#: JIRA	Listed Issues & Fields: Text/Guidelines/TVR/Schema:	Challenge(s):	Bo	CA / ESMA Supporting Information: oth NA	Footnotes:	Impact: Reconciliation	ICMA X-Referencing
	Returns Reporting. Table 6 point 15.	ISLA best practice was drafted to create a market aligned consensus on approach. It should be recognised that Securities Lending transactions differ in some respects to other financial markets. Specifically, economic exposure begins prior to settlement of the loan (collateralisation), and this exposure may continue after an agreed termination date. - Exposure continues until both loan and collateral are terminated and returned to the respective parties. To adhere to the spirit of the regulation, ISLA member firm's preference is to report data that best reflects any relevant	ISLA members propose that clarity is required on the below from ESMA and the FCA: - Should all Securities Lending lifecycle events should be reported on an <u>actual</u> <u>basis</u> (rather than <u>contractual</u>) which will represent the most accurate reflection of activity and counterparty exposure, and closely underpin the spirit of the regulation.		1 ISLA survey of Agent Lenders on Partial and Full return reporting Best Practices. Annex#1 2 White papers sent to ESMA by Agency Lenders on Full and Partial return processing.		#9.4 ICMA Guidelines #5.11 and 9.16 Guidelines #3.2 Level 3 document
	Pields: 2.14 (Maturity Date end date), 2.15 (Termination Date) 2.21 (Open Term)	exposure(s). - As it relates to this field, ISLA members therefore agreed to report: - New Trades = Reported on contractual basis (i.e., by trade date +1) - Returns = Reported on an actual basis (i.e., actual settlement date +1)	- Recognising the scope & limitations that exist outside the formal review process, ISLA propose that either a Q&A response or email be sent to clarify that it is acceptable industry practice to report loan closing events on the day settlement occurs, rather than a forward contractual date, which require complex systemic mappings.		2 White papers sent to ESMA by Agency Lenders on Full and Partial return processing Challenges. Annex#2 3 Cost-benefit analysis carried out by		
1		- Modifications = Reported on actual basis (i.e. effective date +1). - However, the Level 3 guidance published on 6th January 2020 contradicted proposed best practice which has resulted in misrepresented exposure reporting and increased the number of breaks 1fn:	- Similarly should partial returns be reportable on an actual rather than contractual basis. We believe that actual reporting will provide supervisors with an accurate and the clearest possible view on exposures in our market, in keeping with the spirit of SFTR. - ISLA members, in the Agent Lenders white paper2 (Annex 2), are seeking clarification that reporting returns on an actual settlement basis is acceptable, and that this will be considered as part of the SFTR review in 2025.		Europe Economics in 2017: https://www.esma.europa.eu/sites/default/files/library/esma70-708036281-		
		- Partial Returns = Reported on a contractual rather than actual basis, regardless of settlement failure Future dated Full Returns = Reported on a contractual on event date+1 by sending a MODI to add a 'Maturity date' and mark the trade as fixed term (this requirement to toggle Open Term to FALSE was removed in 2022 VR updates) Same day Full Returns = Reported on an actual basis (i.e., actual settlement date + 1) by sending an ETRM Agent lenders, representing >60% Securities Lending market activity, cannot meet this requirement without significant long-term development. 1fn	In.	oth	82_2017_sftr_final_report_and_cba.pdf	Reporting Risk	
	under SFTR.	Further to Question 2d of ESMA's SFTR Q&As (see supporting information) update (25th Jan 2022) on the reporting of settlements fails, which states: "Counterparties should report the remaining or outstanding SFT with a new UTI and specify accordingly the complete and accurate details of that SFT and its maturity date." (see full question under footnotes). ISLA members raised a number of strong concerns such as:	ISLA members propose several pragmatic approaches that might be considered as potential alternative solutions to this challenge: Themes & Tools allowing better functionality for SFTR to work better:	ESMA (Q&A 2d) In case of a settlement fail that takes place after S+1 and (i) there is no possibility to update the maturity date or (ii) the SFT has been early terminated and there is no possibility to revert the early termination, the counterparties should report the remaining/outstanding SFT with a new UTI and specify accordingly the complete and accurate details of that SFT and in particular its maturity date. Special attention should be paid to the consistent reporting by the two counterparties. Notably, when either one or both counterparties.	893_qas_on_sftr_data_reporting.pdf	, () () ()	#9.4 ICMA Guidelines #5.11 and 9.16 Guidelines #3.2 Level 3 document
	Tields: 2.14 (Maturity Date end date), 2.15 (Termination Date) 2.21 (Open Term)	- The unsettled trade(s) remain reflected on books and records as an active exposure, the act of generating a new UTI for regulatory reporting would impact up-stream processes. For example, new trade generation is based on trading desk authorities which create new exposures, draws down trading limits and requires new collateral. - The unique nature of the proposed new trade would create double counting of the existing trade, that is not settled and remains active for purpose of exposure and risk measures in Securities Lending platforms until settlement occur. The proposed first and trade and the proposed active to a solid measure and the proposed active for purpose of exposure and risk measures in Securities Lending platforms until settlement occur.	a. This could mirror image EMIR where the Event Date has to be the date of the revive, so no back dated value. b. The revive function just like under EMIR re-fit needs to work for SFTR for both ESMA and the FCA.	do not report the modification on time, both counterparties would need to report the SFT with a new UTI agreed between them.	2 https://www.esma.europa.eu/sites/default/files/library/esma74-362- 1893_consultation_paper_guidelines_emir_refitpdf Point 552-553 Page 207		
		- The proposed fictional trade could create entries in lending ledgers that break concentration limits (e.g., UCITS Efficient Portfolio Management). - Further concerns include the different abilities of the diverse market practitioners. Specifically, that counterparts to a trade would react at different times and ways that will increase reconciliation challenges. E.g. where one party changes and the other has not at the same time. A further concern is the accounting within agent lenders books and records where the lender's loan(s) exist within a shell/omni structure. Creating a 'new' trade would fall outside that structure and be unrecognizable to the borrower.	c. The revive function just like under EMIR re-fit needs to work across the following lifecycle events being: ETRM's, Maturity Dates and Errors. 2. The functionality to modify and correct a Maturity Date greater than +1 day past the Maturity Date. 3. Historic Modifications: a. We need to be able to Modify trades where the Event Date is +1 day greater than the reporting date and this update both the Trade Activity Report and more importantly the Trade State Report.				
