted going forward is maximised? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_38>
Margin lending generally takes place on an open term basis rather than a fix term basis (I.e., no fixed maturity). Therefore, it is understood that an open term margin lending arrangement is considered to have a remaining maturity exceeding 180 days, and as such in scope for backloading (See, ESMA Consultation Paper under Point 167). As per Point 172 of the Consultation Paper, only the state at the time of reporting should be reported – not including previous lifecycle events. Respondents therefore understand that the requirement to backload margin lending SFTs is met by reporting the current position-level data upon the entry into force date on April 11, 2020.

In' Field 98 Action Type', looking at the 'Conditional Validations – Format and Content' it is clear we must report the first SFT trade as 'NEWT'- (New) otherwise the report will be rejected. This confirms our understanding that from Day 1 we report the existing margin lending SFT as 'NEWT'
<ESMA_QUESTION_RSFTR_38>

Q39 : What other aspects with regards to the UTI have to be clarified? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_39>
In the case of margin lending, only one UTI need to be generated for each prime brokerage relationship (per base currency). I.e., each prime broker will have a single UTI per client (per base currency) (See, ESMA Consultation Paper under Point 82). Therefore, UTI generation is a one-off event that we envisage will not pose a challenge. In the context of margin lending SFT reporting, Respondents do not require further clarification.

<ESMA_QUESTION_RSFTR_39>

Q40 : Are there any other instances that need to be clarified? Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFTR_40>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_40>

Q41 : Please provide the relative volume of transactions for which issuer's LEI (of securities used as collateral) or ISIN is not available in principle.

<ESMA_QUESTION_RSFTR_41>
Respondent would like to understand the appropriate population of the relevant field(s) in the event where the issuer's LEI or ISIN is not available in principle.
<ESMA_QUESTION_RSFTR_41>

Q42 : Do you agree with this approach? What other aspects need to be considered? Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFTR_42>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_42>

Q43 : Do you believe there are other use cases that need to be further defined in this subsection? Do you agree with the applicability of those use cases to the different types of SFTs as outlined above? Please detail the reasons for your answers.

<ESMA_QUESTION_RSFTR_43>
Respondents are solely within scope for the reporting of prime brokerage margin lending. It is understood that in the context of prime brokerage margin lending, the two principal counterparties to the SFT are the prime broker and the client. Consequently, the counterparty data in relation to prime brokerage margin lending is static.
<ESMA_QUESTION_RSFTR_43>

Q44 : Do you agree with the population of the counterparty data fields? Please detail the reasons for your response and indicate the table to which your comments refer.

<ESMA_QUESTION_RSFTR_44>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_44>

Q45 : Do you agree with the approach to reporting action types? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_45>
In the scenarios and SFTR validation tables, it is not entirely clear on how to report the Actions Type for Margin Lending for (Field 98) and Field 99) for the end of day position level of the SFT. However, further guidance is offered in the Final Report under 125 within ‘Table 2 – Valid combinations of Action types and Report Types’.

It specifies for report type ‘Margin Lending’ the following action types are only applicable: New, Modification, Error, Correction and Collateral Update. It is understood that Respondents are required to submit two types of Margin Lending SFT reports. First, “MODI” reports in relation to changes in the Margin Loan on a daily basis. Second, “COLU” reports in relation to changes in the collateral which is used to collateralize the margin loan.
<ESMA_QUESTION_RSFTR_45>

Q46 : Do you agree with the approach to reporting event date? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_46>
Respondents have not identified any concerns with this approach.
<ESMA_QUESTION_RSFTR_46>

Q47 : Do you agree with the approach to reporting clearing? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_47>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_47>

Q48 : Do you agree with the approach to reporting trading venue field? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_48>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_48>

Q49 : Do you have any remarks or questions concerning the reporting of master agreements? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_49>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_49>

Q50 : Do you agree with the approach to reporting conclusion and beginning of an SFT? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_50>
Within the context of margin lending SFTs, the approach to reporting the conclusion and beginning of the margin lending SFT is not entirely clear. As per Annex I, Table 2, Fields 12 and 13, only the “Execution Timestamp” (Field 12) is relevant for margin Lending SFTs. The “Value date (Start date)” is not applicable for margin lending SFTs. Respondents would like to understand how the “Execution Timestamp” should be populated for margin lending SFTs. Respondents take the view that the appropriate way to populate “Execution Timestamp” with the day on which the client (first) draws credit from the credit facility provided by the prime broker with a view to the purchase, sale, carrying and trading of securities. We would welcome ESMA to confirm this approach.
<ESMA_QUESTION_RSFTR_50>

Q51 : Do you agree with the approach to reporting term of the SFT? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_51>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_51>

