Prepare your firm for new SFTR reporting requirements.

Bloomberg

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To increase transparency in the Securities Financing Transactions (SFTs) market, the European Union has introduced the Securities Financing Transactions Regulation (SFTR). The regulation comprises three pillars, two of which — concerning re-use of collateral and disclosure obligations for funds — came into force in January 2016. A third pillar that introduces a number of reporting requirements for market participants was introduced in draft form in March 2017, with the full Regulatory Technical Standards published in the Official Journal of the EU in March, 2019 — setting April 2020 as the go-live date for a phased-in implementation.

Solve for SFTR across the front office and entire trade lifecycle

Whether trading in the repo or securities lending market, Bloomberg's global client network trusts our front office tools as they conduct thousands of transactions on a daily basis. This front office network, combined with a trade enrichment and reporting workflow that captures critical SFTR trade data, helps firms with SFTR compliance and enables them to:

- Generate a fully enriched record of all data fields required for a new trade through our voice, e-trading and Regulatory Reporting Hub (RHUB) solutions. Critical fields include:
  - Unique Trade Identifiers (UTI)
  - Timestamps
  - Economic and instrument reference data
  - Static data fields

- Solve for SFTR data capture and trade reporting using existing workflows in the front office.
- Share all trade and SFTR reportable data with counterparties; take advantage of one-way matching while eliminating costly data-matching errors.
- Automate manual workflows that require data entry across multiple platforms.
- Report all events in RHUB, an agnostic trade reporting system that can ingest data from multiple sources and connect to all major third-party Trade Repositories (TRs).
- Monitor the quality, completeness and accuracy of your regulatory data with our RegTek Assurance controls.

Prepare your firm for new SFTR reporting requirements.

Regulatory scope

SFTR will have a wide-ranging impact on sell-side banks and broker dealers doing business within the European Union, as well as their counterparties:

Instruments

SFTR defines SFTs as: repurchase transactions; securities/commodities lending/borrowing; buy-sell backs and sell-buy backs of securities/commodities; margin lending transactions.

Territories

All EU counterparties (plus their non-EU branches and EU branches of third country firms) must report the details of all SFTs concluded, as well as any modification or termination to an authorized TR.

Counterparties

Financial Counterparties (FCs) such as investment firms, banks, UCITS/AIFs, pension funds, insurance firms, CCPs and CSDs, and Non-Financial Counterparties (NFCs) are both affected. Certain exemptions exist relating to EU central banks and the Bank for International Settlements.

Implementation timelines

EU regulators published the SFTR Regulatory Technical Standards in EU official journal on March 22, 2019, effectively setting the following phased-in implementation timeline:

- April 11, 2020: Banks and investment firms (+12 months)
- July 11, 2020: CCPs & CSDs (+15 months)
- October 11, 2020: UCITs, Pension Funds, Insurance firms and AIFs (+18 months)
- January 11, 2021: Non-Financial Counterparties (NFCs) (+21 months)

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Reporting requirements

SFTR's reporting requirements are expected to change little before coming into force in April 2020, with many of the rules copied directly from the European Market Infrastructure Regulation (EMIR). Key elements include:

Trade reporting deadline

Reports must be made within a T+1 deadline. Counterparties must maintain records of SFTs for at least five years following the termination of the transaction, a requirement that is already in effect.

Dual reporting

Reports must be submitted to TRs for both counterparties. Reporting can be delegated but responsibility cannot. Counterparties are generally responsible for submitting their own reports.

Back reporting

In the case of SFTs concluded before the reporting start date with a remaining maturity of 180 days or greater on that date, the reports must be submitted within 190 days of the reporting start date.

Details to be reported

ESMA has drawn-up four broad templates covering counterparty data, loan and collateral data, margin data and collateral re-use. These four sections span a total of over 150 data points, of which 96 fields (predominantly from the loan and collateral field set) are reconcilable at the TR after submission. Most of the reconciled fields have minimal or zero tolerance applied when being matched by the TRs.

Identifiers

A unique transaction identifier must be included by participants in their reports to the TRs and counterparties must use LEIs to identify their counterparts.

UCITS/AIFs

The management company/AIFM is responsible for reporting on behalf of the UCITS/AIF.