		- ISLA members agree that reporting should reflect the realities of settlement state and resulting exposures, however the nuances of different SFT markets create a challenge that this recent amendment compounds.	b. This is currently working under EMIR re-fit but <i>ONLY</i> in the EU – hence you can do a MODI with ED greater than +1 of the RD and it will now update the Trade State Report. 4. T vs. T+1: a. 75% report on T+1 and 25% report on T				
			b. EMIR resolved this by waiting until T+2 to generate the Trade State Report – this solution is known as <i>Event Date based reporting Date</i> and not a <i>Report Date based reporting Date</i> . c. EMIR re-fit in the UK is still on Report <i>Date Based Reporting Date</i> , is there any reason the UK cannot mirror image the EU Event Date based reporting Date? - respect they are separate regimes but this consistency on approach would reduce costs for firms to have to implement two solutions.	oth NA	NΑ	Reporting Risk, Reconciliati	ion
		The current Primary Key for Net Exposure Collateral is insufficient for Trade Repositories to distinguish between netting sets where the "Reporting Counterparty" (1.3), "Other Counterparty" (1.11) and "Master Agreement Type" (2.9) are the same. This regularly leads to the first netting set submissions being overwritten by subsequent submissions, due to "latest is greatest" treatment of Collateral Updates (COLU). Netting sets may be unique in a number of ways, all of which need to be considered when ingesting the COLU report	ISLA members propose that: - Key reporting fields require additional and explicit Counterparty data fields so that Trade Repositories might distinguish and identify the reports uniquely and accurately.			Reporting Risk, Reconciliati	#5.9, #9.3 ICMA Guidelines #3.8 Level 3 document #ICMA issues log 4.14
	Counterparty), 1.8 (Branch of Other Counterparty), 1.11 Other Cpty), 2.9 (Master Agreement Type), 1.14 (Triparty Agent), 1.18 (Agent Lender), 2.4 (Type of SFT), 2.96 (Collateral	- "Triparty Agent" (1.14) - Lenders and Agent Lenders employ a number of Triparty Agents in the collateralisation of their loan books. If the Lender uses one Triparty Agent to manage their equity collateral (HPFHU0OQ28E4N0NFVK49) and a different one to manage Bond collateral (549300OZ46BRLZ8Y6F65), the use of both between the same Reporting Counterparty, Other Counterparty and Master Agreement will create two netting sets. When reported to the Trade Repository, the later of the two submissions will automatically overwrite the earlier one and the data for the initial netting set will be lost in the Trade State Report.	- Members have identified the below reporting fields that if implemented across all trade repositories should better help facilitate and report NET Collateral. Net Collateral "Primary Keys" the following fields on a "go forwards" basis to be introduced by the FCA & ESMA and to be used by all trade repositories:				
	Basket Identifier)	- "Agent Lender" (1.18) - Some Lenders employ more than one Agent Lender to manage different assets within their portfolios. Those Agent Lenders are likely to transact with the same borrowers and under the same Lending Master Agreement Type (GMSLA). Where both Agent Lenders report COLU reports, the Reporting Counterparty, Other Counterparty and Master Agreement Type will therefore be identical. Again, the Agent Lender that submits their COLU reports will be treated by the Trade Repository as the latest update, with the earlier report being overwritten.	1. 1.03 Reporting Cpty – Must match ID of the other cpty				
		-"Branch of Reporting Counterparty" (1.7) and "Branch of Other Counterparty" (1.8) — Where entities operate out of different branches, this can also create separate COLU netting sets. Where those branches do not have their own LEI and only identify themselves with an ISO Country code for reporting purposes, the current primary key at the Trade Repository cannot differentiate between them. Again, the latest reported COLU will overwrite any earlier one, causing	4. 1.11 Other Cpty – Must match cpty ID 5. 1.14 Triparty Agent - LEI (To be added as an additional field where not already used) 6. 1.18 Agent Lender - LEI (To be added as an additional field where not already used) 7. 2.00 Masters Agreement Type - Must match smatch.				
		data to be lost from the Trade State Report."	7. 2.09 Master Agreement Type – Must match exactly 8. 2.4 Type of SFT - SLEB, SBSC, REPO, MGLD (<i>To be added as an additional field where not already used</i>) 9. 2.96 Collateral Basket Identifier (<i>To be added as an additional field where not already used</i>) Book process of the state of the s	oth	NA NA	Reconciliation	
https://isla.atlassian.net/browse/SFTR-188	Fields: 2.49 (Security or Commodity Price), 2.56 (Loan Value) ECB FX Rates is under p139 in level 3	ISLA members note two major concerns regarding these matching fields:	1. ESMA Question 2081 raised by ISLA direct on the ESMA portal 24.1.24 - ESMA to publish this as a Q&A which will help the industry clarify where valuations are to be reported daily versus ad-hoc Fee and Rebate marks being applied to transactions triggering a Modification to be reported. See	ESMA Question 2081 raised on 24.1.24 direct on the ESMA website. Proposed Question – Approved by ISLA Members:			#5.7, #3.1.5, #7.2 ICMA Guidelines #2.14 Level 2 document
	guidelines p203, p274 and p275 in level 3 guidelines	- The Level 3 guidance will cause large amounts of breaks when reconciliation on these fields begins on 11th January 2023 where 'Loan value' (2.56) and Loan 'Market Value' (2.57) are reconciled by the TRs. fn2 - The Level 3 guidance to use ECB FX rates for SFTR reporting was unexpected by the industry and still challenging for firms to implement even after SFTR went live. fn2	supporting evidence. 2. Fields 2.56 (Loan Value) and 2.57 (Market Value) from a functional and definition of the product perspective, are currently drafted incorrectly withing the Level 3 guidelines, they have been described as completely the wrong way around to how they actually work in reality. If this was resolved this would aid field 2.49 (Security or Commodity Price). See correct example below of an underlying Japanese Denominated Security which has been agreed to be booked in <u>FUROS</u> as the billing currency for Fee / Rebate purposes.	Regarding SFTR reporting of Securities Lending transactions, market participants with different practices create challenges with regard to SFTR matching, especially since phase 4 field increased the scope but reduced tolerance scopes. Specifically regarding modifications to 2.56 "loan value" and 2.49 "security or commodity price", some market participants book changes in line with agreed mark-to-market collateral movements (typically every day), whilst others retain the loan value and security price agreed at the initiation of the loan, only modifying these fields in the event of a significant			
4		- A concern is raised that forcing price convergence in regulatory reporting will more than likely incorrectly represent the books and records of a reporting party. It is noted that centralised pricing was proposed and rejected during initial structures.		lifecycle event such as a partial return (close) requiring a modification to quantity. Should reported loan value and security price fields reflect the original agreed price of the trade until a lifecycle event takes place, or should they be modified (MODI) and reported in line with mark-to-market Fee & Cash adjustments which are agreed between both counterparties?			
