



IHS Markit®

Securities Finance

SFTR Newsletter

Edition 3

Welcome Note



Hello, and welcome to the third edition of the IHS Markit SFTR newsletter.

In December, The European Commission announced that they will adopt the level II legislation for SFTR as presented by ESMA, generating a substantial amount of work as the countdown to implementation begins.

Our collaboration with more than 40 Design Partners has enabled us to define the optimal client experience platform, adapted to the needs of the various participants in the Securities Finance industry.

Our SFTR solution is well into the development and implementation stages, combining our extensive experience in Financial Services technology, advanced security features and the scalable technology at IHS Markit.

Over the coming months, we look forward to sharing previews of our technology with our clients, demonstrating advanced features within the platform, covering our workflow solutions for data submission, enrichment, validation, reconciliation and exception management.

At IHS Markit, we are here to support you in becoming SFTR compliant and look forward to working with you in the coming months.

If you would like more information on the IHS Markit SFTR reporting solution, or to schedule a meeting with our experts, please contact us at sftr@ihsmarkit.com.

All the best,
Daniel Whymark
Executive Director, CTO Equities Technology
IHS Markit

Latest News - Streamlining your engagement with clients

Latest News



Since joining IHS Markit, I've had the pleasure of collaborating with various industry participants, designing a universal SFTR regulatory reporting solution. The collaborative nature of our design partner group has given me unique insight into the beast that is this regulation, and the problems our clients are facing. In addition to gathering a tremendous amount of data and sourcing it back to the relevant systems within each product, there's a lot of necessary groundwork to be performed in terms of understanding our clients' counterparties and how they intend to tackle SFTR. Our working group participants often seem to be uncertain as to which clients require delegated reporting, do they deem themselves to be NFC+ or NFC- or are they going to generate the UTI etc. As a direct result of this common theme, we've started working closely with the Counterparty Manager team at IHS Markit.

Counterparty Manager is a platform that helps multiple clients engage with their counterparties either by exchanging onboarding information or addressing their regulatory compliance requirements in a secure fashion. One of the modules on this platform, Outreach 360, enables clients to contact their clients in

a standardised and centralised fashion, providing them with full reporting, auditing and automated chasing capabilities. Since our DPG members demonstrated interest, we set up a SFTR Outreach working group in mid-February to explore the idea of standardising outreach for the community.

We are in the process of creating a standard questionnaire, applicable to all working group participants in order to gather which information is required from the recipients of the outreach. The benefit of this standardised approach is that all clients have agreed to the question format, and in most cases agreed to acceptable recipient answers. Recipients will only have to fill out the questionnaire once, providing their answers to all necessary counterparties, mitigating redundancy. Clients who send out questionnaires will be able to keep track of who has answered and who they need to chase.

The SFTR team at IHS Markit believes that they can further improve client experience and engagement by working with the Counterparty Manager team and Outreach 360. Going forward, you can expect to receive outreaches from us via O360, sharing our latest innovations in terms of consolidating this hefty list of requirements.

Jonathan Tsang
Associate Director, Securities Finance - IHS Markit

SFTR: Is delegated reporting right for your firm?

Guest Contributor



Summary:

Under the Securities Financing Transaction Regulation (SFTR), firms that have a reporting obligation can either report directly to a Trade Repository (TR) or they can delegate the reporting obligation to another party under Article 4 of SFTR. Delegated reporting enables a counterparty to a trade or a 3rd party service provider to report on behalf of the other counterparty to the trade.

Many of the firms looking to delegate their reporting obligations will include smaller financial parties and non-financial counterparties (NFCs) caught under SFTR that are looking to simplify their regulatory reporting obligation. Some NFC's will fall under the requirements for the submitting party to send both sides of the transaction to fulfil their reporting obligation and not be required to report directly.

Why choose delegated reporting?