Medium-sized or smaller NFCs

FCs are responsible for all SFTR reporting when they transact with medium-sized or smaller NFCs.

Prepare your firm for new SFTR reporting requirements.

A comprehensive SFTR solution

Bloomberg has built upon its existing data, analytics, order management, transaction and trade reporting solutions, and trading platforms, to partner with financial institutions impacted by SFTR. We provide a holistic suite of solutions, from front to back-office, that both integrate seamlessly and work independently.

Trade negotiation
IB & MSG

Benefit from the SFTR solution regardless of how you negotiate your trade (e.g. IB chat, MSG, phone/email or venue).

Data sharing & pre-matching
RHUB

Share the SFTR data points on a per trade basis with your counterparty via RHUB <GO> on the Bloomberg Terminal, to minimize the potential of mismatching downstream after reporting to the TR.

Trade affirmation
VCON

- Exchange a structured trade confirmation with your counterparty via VCON.
- Minimize the possibility of mismatching with your counterparty on trade details.

Trade booking
TOMS & AIM

- Avoid manual input by consuming the SFTR enrichment directly into your OMS via a standard FIX API.
- Use the SFTR-enriched data points to report via Bloomberg or via your own reporting infrastructure.

SFTR data enrichment
VCON/TOMS/AIM

- Use Bloomberg's SFTR solution to receive a trade record enriched with SFTR data points, such as UTI, LEI, timestamp, collateral reference data.
- Benefit from this solution for your trades recapped in VCON and/or trades done externally and booked into Bloomberg.

Trade reporting
RHUB & RegTek Assurance

- Benefit from RHUB validation and eligibility logic ahead of reporting the trade to the TR of your choice.
- Manage all your reporting exceptions with ease in a single platform.
- Gain control over your data quality, completeness and accuracy with RegTek Assurance.

Prepare your firm for new SFTR reporting requirements.

Trade negotiation

Instant Bloomberg chat, MSG, email, phone, venue

Trade affirmation

Bilateral voice trade affirmation: VCON <GO>

Any external trade source

SFTR data enrichment

SFTR Enrichment upon VCON affirmation

SFTR Enrichment upon reaching a Bloomberg OMS

Data sharing & pre-matching

Enriched trade message available via FIX

Enriched trade visible to both parties

RHUB <GO>

Trade booking

Non-Bloomberg OMS

Bloomberg OMS (AIM, TOMS)

Non-Bloomberg OMS

Trade reporting

Enrichment of missing data fields, validation, eligibility and reporting

RHUB <GO>

Complete control framework

RegTek Assurance

Trade Repository of choice

Prepare your firm for new SFTR reporting requirements.

Bloomberg's data enrichment solutions for SFTR

Firms face a significant challenge in the timely sourcing and management of all counterparty data to meet their obligations. A strict T+1 timeline, combined with a zero tolerance for the mandatory TR-level reconciliation, all emphasize the need for a robust data enrichment solution.

Bloomberg offers data enrichment via both its VCON and OMS solutions for straight-through processing across the entire trade workflow.

Voice trading – VCON coupled with SFTR Enrichment Service

Bloomberg's front-office voice trading tools encompass the entire process from negotiation to trade affirmation. Market participants using VCON for their bilateral and tri-party repo trades are already benefiting from structured trade confirmations and automated downstream processing. Our SFTR Enrichment Service integrates with VCON to share the data with the counterparty, automating manual processes while also capturing critical trade data as early as possible for SFTR reporting purposes.