			- Field 2.49 = Security or Commodity Price = JPY Price - Field 2.50 = Price CCY = JPY CCY - Field 2.56 = Loan Value = EURCurrently drafted this should be JPY, but thats not how this works in reality, this s/b EUR - Field 2.57 = Market Value = LPX - Guidelines Paragraph 202 is not helpful as wording states the Loan Value is the same as the Market value a better example would have been to have two different values, then refer to n274 and n275 whereby both of these paragraphs need to writing to reflect	Proposed answer – Approved by ISLA Members: Any change to price should be reported in alignment with the reporting of changes to field 2.56 - Loan Value. The Frequency of mark to markets should always trigger a MODI (modification) reporting changes to field 2.56 - Loan Value and therefore reported under SETP as soon as underlying price(s) and loan value(s) change. This is explicitly mentioned an	4		
			- Field 2.57 = Market Value = JPYGuidelines Paragraph 203 is not helpful as wording states the Loan Value is the same as the Market value a better example would have been to have two different values, then refer to p274 and p275 whereby both of these paragraphs need re-writing to reflect correct product understanding. Its p274 that is the wrong way around that then affects the calculation in p275 which then leads to many mismatches and reconciliatin breaks. 3. Reporting of T vs. T+1 causes matching issues, need to work towards an Event Date Reporting Date where the trade state is generated on T+2 as being utilised under the EMIR re-fit programme and move away from the current Report Date Reporting Date.	(modification) reporting changes to field 2.56 - Loan Value and therefore reported under SFTR as soon as underlying price(s) and loan value(s) change. This is explicitly mentioned an confirmed in the ESMA Guidelines under Table 6 (mapping business events to action types & levels) #22 SBL Cash Mark and #23 SBL Fee Mark requiring a MODI action type in both mark to market scenarios.	a la companya de la c		
			4. ECB rates to not be enforced upon all firms. Firms to use their own FX price sourcing and price feeds experessing their correct exposure to the market. Level 3 guidelines wording under P139 to be amended to not have all firms using the ECB FX Rate as a default for valuations.				
https://isla.atlassian.net/browse/SFTR-448	Theme: Asynchronous Reporting: T vs. T+1 Reconciliations ssues. Level 2 text Trade Validation Rules	Securities Lending participants either report direct to a trade repository or rely on a variety of underlying platforms to maintain their SFTR activities. These many platforms present a significant diversity in processing abilities and mechanisms and, as it relates to SFTR reporting obligations, the timing of necessary output.	Requirement:	oth Currently and approximately 25% of Trades are received by Trade Repository on a T+0 basis, compared to 75% of the trades received on a T+1 basis.	1 ISLA FAQ https://www.islaemea.org/isla-best-practice-handbook/subsection/SFTR-44	Reconciliation	-#9.3, #9.24, #9.25.1, #5.14 ICMA Guidelines
	Fields: 1.1 (Reporting Timestamp)	As a result, Trade Repository submissions may arrive directly from member firms or via an external platform on T+0 or T+1. This creates a challenge regarding reconciliation of SFTR data within Trade Repository network.	1. Reporting of transactions on T+0 or T+1 currently under both EU and FCA regimes, under SFTR, is based on *Report Date Reporting Date * and not *Event Date Reporting Date * (as per recently rolled out under EMIR re-fit). 2. Where Event Date Reporting Date is being used under EMIR Re-fit, this looks to match trades on T+2 where the Trade State Report is then generated. 3. The introduction of Event Date Reporting Date under EMIR re-fit is designed to help match more trades reducing many reconciliation breaks. 4. Recommendation is to roll out Event Date Reporting Date for both EU and ECA SETR regimes.	 - Below is a simplified example of how the T vs T+1 plays out. - In the below, A is reporting on T and B on T+1 – both in line with the regulation. - Pairing happens at the end of the day when the TR can see both trades, so A sees this as an unpaired trade in their recon for Day 1, and then from Day 2 the trades would be paired and so compared for matching, but again here the timing of lifecycle events means the trades are not matching across amended fields. 			#ICMA Refit Level 3 questions 3.14, 3.15 and 3.21
5		From a practical perspective, changes to an entire operating model represent a significant development and therefore an ongoing challenge. The split between reporting on T+0 vs. T+1 causes many mismatches and high volumes of reconciliation breaks at the trade repository. See supporting information example.	4. Recomendation is to roll out <i>Event Date Reporting Date</i> for both EU and FCA SFTR regimes. Where NCA's fail to recognise the need for the <i>Event Date Reporting Date</i> approach, then NCA's to consider current tolerances on specific fields as currently many firms spend many hours working through reconciliation breaks that are adding no value to any type of reporting or indeed firm. If this is not palpable then NCA's to devise a new approach for how firms can reduce wasted wo/man hours looking through reconciliation breaks which will never match solely from reporting on a T+0 vs. T+1 basis.	paired and so compared for matching, but again here the timing of lifecycle events means the trades are not matching across amended fields. - From termination date + 1, the 30 day retention in reconciliation retains the record and shows that in this case the trades matched on final reporting. Fig - Example 1:			
				Day 1 Day 2 Day 3 Action Type Event Date Quantity Day 3 Counterparty A NEWT Day 1 500 MODI Day 2 250 ETRM Day 3 Day 3 Counterparty B NEWT Day 1 500 MODI Day 1 500 MODI Day 2 250 ETRM Day 2 250 ETRM Day 3 Day 3 Day 3 Day 3 Day 3 Day 3 Day 3 Day 3 Day 3 Day 3 Day 3			
				paired No Yes Yes Yes Matched No No No No No Yes Unpaired as only one side exists at TR Unmatched on quantity Unmatched on quantity but unmatched on termination date			