Q52 : Do you see any issues with the approach to reporting termination optionality? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_52>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_52>

Q53 : Which of these approaches do you favour for reporting general and specific collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_53>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_53>

Q54 : Do you agree with the approach to reporting collateral arrangements? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_54>
We agree with the approach for reporting the collateral arrangements in field 2.20 in the context of margin lending SFT reporting. As per Annex I of RTS 2019/356, Fields 18 and 19 are not applicable for margin Lending SFTs.
<ESMA_QUESTION_RSFTR_54>

Q55 : Do you agree with the approach to reporting fixed and floating rates of SFTs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_55>
We do not agree with the approach to reporting fixed and floating rates of SFTs. Rates are also a mandatory field for margin loan. The total rate of a margin loan from a Prime Broker is the combination of the cash balances rates, applicable for the Margin Lending Currency Amount (as provided in field 2.33) and the Short Stock financing rate, applicable for the Short Market Value (as provided in field 2.71).

The Margin Lending Currency Amount has to be reported separately per currency. This stipulates that we can report the applicable (mostly floating) rate for the cash balance.

The Short Market Value has to be reported net over all short securities positions held at the Prime Broker. The Short Stock rate is calculated for each single short position, due to difference in the cost price for the Prime Broker to cover the short. As the Short Market value is the total of all short positions, it is very difficult to calculate the applicable rate.

Do we report only the rate applicable to the cash balances per currency and disregard the short stock component?<ESMA_QUESTION_RSFTR_55>

Q56 : Do you see any issues with the approach to reporting repo and BSB/SBB principal amounts? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_56>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_56>

Q57 : Do you agree with the approach regarding reporting fields 2.51 and 2.90? Please elaborate on the reasons for your response.

<ESMA_QUESTION_RSFTR_57>
Field 2.51 is not applicable to Margin Lending SFTs, this field will therefore be left blank.

We do not agree with the approach to reporting field 2.90 as the approach does not see to the specific situation of proprietary trading firms. For proprietary trading firms margin lending takes place on a portfolio basis. The whole portfolio of the proprietary trading firm serves as collateral as well as any cash held on the (margin) account. The issues with reporting field 2.90 are specified below.

Field 2.90 is conditional on the completion of field 2.75. Field 2.75 is mandatory in case of margin lending. We therefore have to complete this field with either CASH or SECU. As the cash used as collateral, is already reported in field 2.33 (reference is made to paragraph 310 of the consultation paper), it is our understanding that we would only be required to report “SECU” in field 2.75.

If we complete field 2.75 with SECU we would have to specify the collateral quality in field 2.90. As the whole portfolio is used as collateral, completion of this field is problematic, as multiple values might apply.

A solution could be to allow for the reporting of SECU in field 2.75 and to complete field 2.96 as “NTAV” (treating the portfolio as a basket of collateral that cannot be identified with an ISIN), and allowing field 2.90 to be left blank.

In any case, additional guidance is needed for the situation wherein margin lending takes place based on a prime brokerage agreement and the whole portfolio, is used as collateral.
<ESMA_QUESTION_RSFTR_57>

Q58 : Do you agree with the approach to reporting securities on loan? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_58>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_58>

Q59 : Do you agree with the approach to reporting SFTs involving commodities? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_59>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_59>

Q60 : Do you agree with the approach to reporting cash rebate SLBs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_60>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_60>

Q61 : Do you agree with the approach to reporting non-cash collateral SLBs? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_61>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_61>

Q62 : Do you agree with the approach to reporting margin loan data? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_62>
We agree with the approach
<ESMA_QUESTION_RSFTR_62>

Q63 : Do you agree with the approach to reporting collateralisation? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_63>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_63>

Q64 : Do you agree with the approach to reporting cash collateral? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_64>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_64>

Q65 : Do you agree with the proposed approach? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_65>
We do not agree with the approach to report Collateral market value (field 2.88). The description of the reporting requirement stipulates that haircut on the collateral

positions of Prime Broker clients is always a fixed amount (percentage) on ISIN level. This is not always the case with all Prime Brokers. At some, the haircut is a value at risk calculation based on the correlations within the total portfolio, including assets other than securities as well. This value is not static, as it changes intraday. The net exposure of the Prime Broker client is the difference between the mark-to-market value of the total portfolio and the value-at-risk value of the total portfolio (the haircut). Both figures include the exposure from securities, derivatives and cash.

