

# Get your SFTR Reporting accurate

## A new reporting challenge

Transaction reporting has been with us in one form or another since the late 1980s but historically it has focused on securities and more recently, derivatives. Now, for the first time, securities financing transactions (SFTs) have taken the spotlight. The Securities Financing Transactions Regulation (SFTR) requires all EEA market participants (except small NFCs & ESCBs) to report very granular, daily, two-sided trade and lifecycle event level reporting to a trade repository on T+1.

## Reduce your regulatory risk with the right controls

SFTR represents a significant change in the way we do business. Early investment in SFTR assurance activities will provide significant cost savings as well as reducing regulatory risk.

SFTR regulation references Article 64 of EMIR for procedural rules for taking supervisory measures and imposing fines under SFTR. Ensuring a robust control environment is in place at go-live, incorporating front-to-back reconciliations and quality assurance testing will place you on the front foot with SFTR and in your relations with your national competent authorities.

## ReportShield™ quality assurance for SFTR reporting

Kaizen's SFTR reporting services are spearheaded by Jonathan Lee, the former head of the ICMA Taskforce on SFTR. Our award-winning quality assurance service ReportShield is being updated to support clients in the lead up to SFTR go-live and beyond, and includes:

- Pre and post go-live testing of the accuracy of reporting data
- Subject matter expert support on programme design and implementation
- Evaluation of vendor solutions including trade repository selection and the required due diligence
- Training on the reporting requirements
- Iterative testing of SFTR reporting functionality tailored to your programme
- Advanced SFTR reconciliations can be deployed on each platform/class of SFT to ensure completeness.

## What is required under SFTR?

Firms will be required to report securities financing transactions (repos, buy-sellbacks, securities lending and margin lending), trade lifecycle events, collateral updates, CCP margins and estimates of collateral reuse to a trade repository on a daily basis.

### This complex requirement incorporates the following:

- Up to 129 fields to report depending on product
- Counterparty, loan & collateral, margin & re-use tables to populate
- Nine reportable action types
- Up to 48 fields reconcilable for pairing & matching on day one, increasing to 74 after two years
- Common standards (ISIN, LEI, UTI, CFI) plus extensive classification field requirements
- Identification of beneficial owners
- Reconciliation sensitivity around execution timestamps.

## Have you considered:

- ✓ The steps needed to effectively capture all counterparty, loan, collateral, margin and re-use fields?
- ✓ Including trades executed or collateralized on the firm's behalf?
- ✓ How your firm will comply with report timing requirements for collateral allocations, beneficial owners and reporting collateral re-use?
- ✓ The trade repository reconciliation process? How compliant is your firm's booking model with contractual obligations, industry standards and market best practices?
- ✓ The design and implementation of your control processes?

### Contact us

For all your SFTR reporting accuracy requirements, please contact us.

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### About Kaizen Reporting

Kaizen Reporting is a specialist regulatory reporting assurance company. Founded by former regulator Dario Crispini, we've combined our deep knowledge of regulation with data science and analytics to develop ReportShield™ an award-winning suite of automated testing and controls that address the ever-growing challenges that regulations present. Whether it's MiFID II, EMIR, DFA, SFTR or another regulation, we can give you confidence and peace of mind in the quality of your regulatory reporting.