1 22	iled under ref # 2081 raised on 24.1.24 direct on the ESMA	The ESMA SFTR Reporting Guidelines provide details on the nature of the reporting of cash marks/fee mark processes. Mapping table 6 (items 22 and 23) state that a "cash mark" and "fee mark" should result in a MODI however the mapping table also states (see # 24) that the "Valuation of securities on loan" should result in a "VALU."	ISLA members propose: Published guidance be elaborated upon via FSMA O&As confirming if Field 2.40 Security Price remains static from incention or indeed upon two entry agreeing mutually and bilaterally when they "apply a mark" should Field 2.40 then be updated triggering a MODI (modification). Its known that where	oth ESMA Question 2081 raised on 24.1.24 direct on the ESMA website. Proposed Question - Approved by ISLA Members:	NA	Reconciliation	#5.7, #3.1.5, #7.2 ICMA Guidelines
		In the absence of definitive SBL industry member views, market reporting practice diverges between participants that reflect mark to market changes through daily MODIs and VALU amending Security Price (2.49), Loan Value (2.56) and Market Value (2.57) and those who only amend Field 2.57 to reflect the mark to market changes whereas 2.49 (Security Price) and 2.56 (Loan Value) remain consistent with the initial terms of the trade.	Published guidance be elaborated upon via ESMA Q&As confirming if Field 2.49 Security Price remains static from inception or indeed upon two cptys agreeing mutually and bilaterally when they "apply a mark" should Field 2.49 then be updated triggering a MODI (modification). Its known that where field 2.49 is updated and triggers a Modification this would also mean Field 2.56 Loan Value would be updated and also trigger a modification. The main point of clarity required is do "applied marks" to trades update the price and the loan value, yes or no? Market Value is expected by the regulators to change dailyand thus be reported daily within the VALU report as this is the barometer of what the regulators use for market exposures and in certain times of market stress.	Proposed Question – Approved by ISLA Members: Regarding SFTR reporting of Securities Lending transactions, market participants with different practices create challenges with regard to SFTR matching, especially since phase 4 field increased the scope but reduced tolerance scopes. Specifically regarding modifications to 2.56 "loan value" and 2.49 "security or commodity price", some market participants book changes in line with agreed mark-to-market collateral.	Is		#2.14 Level 2 document
6	peos, per rana pers in level significant		Looking for this Q&A to be published prior to any SFTR re-view or re-write as this will help the SBL industry, this is because as of now from an ISLA perspective there is alomost a 50/50 split of members who keep field 2.49 Security or commodity price static and the remaining 50% are updating field 2.49 daily where mark to markets are applied, again, where 2.49 is being updated daily so is field 2.56 Loan Value.	movements (typically every day), whilst others retain the loan value and security price agreed at the initiation of the loan, only modifying these fields in the event of a significant lifecycle event such as a partial return (close) requiring a modification to quantity. Should reported loan value and security price fields reflect the original agreed price of the trade until a lifecycle event takes place, or should they be modified (MODI) and reported in			
			Impact would be a reduction of reconciliation breaks across industry with key economic fields reflecting the same methodology. **Note** Post ISLA meeting with ESMA in August 2024 plus follow up of ISLA member survey results of when marks are appplied Daily, Once per week, Twice per month, Twice per month, Quaterly or Anually this should help ESMA make their decision and thus publish this within an ESMA	line with mark-to-market Fee & Cash adjustments which are agreed between both counterparties? Proposed answer – Approved by ISLA Members: Any change to price should be reported in alignment with the reporting of changes to field 3.56. Lean Value. The Frequency of mark to markets should always trigger a MODI.			
			Q&A for all industry members to then adhere to and solve this market 50/50 split issue that is causing many reconciliation breaks and unecessary noise.	Any change to price should be reported in alignment with the reporting of changes to field 2.56 - Loan Value. The Frequency of mark to markets should always trigger a MODI (modification) reporting changes to field 2.56 - Loan Value and therefore reported under SFTR as soon as underlying price(s) and loan value(s) change. This is explicitly mentioned an confirmed in the ESMA Guidelines under Table 6 (mapping business events to action types & levels) #22 SBL Cash Mark and #23 SBL Fee Mark requiring a MODI action type in both mark to market scenarios.	d		
https://isla.atlassian.net/browse/SFTR-841		Requirement for LEI of issuer applies to issuers within EU/UK. Zero tolerance 11th January 2021	Suboptimal for firms not to report genuine SFTs. Possible solutions:	oth See below table example to try and simplify challenge:	NA	Reporting Risk	#No current scope ICMA Guidelines #Not in any 1,2 or 3 level
	Fields: 2.54 (LEI of the issuer of the security.), 2.93 (LEI of the security used as collateral.)	Zero tolerance 11th January 2021 Problems can arise where EU/UK issuers list securities but do not have an LEI.	Possible solutions: 1. Requirement of Issuer LEI based on where product issued, rather than where issuer is domiciled. 2. Reporting option with dummy LEI. 3. Suggestion to use GLEIF's own LEI instead of a made up dummy LEI.	- If firms in EU/UK list on local exchanges, they'll need an LEI to do so, so should not be a problem. - Firms based in third country locations don't (currently) need an LEI for SFTR reporting as issuer, so there are no issues there whether they do or don't have LEIs.			documents
7		E.g. EU firm issues debt product in Australian market. SFTR mandates reporting trades with this product, require a issuer LEI, but ASX did not require LEI as a condition of issue. Firms borrowing, lending or otherwise transacting SFTs using the product have no leverage to request issuer to register an LEI as a current holder of the instrument.	4. Alternative identifier option if LEI not available (eg. issuer legal name). 5. Suggest to have an NTAV - not available option and when this is populated drop any requirement for reconciliation purposes.	- Only problem occurs where an LEI is required for SFTR reporting but wasn't required to list, in that scenario reporting firms have little leverage on the issuers to register an LEI.			
