

SFTR Reporting Support Service

Service Description

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Foreword

This Service Description describes the Clearstream Banking SFTR Reporting Support Service as defined in the Terms for Regulatory Support Services (the “Terms”), as amended periodically. In the event of any conflict between the Terms and this Service Description, the Terms shall prevail.

- “[Overview](#)” on page 2 highlights the unique features and benefits of the service for customers, Clearstream Banking S.A. (CBL) and other main actors’ roles in the process.
- “[Getting started](#)” on page 4 provides generic information about the service and describes the steps needed to subscribe to the service.
- “[Operation of the service](#)” on page 5 provides an illustration of the reporting flow.
- “[Billing](#)” on page 6 provides the fees information for the service.

All documents mentioned and referenced in this Service Description can be found on the Clearstream website under [Key documents / ICSD / Global Securities Financing](#).

Client Services

The daily administration of the Service is handled by a dedicated team in Luxembourg as follows:

Telephone: +352-243-38112

Email: sftrlending@clearstream.com

The operations centre is open from 08:30 to 18:30 Central European Time (CET).

For further information about this Service Description, or if you have specific questions regarding Clearstream Banking’s Reporting Support Service, please contact the Global Securities Financing Sales team:

Email: gsf@clearstream.com

Alternatively, customer may contact Clearstream Banking Client or their Relationship Officer.

Overview

The Securities Financing Transactions Regulation (SFTR) requires affected counterparties to report counterparty, transaction, collateral position, margin and reuse details of:

- Repurchase transactions (repos/reverse repos);
- Sell-buy back or buy-sell back transactions;
- Securities or commodities borrowing/lending transactions; and
- Margin lending agreements.

The lifecycle events such as conclusion, modification or termination of a securities financing transaction (SFT) must be reported to a Trade Repository (TR) that is registered or recognised in accordance with SFTR and in line with ESMA requirements.

Voluntary delegation is allowed within the SFTR regulation, where either one counterparty can delegate their reporting to the other counterparty of the SFT, or a counterparty to an SFT may delegate their reporting to another involved entity. CBL have their own SFTR reporting obligations for SFTs created through our Securities Lending products: ASL, ASLplus and ASL principal. A Reporting Support Service to SFT participants of these products is offered, which allows the SFT participant to voluntarily delegate their SFTR reporting to CBL. So while reporting, the same SFT details are also replicated and reported from the perspective of the direct counterparty to the SFT. This Reporting Support Service follows the same process as CBL's own reporting flows. The technique for this is called "mirroring", which is offered by IHS Markit's functionality that is part of the CBL reporting solution.

All Securities Lending participants are able to opt for this service on a per product basis.

Benefits

The benefits of the service for customers include:

- Removing the reporting burden from the customer for the selected Securities Lending products where the customer chooses to subscribe.
- The reduction and removal of effort needed to resolve reconciliation breaks for the trades of the subscribed product, because the dual-sided flow is originating from a common set on trade economics and golden source lifecycle events. For this Reporting Support Service a 100% reconciliation rate is anticipated due to the mirroring process being used.
- A solution that continually evolves to keep track with any regulatory driven required enhancements and/or additional best practice guidance from ISLA.

Role of CBL and other main actors

Subscription to the SFTR Reporting Support Service enables the selected Securities Lending product's transactions and associated collateral to be reported by CBL on the customer's behalf - for the purpose of "Table 1" (Counterparty data) and "Table 2" (Loan & Collateral data) as defined in the SFTR reporting requirements but not for "Table 4" (Reuse data).

CBL utilises the full IHS Markit/Pirum offering as vendor/reporting intermediary for SFTR solutions. Their role is to primarily assist Clearstream Banking with SFTR reporting obligations and data sharing needs. IHS Markit/Pirum provides a rich set of functionality:

- Unique Transaction Identifier (UTI) sharing;
- Pre-TR reconciliations;
- Transaction mirroring (for delegation);
- Agent lender disclosures;
- Counterparty data enrichment;
- Instrument data enrichment;
- Two-way message communication with the TR;
- MiFIR "ARM" reporting (against any ESCB member counterparties); and
- User interface access for CBL customers to allow for an oversight into all reporting flow sent on the customer's behalf, including the latest statuses.

CBL's TR of choice is REGIS-TR. Customers subscribing to the SFTR Reporting Support Service must also appoint the same TR for these SFTs, in order for the mirrored messages to be sent there via IHS Markit. The customer's TR membership type and associated TR fees will need to be discussed directly between the customer and REGIS-TR. It is understood that in order for REGIS-TR's monthly invoices to be sent directly to the customer as is mandatory for this service, they will have to take out a "Reporting Participant" type membership - discussions for which should go via the email address commercial@regis-tr.com.

Getting started

Legal aspect

Securities Lending participants who opt to subscribe to the SFTR Reporting Support Service are required to sign the Regulatory Reporting Support Service Application Form. The governing document for the service is called the Terms for Regulatory Support Services.