Further, clients of prime brokers typically rely on the information provided by prime brokers in relation to the haircut calculation(s). In this respect, clients of prime brokers have an information dependency on their prime brokers and their ability to provide complete reporting is partially contingent upon the disclosure of the prime broker. Consequently, Respondents believe that the relevant fields should be optional in relation to the client for the event where the client does not timely receive the relevant information from the prime broker.
<ESMA_QUESTION_RSFTR_65>

Q66 : Do you agree with the proposed approach for calculating collateral haircuts or margin? Please provide justification for your response.

<ESMA_QUESTION_RSFTR_66>
We do not agree with the proposed approach for calculating collateral haircuts or margin. The requirement described is that the haircut should be calculated in line with the FSB and BCBS haircut framework. These guidelines are very restrictive, as the Prime Brokers might use different frameworks to determine haircut, for example:

- Haircuts defined under the CRR standardized approach (eg. FCCM)
- Haircuts defined under the FSB and BCBS framework
- Haircuts defined under own model, approved by the regulator

Clients of Prime Brokers need to replicate the haircut applied by the Prime Broker on the collateral positions provided by the client. Respondents, generally clients of Prime Brokers, prefer to have flexibility in the determination of the haircut technique, so that we can accommodate the haircut values used by our PBs.
<ESMA_QUESTION_RSFTR_66>

Q67 : Do you agree with the proposed approach for reporting collateral type field? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_67>
We agree with the approach
<ESMA_QUESTION_RSFTR_67>

Q68 : Do you agree with the proposed approach for reporting Availability for collateral reuse? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_68>
We agree with the approach
<ESMA_QUESTION_RSFTR_68>

Q69 : Do you agree with the proposed approach for reporting fields Identification of security and LEI of issuer? Are you aware of instances where securities provided as collateral do not have an ISIN? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_69>
We agree with the approach. We do are not aware of instances where securities provided as collateral do not have an ISIN.
<ESMA_QUESTION_RSFTR_69>

Q70 : Do you agree with the proposed approach for reporting plain vanilla bonds as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_70>
We agree with the approach
<ESMA_QUESTION_RSFTR_70>

Q71 : Do you agree with the proposed approach for reporting perpetual bonds as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_71>
We agree with the approach
<ESMA_QUESTION_RSFTR_71>

Q72 : Do you agree with the proposed approach for reporting main index equities as collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_72>
We agree with the approach
<ESMA_QUESTION_RSFTR_72>

Q73 : Do you agree with the proposed approach for reporting variation margining with additional provision of securities by the collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_73>
We agree with the approach
<ESMA_QUESTION_RSFTR_73>

Q74 : Do you agree with the proposed approach for reporting variation margining with return of the same securities to collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_74>
We agree with the approach
<ESMA_QUESTION_RSFTR_74>

Q75 : Do you agree with the proposed approach for reporting variation margining with return of different securities to the collateral provider? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_75>
We agree with the approach. Please note, in table 94, the pricing convention of the French bond (No 87 = 1,03) is not in line with the bond pricing convention introduced for bonds in all other data examples provided.
<ESMA_QUESTION_RSFTR_75>

Q76 : Do you agree with the proposed approach for reporting prepaid collateral? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_76>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_76>

Q77 : Do you agree with the proposed approach for reporting portfolio code? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_77>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_77>

Q78 : Do you agree with the approach to reporting margin data? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_78>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_78>

Q79 : Do you have any comments on the scope of the non-cash collateral re-use measure, and are there practical obstacles to the reporting? In the case of margin lending, do you agree with the exclusion of securities that cannot be transferred to the prime broker's account due to rehypothecation limits agreed contractually?

<ESMA_QUESTION_RSFTR_79>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_79>

Q80 : Do you have any comments on cash collateral reinvestment, and do you agree with the scope?

<ESMA_QUESTION_RSFTR_80>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_80>

Q81 : Do you agree with the proposed approach for reporting reuse, reinvestment and funding sources? Please detail the reasons for your response and include a reference to the specific table.

<ESMA_QUESTION_RSFTR_81>
TYPE YOUR TEXT HERE

<ESMA_QUESTION_RSFTR_81>

Q82 : What other aspects need to be considered with regards to the aforementioned approach with regards to treatment of rejection feedback? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_82>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_82>

Q83 : What other aspects need to be considered with regards to the aforementioned approach with regards to treatment of reconciliation feedback? Please detail the reasons for your response.

<ESMA_QUESTION_RSFTR_83>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_83>

Q84 : What other aspects need to be considered to make the process more efficient? Please elaborate on the reasons for your response?

<ESMA_QUESTION_RSFTR_84>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_84>

Q85 : Do you have any comments on the aforementioned practicalities relating to the provision of access to SFT data to authorities? What other aspects need to be considered to make the process more efficient? Please elaborate on the reasons for your response?

<ESMA_QUESTION_RSFTR_85>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_RSFTR_85>