		Field 2.54 Trade Validation rules state: - If field 2.40 is populated with 'SECU' and field 2.53 is populated with a country code pertaining to an EEA country, this field shall be populated and shall contain a valid LEI included in the GLEIF database maintained by the Central Operating Unit. The LEI shall pertain to a legal entity and not a branch. The status of the LEI shall be "Issued", "Pending transfer" or "Pending archival". If field 2.40 is populated with 'COMM', this field shall be left blank.		Jurisdiction of Is- suer sue LEI Required by exchange for issue? LEI required for SFTR reporting? EU Y Y			
		Field 2.93 Trade Validation rules state: - If field 2.75 is populated with 'SECU and field 2.92 is populated with a country code pertaining to an EEA country, this field shall be populated and shall contain a valid LEI included in the GLEIF database maintained by the Central		EU AUS N Y AUS AUS N N AUS EU Y N			
		Operating Unit. The LEI shall pertain to a legal entity and not a branch. The status of the LEI shall be "Issued", "Lapsed', "Pending transfer" or "Pending archival". If field 2.75 is populated with 'COMM' or 'CASH', this field shall be left blank.		oth	NA NA	Reconciliation	
https://isla.atlassian.net/browse/SFTR-210	Fields: 1.1 (Reporting Timestamp), 2.3 (event Date), 2.14	The RTS for Trade Repositories mandates that missmatches / unreconciled SFTR reports should be visible on the Reconciliation Report for 30 days following the maturity or termination of that report. ISLA members raised concerns that:	ISLA members propose several approaches as potential solutions to this challenge: Long-term solution:	1 ESMA Q&A 6 states that "In line with the paragraph 83 of the Guidelines, the reports with the Event date earlier than the reporting date -1 should not be considered by the Trade Repositories for the purpose of constructing the trade state report, therefore the reporting counterparty should submit the reports pertaining to the relevant modifications with the respective "past" event dates. To confirm the current state of the loan data, the reporting counterparty should subsequently send a report with action type "MODI" populating the			#9.22, #9.23, #9.24, #9.25 ICMA Guidelines #2.29, #2.30 Level 2 document
	Maturity Date end date)	- The current validation rules do not allow participants to submit a modification to a report, where the Event Date of the report is greater than the maturity or termination date. - The result of this, is that participants are unable to fix unreconciled reports during this 30-day period. - In addition, in scenarios where a settled return becomes unsettled again, participants are unable to 'resurrect' the corresponding report.	The solution to several reconciliation and pairing issues should be addressed through an amendment to SFTR reporting rules 1 & 2 which would require changes in Level 1 (primary) legislation. Such as: 1. Change in the logic for updating the Trade State Report by Trade Repositories, that is:	field "Event date" with the date when report is made (i.e., the same date as the date provided in the field "reporting timestamp"). This last modification report should contain the most up-to-date state of the SFT." 2 ESMA Guidelines 2021 paragraph 444. "Furthermore, no SFT can be revived, hence an SFT should be excluded from reconciliation 30 days following the maturity date or early			#ICMA Refit Level 3 questions 3.16 #ICMA issues log 3.20
		This is an acute issue for most of ISLA members, including Agent Lenders, where firms are unable to fulfil the regulatory obligation to match and reconcile reporting with respective counterparties. Where it relates to Agent lenders, the reporting process is complex due to: The unreconciled reports following meturity or termination, soverely import the Agency lander's reporting (shell us allocations) to the berrayers due to the mandatory are matching conditions for levy pairing fields and therefore	TRs to update the Trade State Report relying on the logical order derived from the "Event Date" without applying any restriction based on the "reporting timestamp". <i>Also see proposed solution under #2 and #3</i> Or 2. Remove the existing limit of 30-day period and reconcile only Live SFT trades.	termination of it, i.e., reporting with action type "Termination/Early termination", or "Position component" in accordance with the conditions under Article 2(2)(h) of the RTS on verification. Furthermore, in the case of the reconciliation of the details of collateral, these messages differ from loan messages in that there are no maturity dates. For net exposure based collateral this means that the date of it is related to the date of the loan side of the SFT. Hence a TR should seek to reconcile this information until thirty days after the			
		- The unreconciled reports, following maturity or termination, severely impact the Agency lender's reporting (shell vs allocations) to the borrowers due to the mandatory pre-matching conditions for key pairing fields and, therefore, further impacts the timeliness and accuracy of reporting allocations under SFTR. - The reconciliation on the matching platform can only occur with the latest event records received from the agent lenders, which cannot be reconciled on the historical event if not reported or incorrectly reported.	Or 3. Further widening the limit of 30 days period.	termination or maturity of the last loan that is included in the net exposure collateralisation. Moreover, the collateral reconciliation status for net exposure collateral will be repeated for all SFTs included in the net-exposure collateralisation." 3 Please note that the above approach was also proposed by ESMA, in the Consultation paper on EMIR REFIT reporting (July 2021), for derivatives template.			
				4 A case study prepared by a member firm on Agency lending allocations reporting from Borrower's perspective. Annnex#6 - See here the hyperlink to the reference AMAFI document: https://amafi.fr/download/pages/i6AVEy63rT9a6y4HRDKUIV7iMEilqNn1hl5J9MA2.pdf			
https://isla.atlassian.net/browse/SFTR-452	Theme: Execution Timestamp Tolerance. Level 2 text Trade Validation Rules	Counterparts to a transaction may, for legitimate business reasons, generate different timestamps when reporting SFTs.	Industry best Practice to be written by ISLA and confirmed within the ESMA Q&A's for reporting firms to:	- The 1hr Tolerance is still in place, this was reconcilable from day 1 - Article 33(2)(a)(i) or reconcilable from day 1 of the first phase of reporting being 13.7.2020.	NA NA	Reconciliation	#5.10 ICMA Guidelines
	Fields: 2.12 (Execution Timestamp)	- Counterparties use booking times as a proxy for execution times which may result in differences related to deal capture procedures. This leads to timestamp differences exceeding the current 1-hour tolerance. - Where booking of a transaction is not automated, or where confirmation of transaction is delayed for various reasons, firms will generate individual booking times which may result in mismatching data.	1. Have procedures in place to ensure their systems are adhering to the correct format noted in the trade validation rules under field 2.12 being: ISO 8601 date in the format and Coordinated Universal Time (UTC) time format, i.e. YYYY-MM-DDThh:mm:ssZ 2. Upon clocks changing via summer and winter triggers ensure system timings are amended where appropriate and on time.	1. It has materialsed across UTC vs. GMT vs. CET that reporting firms either do not have the right system time for reporting or when clocks change and systems are not updated in time and just general incorrect reporting of time zones.			#2.5 Level 2 document (note: ICMA refer to the Execution timestamp vs. really covering the Clearing Timestamp
		- We note that actual booking times may provide extra insight to supervisory bodies reviewing SFTR data.	3. Periodically check system formats are in UTC and not GMT or CET or other etc	2. Some members noted some cptys report consistently outside of the 1hr tolerance. It was also noted that regulators under other regimes are bringing in timelines not pushing the out i.e. increasing the 1hr tolerance in respect of SFTR.	m		challenge but worth noting).
		- Market participants concluded that the current one-hour tolerance causes unnecessary reconciliation breaks.	4. For transactions that are off venue and thus bilateral ensure trading actors book trades in main books and records system as soon as practicably agreed and to not delay trade bookings causing system timing issues with executing counterparts.	3. Seeking a change from both the EP (European Parliament) & EC (European Council) is not a practicle approach/solution. 4. It was noted under EMIR re-fit that there are different tolerances in execution times when trades are executed on venue vs. off venue example 3hrs for on venue and 24hrs for off venue.			