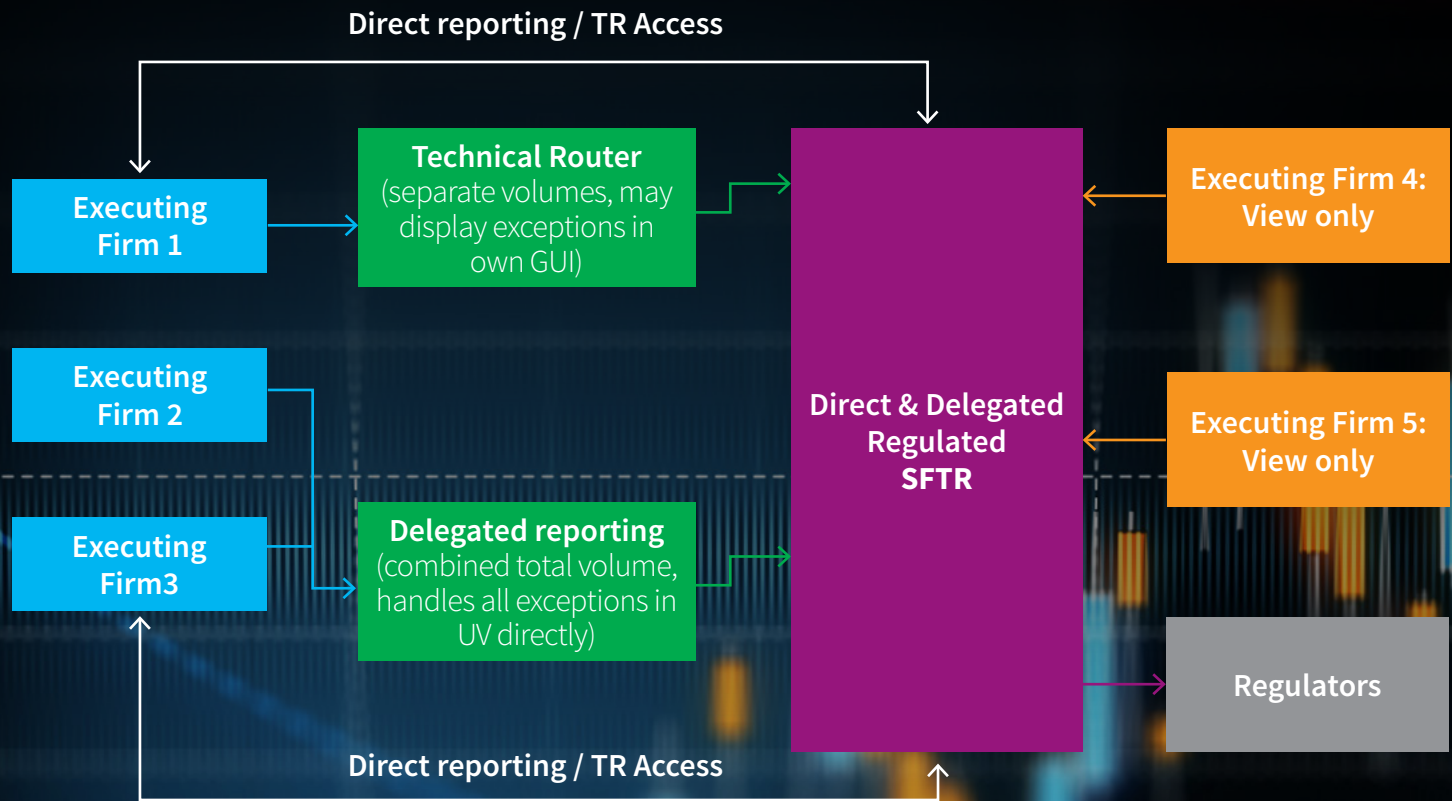
Delegated reporting can offer firms a simplified way of complying with the regulation through working with one of their existing partners or counterparties. These firms can work with experienced providers to guide them through the reporting framework. Typically, firms that do not have the resources to report directly to a TR consider delegation a more efficient model by which to fulfil their reporting obligation.

Due to the complexity in the requirements to report for SFTR including the number of fields, validations and the XML schema, UnaVista has seen a surge in demand of firms wishing to offer or uptake a delegated reporting model. UnaVista has developed the specifications to help firms understand the field requirements and the additional requirements embedded in the XML. Additionally, UnaVista is offering two main models of delegated reporting (we are analysing a third subject to demand); the technical router and full delegated reporting models, for firms wishing to provide this flexibility to their clients.