Static data

In order to report on the customer's behalf, CBL requires the customer to provide the following set of static counterparty data fields in the Appendixes for Regulatory Reporting Support Services; these have to be set up within IHS Markit's solution. This data will then be used during counterparty enrichment as IHS Markit build the mirrored messages, and then send them on to REGIS-TR:

- Reporting counterparty's "headquarters" LEI (#1.3 ¹);
- Nature of the reporting counterparty (#1.4 ¹);
- Sector of the reporting counterparty (#1.5 ¹);
- If applicable, Additional sector classification (#1.6 ¹);
- If applicable, Branch "country" of the reporting counterparty (#1.7 ¹);
- Entity responsible for the report (#1.10 ¹);
- If applicable, Beneficiary (#1.13 ¹);
- If applicable, Broker (#1.15 ¹);
- CSD participant or indirect participant (#1.17 ¹).

If there is any update to the static counterparty data, CBL requires the customer to inform CBL in a timely manner.

Note: CBL requires this data to be consistent across all trades executed on a per CBL Securities Lending product basis; for example, CBL cannot support having a different Beneficiary or Broker on a per individual SFT basis.

CBL also require the customer to advise their SFTR reporting phase in the Appendixes for Regulatory Reporting Support Services.

Reporting start date

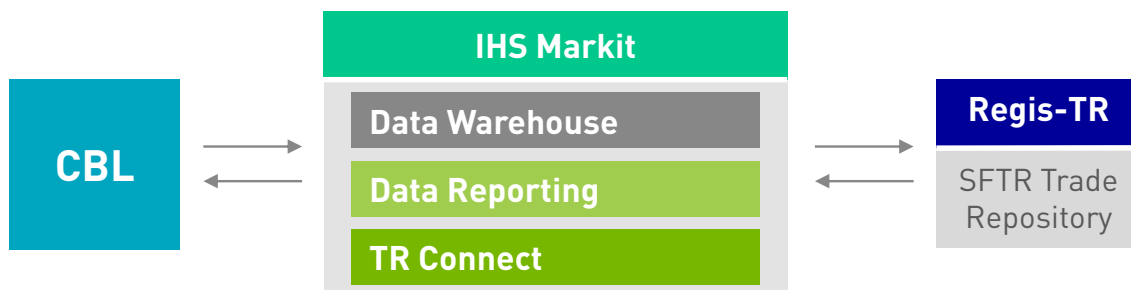
CBL started reporting on 13 July 2020 as part of Wave 1. For customers in the later go-live waves, CBL will start reporting on the customer's behalf at the time defined in the regulation, for example Wave 3 will start on 12 October 2020.

For customers who sign up for this service after their appropriate Wave has begun, CBL will start to do the reporting from that moment onwards but cannot "backload" any SFTs for the customer back to the beginning of their reporting obligations.

1. References under the SFTR Reporting Annexes.

Operation of the service

Reporting flow



Reporting frequency

CBL reports to IHS Markit at regular intervals throughout their normal operational day, starting at 07:00 CET and ending around 21:00 CET. The information will be translated by IHS Markit into formal ISO 20022 XML messages that they will report on into REGIS-TR.

CBL operates Monday to Friday throughout the year, with only 1 January and 25 December being non-operational days, should they fall on a weekday.

Oversight

To allow customers to perform a regular oversight of the reporting that CBL is doing on their behalf, the following methods are suggested:

- CBL's standard customer reporting that includes MT54x, MT535 and MT536 messages; the daily SLBC (Securities Lending and Borrowing Commissions) report; and (for lenders only) the daily SFCR (Securities Financing Collateral Report). These must all be subscribed to by contacting Client Services.
- A read-only access to a user interface provided by IHS Markit specifically for delegating customers of all SFT messages, validations and reconciliation status they have set based upon the customer's delegated flow, as provided based upon the associated CBL SFT messages. If required, this must be subscribed to by contacting Client Services.

In addition, it is also recommended for the customer to gain access to TR via the user interface of REGIS-TR, giving them access to all the delegated messages on screen and via end of day XML reports that IHS Markit has reported into REGIS-TR, with validation, pairing and reconciliation statuses provided from REGIS-TR's perspective. Such access is suggested in order for the customer to help prove to their own NCA that they are performing an oversight of TR's reports. Access becomes available when the customer subscribes to the "Reporting Participant" membership type of REGIS-TR.

Billing

Reporting Support Service fees

CBL's Reporting Support Service fee model is based upon the volume of mirrored messages created by IHS Markit and successfully accepted by REGIS-TR for each customer's securities lending participation account each month per lending product subscribed to. Each such message will be charged based upon a "per message fee rate", plus be subject to a "monthly minimum fee".

These Reporting Support Service fees will be billed through the customer's usual month end Statement of Fees alongside regular Securities Lending fees owed (as a borrower) or earned (as a lender).

For details of both this "per message fee rate" and the "monthly minimum fee", please refer to the Global Securities Financing section of Clearstream Banking's Fee Schedule on the Clearstream website under [Key Documents / ICSD / Fee Schedule / Clearstream Banking Fee Schedule](#).

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