				5. ICMA also note in their log of SFTR implementation issues: Some parties may be using booking times as a proxy for execution times so that differences in deal capture processes lead to differences wider than the 1-hour tolerance. It could be said that if the execution time is the same as the "conclusion" this is actually the booking time.			
https://isla.atlassian.net/browse/SFTR-813		In July 2020 ISLA consulted with ESMA regarding a set of questions intended to create further clarity on the subject of: "Whether allocations booked under an undisclosed Agent Lender model should ever be reported as concluded on a Trading Venue in Field 2.8"	ESMA to confirm that trades entered into by an agent lender, where the ultimate lender is not disclosed at point of initial trade, be reported using the trading venue MIC in place of a 4 "XXXX" MIC code being populated in field 2.08.	oth Impact analysis by a Trade Repository suggests:	1 Detailed Question and Answer email communication with ESMA. Annex#4	Accuracy, Reconciliation	#3.1.2, #3.4, #4.3, #5.16, #8.5, #8.9, #Annex VI, #Annex VII
	Fields: 2.8 (Trading Venue)	In response to the consultation letter ESMA requested further information and clarity on those questions. Please see footnotes 1&2fn and also Annex#4 correspondence regarding Trading Venue.	ISLA members noted that trades executed on a trading venue should use the trading venue MIC (market identifier code). It was seen very useful as members noted the market outage at the start of 2024.	- Of the total SLEB received, approximately 73% of the SLEB trades are associated with agent lender submissions.	2 Questions initially sent to ESMA with collective consideration from industry members Annex#4	s.	#8.9, #Annex VI, #Annex VII ICMA Guidelines #2.6 Level 2 Document
0		This issue relates to pooled transactions entered into by an agent lender on a trading platform and therefore the population of the Trading Venue field. Using the example below, the trade of 100 shares on the Trading Venue is not reported under SFTR, but rather the allocations (50,20,30). When reporting those three trades, some of our members populate the Trade Venue with "XXXX" those child trades could be considered as not traded but rather allocated after the trade initiation. This is particularly true when substitutions occur after the initial pool trade.	Some agent lenders shared that even a reallocation would be played back to the venue so the agent lenders books & records system was in line with the vendor trading platform. This was brought up as reallocations are not part of the vendor platform process they are executed by the agent lender's		3 In reference to the discussion and action points from the SFTR WG meetings held on 17/12/2021, 20/01/2022, 24/02/2022 & 28/03/2022		
		Trading Venue Quantity Lender	Many members did agree that as the block is on venue the actual allocations were associated with settlement shaping. It was also brought up that the matching process of the ALD flow is critical at vendors to get this right so the initial allocation and any reallocations should be timely, accurate and in sync.				
		$ \begin{array}{c c} 100 & 50 \\ \hline 20 \\ \hline 30 \end{array} $					
				oth NA	NA NA	Reporting Risk	
	Theme: LEI Challenges around historical reporting Level 3 text 4.18 p157+ Identification of issuer of securities and securities as collateral. Fields: 2.93 (LEI of the issuer - of the security used as collateral).	Are ESMA relaxing the LEI reporting for companies that haven't registered with GLEIF? This appears to be an issue from a historical reporting perspective, hence is the LEI is now defunct - example: do we need a fix for the LEI blocking COLU's and CORR's?	Can ESMA create a Q&A to give firms clearer guidance: Options are:				#6.10, 6.20 ICMA Guidelines #Not in any 1,2 or 3 level documents
	Condition (i)	An historical reporting example of Ack'ed COLU's that had an incorrect field such as Collateral Type being OEQU instead of MEQU. There's a good chance replaying something that Ack'ed a year ago to change that field will mean you would get LEI nacks today due to the ever changing status of companies LEI's mergers, take overs etc.	a. Leave as a Nack as the reported collateral lines were correct at the time of the original Ack and keep as a record to prove you tried to correct the collateral type field or b. Replay taking out the now problem collateral lines to get the corrected field reported (OEQU to MEQU) as of today but now you look like you have amended the number of lines of collateral that were originally reported as well as the collateral type field.				
		Pleased advise from the options what the is the correct course of action?	c. Can ESMA create a DUMMY LEI for when these type of situations take place to help reporting become, as requested, Complete, Accurate and Timely?				
https://isla.atlassian.net/browse/SFTR-843	Theme: ISIN and Classification Level 2 text Trade Validation rules	SFTR currently has no provision for reporting SFTs conducted on securities which do not have an ISIN.	d. EMIR re-fit states that a valid LEI has to be in the GLEIF database. Hence to allow if an LEI is in the GLEIF database to NOT check for live statuses. The status of the LEI shall be "Issued", "Pending transfer" or "Pending archival". Therefore if status is Retired or Lapsed , then for historical reporting relax validation and only check the prescence of the LEI is within the GLEIF database. BC Can ESMA create a Q&A to give firms clearer guidance:	oth NA	NA NA	Reporting Risk	#6.2. #6.4 ICMA Guidelines
	Fields: 2.41 (Security Identifier), 2.78 (Identification of a security used as collateral), 2.96 (Collateral Basket	This could include historic securities, dummy positions, corporate action positioning, non-listable securities, etc.	a. Either confirmed as non-reportable under SFTR. Other fields such as issuer, maturity, etc are available to regulator would still be available, or				#6.2. #6.4 ICMA Guidelines #2.16, 2.17, 2.19 and 2.24 Level 2 document
	dentifier)also 2.42 (Classification of a Security) and 2.79 Classification of a security used as collateral)	These could be included in collateral baskets or subject to direct SFTs.	b. An approved alternative such as allowing firms to report with a dummy ISIN agreed bilaterally and mutually between them or c. An ESMA created DUMMY ISIN for when these type of situations take place to help reporting become, as requested, Complete, Accurate and Timely?				
			d. ANNA: Trade Repositories have to validate ISIN's from the ANNA Database. ANNA creates ISIN's. ISIN has 12 chars in total. TR's check the ISIN vs. x2 Alpha, x9 Numeric characters and x1 check digit which makes up the validatin process. Create a default DUMMY ISIN in ANNA for the trade repositories to validate OR				
			e. <u>Preferred option</u> would be to give a value (Dummy ISIN) in the trade validation rules that the trade repositories can validate. e1. This would help solve field 2.42 (Classification of a Security) and 2.79 (Classification of a security used as collateral) as the <u>CFI</u> code fields are respectively conditional on 2.40 (Type of Asset) and 2.75 (type of collateral component). e2. The CFI is attributed to a financial instrument at the time when the financial instrument is issued and when it is allocated an International Securities Identification Number (ISIN) by the respective national numbering agency (NNA). It will normally not change during the life of that instrument.				
