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Securities Financing Transactions Regulation (SFTR) – reporting reminder

Of particular interest to: AIFMs of EU AIFs & UCITS Management Companies

We would remind firms that the **third phase** of the obligation to report securities financing transactions under the SFTR will apply from 11 October 2020. However as that is a Sunday, in practical terms firms should start reporting by **Monday 12 October 2020** for SFTs concluded on or after 11 October 2020 in keeping with SFTR Article 4(1) (“Those details shall be reported no later than the working day following the conclusion, modification or termination of the transaction”) and ESMA Reporting Guidelines.

The reporting obligation under the third phase will apply to the following counterparties:

- a **UCITS** and its management company authorised under UCITS Directive (2009/65)
- an **AIF** managed by AIFMs authorised or registered under the AIFMD (2011/61)
- an institution for **occupational retirement provision** authorised or registered under the occupational retirement Directive (2003/41)
- an **insurance/reinsurance undertaking** authorised under the Insurance Directive (2009/138)

The above is based on the SFTR (Article 3), although as was mentioned in our Alert of 7 February 2020 (see ‘Useful Links’), both ESMA and the European Commission confirmed that **non-EU AIFs are outside the scope of reporting under the SFTR** even if managed by an AIFM authorised or registered under the AIFMD.

Note that where an AIF or a UCITS is the counterparty to the transaction, the **responsibility** for reporting on behalf of the fund rests with the

AIFM/Management Company as is relevant.

The **final reporting phase** (for non-financial counterparties) will apply from 11 January 2021.

For an overview of the SFTR, including its reporting obligations, please see the above mentioned February Alert.

It may be recalled that ESMA issued a ‘public statement’ in March in the light of the impact of Covid-19, the effect of which was to request competent authorities to turn a blind eye (“not to prioritise their supervisory actions”) to those entities who may have been struggling to meet the first phase reporting obligation deadline (April 2020). At the time of this Alert there is no similar statement in respect of this coming third reporting phase so relevant firms will have to assume that the October deadline remains.

Useful Links

[SFTR Alert dated 7/2/2020](#)

[SFTR Alert dated 15/1/2020](#)

[ESMA Reporting Guidelines](#)

[ESMA Public Statement](#)

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