Bloomberg's solutions also capture reference data fields stipulated in the Loan and Collateral data requirements for debt instruments and equities, across repo, buy-sell back and securities lending transactions. As well as capturing a fully enriched record of the data fields required, VCON, coupled with the SFTR Enrichment workflow, provides a one-way pre-matching process to ensure a match at the point of execution/confirmation.
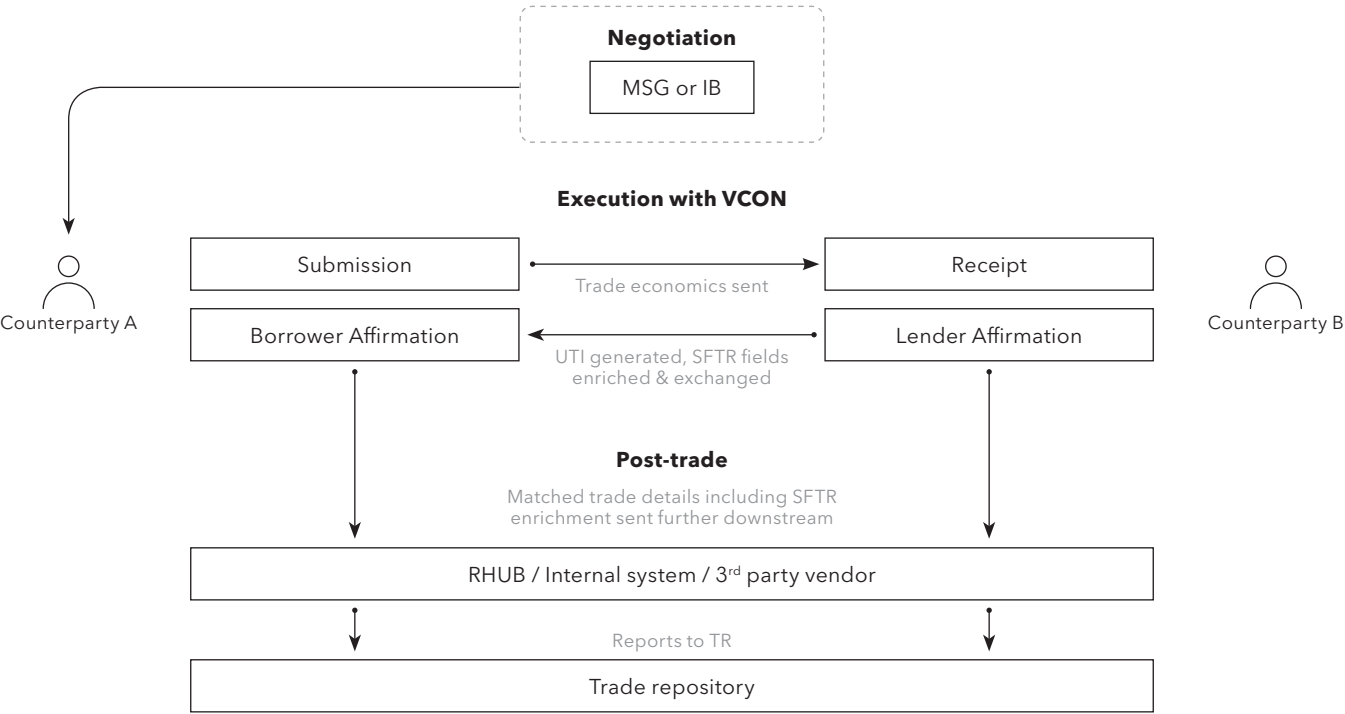

How does it help you meet SFTR data requirements?

- Generate, capture and source a wide variety of data for reporting to your trade repository, including:
  - Unique Trade Identifier (UTI)
  - Execution timestamps
  - Trade economic data fields
  - Instrument reference data fields
  - Counterparty reference data fields
- Pre-match to ensure matching data directly at point of execution/affirmation.

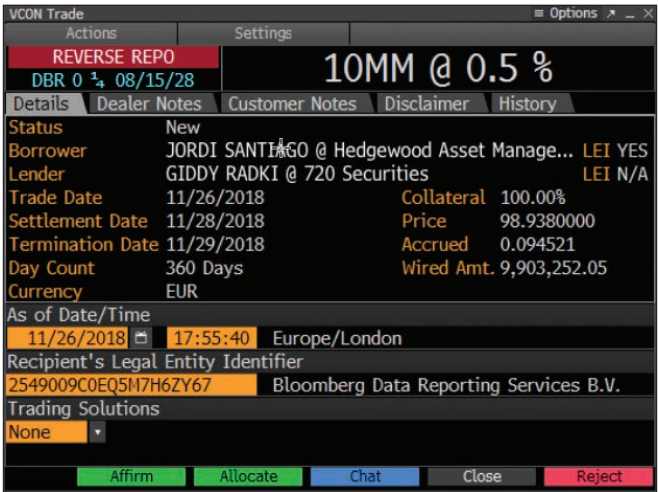Prepare your firm for new SFTR reporting requirements.