		Current validation rules for net exposure collateral use "Value Date (start date)" (2.13) of the loan and "Value Date of the Collateral" (2.74) to identify which loans fall within the net exposure netting-set. However, this is too simplistic and does not take into account the different are now collateralisation processes used in exposure management. For telegrapse as at 12.7, 2020.	Bo	oth NA	NA NA	Reconciliation	#6.2 ICMA Guidelines
	Fields: 2.74 (Value Date of the collateral)	does not take into account the different pre-pay collateralisation processes used in exposure management. Zero tolerance as at 13.7.2020 Within the loan books linked to net exposure collateral, individual positions may be collateralised on a value date (VD) or a VD -1 basis. VD-1 is generally chosen where there is a disparity between the settlement market of the loan and that of the collateral (or indeed where the collateral is managed). For example, US Treasury collateral would need to be collected today in order for a Japanese loan to settle in APAC trading hours tomorrow. However, the challenge is that	a. ESMA should remove this field entirely from both COLU and CORR reports. c. Should field 2.74 be retained in COLU and CORR reports, it should cease to be a matching field for reconciliation, a field that adds no value, causes total confusion and is open to interpretation should not be part of a reconciliation. The field should also be Re-labelled as "Pre-pay" and have a true				#2.15 and 2.18 Level 2 document
		the loan book between "Reporting Counterparty" (1.3) and "Other Counterparty" (1.11) often comprises assets settling in multiple locations and time-zones and will be split between VD and VD-1 collateral requirements, while the "Value Date of the Collateral" is a fixed value which must state the "latest value date contained in the netting set of SFTs". This means that if even a single loan attracts collateral on a SD-1 basis, every loan sharing that value date is captured in that netting set on SD-1.	or false Boolean rule to show it's a prepay and remove the requirement for a date as the date causes confusion and does not correct identify a pre-paid transaction. Note: for both COLU and CORR the validation is currently O - Optional				
		Example where Event Date = 03/10/22: Loan 1: 10,000 Siemens DE0007236101 €1,000,000 v/d 04/10/22 Collateral Date 04/10/22 Loan 2: 100,000 Vinci FR0000125486 € 8,200,000 v/d 04/10/22 Collateral Date 04/10/22 Loan 3: 1,000 Tokyo Electron JP3571400005 € 320,000 v/d 04/10/22 Collateral Date 03/10/22					
		Loan 3: 1,000 Tokyo Electron JP3571400005 € 320,000 v/d 04/10/22 Collateral Date 03/10/22 In this example all three loans share the same value date (04/10/22), however only Loan 3 needs to be collateralised on 03/10/22 (VD-1). On Event Date 03/10/22, the COLU report for this netting set would therefore be required to quote "04/10/22" as this is the "latest value date, suggesting enough collateral be collected to cover all three loans (€9,520,000). However, in reality the counterparty / agent would only collect €320,000 on 03/10/22 with the remainder collected.					
1		prior to release of the loans on 04/10/22. This can create a massive disparity in what the COLU shows compared to what is expected.					

		Level 3 text also in Level 2 text trade valid rules general information.	dation ESMA's Guidelines require that back-dated corrections to a COLU report (after S+1) should be made using a CORR report. However, CORR reports cannot be used for the COLUs relating to transactions that are net collateralized (ie field 2.73 = TRUE). The problem is that, for transactions that are actually collateralised on a net exposure basis, the UTI (field 2.1) and Counterparty Side (field 1.9) are mandatory fields for CORR reports but do not apply to net collateralized transactions. As per the Validation Rule fn1, it was understood that ESMA's aim was to implement support for reporting CORR messages containing only loan data, collateral data, or both. The industry supported the Regulator's objective of reporting loans and collateral separately in CORR messages. However, the current validation rules (counterparty transaction) did not align with ESMA's objective. It does align with the separate reporting of loan and collateral in NEWTs (when the collateral is not known until S+1) and separate COLU'S. However, to support the inclusion of collateral in CORRs, firms are required to store previously reported collateral and loan data and look this up to include in the CORR messages when a correction to loan or collateral data occurs. The above is a complicated logic to implement, and incurs a high cost from a data storage perspective. Therefore, market participants have adopted a mixture of approaches to overcome the issue however: - Few member firms have managed to implement the logic. - Other firms have opted to report MODIs and COLUs when corrections occur as an alternative (so loan and collateral data can be reported separately).	The validation rules be revisited to facilitate separate loan and collateral data reporting in CORR messages. To be all encompassing this should then cover off only loan data, trade based collateral data where field 2.73 = FALSE including net based collateral data where field 2.73 = TRUE. An alternative solution in order to correct a COLU report, instead of a CORR, parties should use a revised COLU report which corrects the collateral position which was incorrectly reported in the original COLU report. Outside of a COLU report and where CORR cannot be used then use a MODI report. - This is supposed to have been solved by allowing CORRs with only collateral data. But the change has yet to be implemented in the XML schema - therefore to allow a CORR to work properly please action the schema implementation.	"Report with action type "CORR" can contain <i>only loan data</i> (1.11-1.18, 2.1-2.73, 2.97-2.99) or only collateral data (1.1 1.3, 1.7, 1.8, 1.10, 1.11, 1.14, 1.18, 2.1, 2.3, 2.4, 2.9 2.11, 2.7 2.96, 2.98) or both loan and collateral data, and should not be rejected as long as long as all requirements, as specified in the validation rules for the applicable fields, are fulfilled	73.	Reporting Risk	#9.2.7, #9.3, # ICMA Guidelines #3.18 Level 3 document #ICMA issues log 4.24