Diagram 1

Guest Contributor



Technical Router

The technical router model is offered by many of UnaVista technology partners. Generally technical routers are not a party to the trade, often the technical routers are CCP's or technology firms including IHS Markit. The technical router may consume exception reports and display them in their GUI, the technical router will not log directly into UV to resolve a client's exception although they wish to assist the reporting party with the reporting obligation. They can do this in one of two ways

1. The technical router can send the trade data to the TR directly
2. The technical router can send reports to their clients for the reporting firm to load to the TR

The reporting party will log into the TR or the technical router GUI and manage all exceptions; they may additionally wish to send data directly to the TR (not via the technical router) or even use multiple technical routers. The reporting party benefits from the use of analytics, peer-to-peer benchmarking and report generating functionalities in UnaVista's Trade Repository.

Delegated Reporting

In contrast, the delegated model is generally offered by many of our larger firms such as investment banks. They are often a party to the transaction or may be a broker desk or acting as

an agent. They will have the full trade details and will be looking to provide the report on behalf of a reporting party, additionally they will be resolving exceptions and managing the reporting obligation on behalf of their clients. The reporting party in this model will not have full access to the system but many firms will wish to take a view of the data within the solution. There will be the option for the view only reporting parties to view and run reports within the Trade Repository.

Why choose UnaVista?

UnaVista is an approved Trade Repository (TR) for EMIR and Approved Reporting Mechanism (ARM) for MiFIR and will apply to be a TR for SFTR when the window is opened by ESMA in 2019. Firms can streamline their regulatory reporting using UnaVista's award-winning platform.

UnaVista has developed an SFTR Accelerator which is a pre-UAT testing tool with the functionality for firms to test their data. UnaVista's extensive network of over 60 consulting firms and independent software vendors including IHS Markit can help firms streamline the reporting process to UnaVista's Trade Repository.

**Catherine Talks, SFTR Product Manager,
UnaVista, LSEG**

Industry Articles

Non-financial counterparties unaware of looming SFTR reporting obligation

[Read more](#) →

SFTR: What Asian Financial Firms Need to Know

[Read more](#) →

Banks pressurize trading venues for SFTR filing clarity

[Read more](#) →

SFTR: The impact on Asia

[Read more](#) →



Events

Securities Finance Forum

On Wednesday 20th March, IHS Markit will host the annual Securities Finance Forum in London, click on the image for more information.



Webinar: a look inside the SFTR implementation process

On 21 March, DTCC and IHS Markit are hosting a joint webinar on the SFTR implementation process. Click on the image for more information.



Other Events

- On 9 April we will host the latest workshop for our Design Partner Group.
- UnaVista and IHS Markit will partner to host a webinar on 9 April. Details to follow.
- On the 25 April, we will host an SFTR workshop and drinks reception at our offices in London. A full agenda and speakers to follow.

To register your interest in the event, [click here](#).

Conferences

IHS Markit will be attending the following events:

- 1 May: Infoline – London
- 9 May: SLT Tech Symposium – London
- 16 May: ICMA AGM – Stockholm
- 18-20 June: ISLA Conference - Madrid



Vote!

IHS Markit and Pirum have been shortlisted for an award at this year's RegTech Insight Awards. Please show your support and vote for our team in the following category:



RegTech Insight
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Vote For Us!

**Best Solution for Securities Financing
Transactions Regulation (SFTR)**

VOTE!

Contact Us

IHS Markit can help you comply with SFTR. In partnership with Pirum Systems, we can offer fully hosted data and end-to-end reporting solutions for SFTs, which sets an industry wide standard, providing the foundation needed to reconcile trading activity down to the UTI and LEI level of granularity. This SFTR solution offers participants turnkey connectivity to trade repositories and leverages our proven track record of delivering industry wide reporting solutions and our 10 years of partnership with the securities lending community.

Contact us today to find out more

SFTR@ihsmarkit.com

For further information

<https://ihsmarkit.com/products/sftr-solution.html>



About IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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