Bloomberg's SFTR voice workflow*

Negotiation

MSG or IB

Execution with VCON

Counterparty A

| Submission | Trade economics sent → | Receipt |

| Borrower Affirmation | ← UTI generated, SFTR fields enriched & exchanged | Lender Affirmation |

Counterparty B

Post-trade

Matched trade details including SFTR enrichment sent further downstream

RHUB / Internal system / 3rd party vendor

Reports to TR

Trade repository

* The Bloomberg SFTR voice workflow diagram represents various Bloomberg solutions both in production and beta. The contents are subject to change.
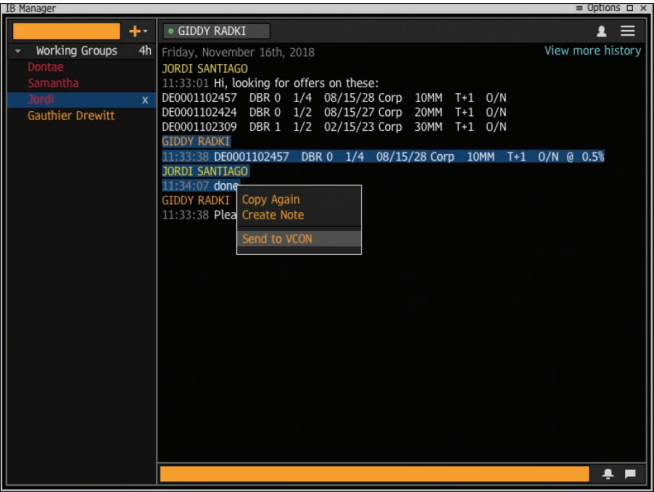
Counterparties A and B negotiate terms in IB then confirm the trade by sending the parameters directly to VCON.

Counterparty B receives a VCON pop-up from Counterparty A including the execution timestamp captured from the IB post and affirms the trade.

Prepare your firm for new SFTR reporting requirements.

Bloomberg's trade reporting solutions for SFTR

Bloomberg's award-winning Regulatory Reporting Services is the most complete suite of solutions for firms across all markets, including buy-side, sell-side, and market infrastructure providers. All solutions can be easily integrated into any firm's workflows, via standard APIs or with Bloomberg's own order management, execution and confirmation solutions.

End-to-end reporting with RHUB

RHUB is a comprehensive data and reporting solution offering integrated, end-to-end reporting for SFTR. Our reporting solution is connected to all leading trade repositories and can ingest data from proprietary and other third-party structures.

Eligibility and pre-validation

Our advanced rules engine facilitates compliance with reporting obligations. RHUB enables users to customize eligibility and validation rules based on internal compliance and tolerance policies. The integration of RegTek's Reportable.Trade and Validate.Trade components further extend RHUB's capability, with over 800 rules – across report types – for validation alone. These services apply a rigorous rule engine prior to the report being sent to the TR.

Analytics

Analyze trends through template or custom reports, providing analytics on reporting timeliness, exceptions, accuracy and completeness. Replay functionality, audit trail, dashboard and reports available for up to five years.

Manage reporting exceptions with ease

Controls assist in identifying errors before they are sent to the TR.

- Exception management tools provide suggested solutions, or users can customize and add bespoke solutions for any exceptions that can be shared firm-wide.
- Enhanced audit trail provides full transparency of the logic decision tree, with ability to manage exceptions directly from the user interface.
- Manually edit selected data fields directly from the user interface.
- Stay ahead of key events through the Alerts feature.

Prepare your firm for new SFTR reporting requirements.

How does it help you meet SFTR data requirements?

- A sophisticated rules engine to pre-validate reports and determine eligibility.
- Single dashboard that can identify incorrect or incomplete reports and enrich them with the appropriate static and instrument data.
- Report creation.
- Exception management.
- Full audit trails for each message and real-time status update.

Monitor and manage exceptions via the RHUB user interface.

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RegTek Assurance Control Framework for SFTR

Bloomberg's RegTek Assurance provides a comprehensive, independent SFTR reporting control framework for firms, regardless of their chosen reporting solution or the complexity of their workflow. Developed to help clients meet regulatory demands for robust, proactive controls, RegTek Assurance offers the transparency and accessible regulatory intelligence needed to drive confidence in the quality of your reporting – and reduce the risk of unwanted regulatory scrutiny.

Quality, remediation, completeness & accuracy

Validate.Trade

Comprehensive rules engine used as a parallel/pre-submission control to validate the accuracy of reporting via regulatory rules. Plus, get enhanced reporting quality and custom client rules.

Load.Trade

Intelligent remediation solution, integrated with Validate.Trade, to ensure pre-reporting accuracy, reduce data quality errors and streamline back reporting and back loading.

Reportable.Trade

Independent completeness surveillance to identify over/under reporting and duplicates, and verify delegated reporting for buy-side firms.

Reconcile.Trade

Turnkey regulatory reconciliations with exception management workflow to verify reporting accuracy, providing two- or three-way matching with maintained integrations to leading reporting venues.

RegTek Assurance benefits

- Automation of manual processes with flexible integration options.
- Full transparency on rules, reporting workflows and audit trail.
- Long-term commitment to maintaining and expanding regulatory rules coverage.
- Market verified: benefit from the collective experience of our client community.
- Scalable solutions offering real-time, on-demand or EOD batch workflows.

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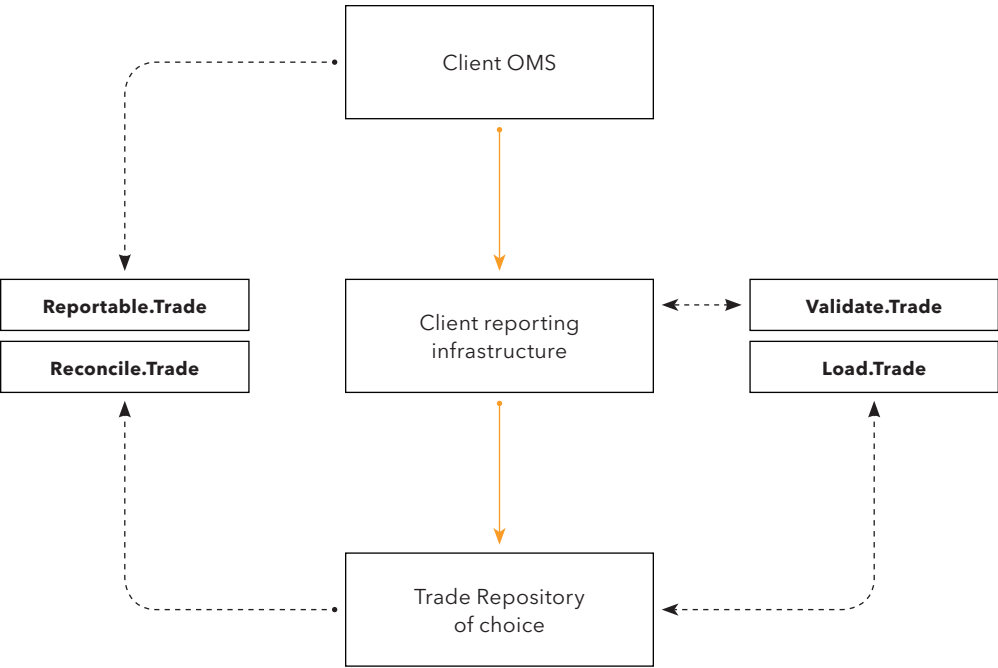
Primary reporting flow

Controls flow

RegTech Awards 2018
A-TEAM GROUP

WINNER

RegTek Solutions
Validate.Trade for SFTR
Best Solution for Securities
Financing Transactions Regulation

About the Bloomberg Terminal.

Since 1981, business and financial professionals have depended on the Bloomberg Terminal® for the real-time data, news and analytics they need to make the decisions that matter. The Terminal provides information on every asset class — from fixed income to equities, foreign exchange to commodities, derivatives to mortgages — all seamlessly integrated with on-demand multimedia content, extensive electronic-trading capabilities and a superior communications network.

Take the next step.

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