	Theme: Type of Collateral Component and Collateral Basket Identifier issues with NEWT template reporting. Fields: 2.75 (Type of collateral component) & 2.96 (Basket Basket Identifier)	Level 2 text - trade validation rules.	Background: - Due to the re-introduction of the validation rules on 2.75 footnote 1 column and 2.96 footnote 2 column, securities lending participants have implemented a practical solution for the reporting of NEWTs related to Net Exposure SLEB transactions. - As these SFTs are collateralised by a pool of collateral, 2.75 and the associated fields for collateral are not applicable, therefore 2.96 must be populated in order for the 'NEWT' to pass the validation. - The industry is now obliged to report Net Exposure (NE) SLEBs with 2.96 = "NTAV", which creates misleading data in both fields. However, this is not a true reflection of the submitter's books and records. - Currently this approach passes trade validation to prevent a NACK but results in many, mostly empty lines of 'collateral' at trade level for net collateralised SLEB where there is a line on the Trade State Report of loan data and a second line showing NTAV for basket identifier and very little else. Adds a lot of volume and noise and affects the trade state report unnecessarily. - Members also draw attention to: - Article 3 paira 4 of the Commission Delegated Regulation 2019/356 starting ""A counterparty collateralising several SFTs on a net exposure basis" which highlights a misalignment with current validations. - Actual SBE problem: AAA trade type = Uncollateralised - 2.04 = SLEB, 2.72 = TRUE, 2.73 = BLANK, 2.75 = BLANK, 2.96 = BLANK - ABC trade type = Cash Rebate - 2.04 = SLEB, 2.72 = FALSE, 2.73 = FALSE, 2.75 = CASH, 2.96 = BLANK - XYZ = Cash Pool - 2.04 = SLEB, 2.72 = FALSE, 2.73 = FALSE, 2.75 = CASH, 2.96 = BLANK - XYZ = Cash Pool - 2.04 = SLEB, 2.72 = FALSE, 2.73 = TRUE, 2.75 = BLANK, 2.96 = NTAV - The reason this is an issue and matches the example in the proposed solution is that the proposed solution assumes that for bilateral collateral where cash and securities are used as collateral, together / as a mixture, you cannot in file 2.75 populate both CASH and SECU, only one or the other, so, if this is a mixture you would	- The current validation rules be revisited and corrected to allow securities lending participants to report fields 2.75 and 2.96 accurately when the true conditions are met and thereby reflect activity correctly. - Pending any changes and review and to avoid NACK messages, the proposed best practice footnote 3 is presented in below logical approach: Industrial Conference of the Conf	toth Current ISLA Best Practice: https://isla.atlassian.net/browse/SFTR-95	fn1 2.75: For action type is NEWT: -For SL: If field 2.72 is populated with 'true', this field shall be left blank. Otherwise at least one of the fields 2.75 "Type of collateral component" or 2.96 "Collateral basket identifier should be populated". fn2 2.96: For action type is NEWT: For SL: If field 2.72 is populated with 'true', this field shall be left blank. Otherwise at least one of the fields 2.75 "Type of collateral component" or 2.96" Collateral basket identifier should be populated". fn3 ISLA'S SFTR Best Practices https://www.islaemea.org/isla-best-practice-handbook/subsection/SFTR-95/		- #6.4 ICMA Guidelines #2.24 Level 2 document
	Theme: Reporting of SFT's with EU Central Banks. Fields: 1.11 (Other Cpty)	Level 1 text.	It is understood by the SBL community that after reporting 2.96 = NTAV, a COLU should follow with the collateral allocation and that NTAV is only available for tri-party SFTs: it is not available to allow late reporting of bilateral SFTs. SFTs to which the counterparty is a member of the European System of Central Banks (ESCB) footnote 1, are only reportable under EU MiFiR and excluded from reporting under EU SFTR footnote 2. See supporting information for all permutations that touch on reporting under MIFIR both under the UK and EU country of incorporation vs. country of operation vs. Bank of England or Member of ESCB.	ISLA members, and members of other associations, propose that there should be a complete exemption of reporting SFTs to ESCBs under EU MiFIR based on the following facts: - SFTs with Central banks are not a source of systemic risk, nor are they directly price-forming or a source of market abuse and therefore are not relevant to MiFID/MiFIR transparency aims. - The regulators can directly source data for SFTs with ESCB(s) from the respective central bank(s), thereby reducing the cost of reporting for market participants and also the cost of collection, processing and analysis. - Our members note that the UK (FCA footnote 3) excluded all central bank SFTs from being reported under UK MiFIR. - SFTs do not fit sensibly into the MiFIR reporting framework, which was not designed for such transactions.	Reporting Requirements are: UK vs. BoE: 1. Country of incorporation (UK), Country of operation (UK), vs. Bank of England = no report under UK SFTR or UK MIFIR 2. Country of incorporation (UK), Country of operation (EU Branch), vs. Bank of England = report under EU SFTR 3. Country of incorporation (UK), Country of operation (ROW Branch), vs. Bank of England = no report under UK SFTR or UK MIFIR UK vs. ESCB Member: 4. Country of incorporation (UK), Country of operation (UK), vs. Member of ESCB = report under UK SFTR 5. Country of incorporation (UK), Country of operation (EU Branch), vs. Member of ESCB = report under UK SFTR and report under EU MIFIR 6. Country of incorporation (UK), Country of operation (ROW Branch), vs. Member of ESCB = report under UK SFTR EU vs. BoE: 1. Country of incorporation (EU), Country of operation (EU), vs. Bank of England = report under EU SFTR 2. Country of incorporation (EU), Country of operation (NOW Branch), vs. Bank of England = report under EU SFTR 3. Country of incorporation (EU), Country of operation (NOW Branch), vs. Bank of England = report under EU SFTR EU vs. ESCB Member: 4. Country of incorporation (EU), Country of operation (EU), vs. Member of ESCB = report under EU MIFIR 5. Country of incorporation (EU), Country of operation (NOW Branch), vs. Member of ESCB = report under EU MIFIR 6. Country of incorporation (EU), Country of operation (NOW Branch), vs. Member of ESCB = report under EU MIFIR 6. Country of incorporation (EU), Country of operation (NOW Branch), vs. Member of ESCB = report under EU MIFIR 6. Country of incorporation (EU), Country of operation (NOW Branch), vs. Member of ESCB = report under EU MIFIR	1 European System of Central Banks: The ESCB comprises the ECB and the national central banks (NCBs) of all EU Member States whether they have adopted the Euro or not. https://www.ecb.europa.eu/ecb/orga/escb/html/index.en.html?msclkid=227db877a97b 11eca6c155f10f6c7596 2 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R2365&from=EN 3https://www.fca.org.uk/publication/fca/handbook-notice-96.pdf	Reporting Eligibility	#1.16 ICMA Guidelines #1.6 Level 1 document
		Level 2 text Trade Validation rules/ RTS o trade repositories.	UK Trade validation rules vs. ESMA trade validation rules divergence. UK FC vs. UK NFC, the UK NFC does not have to report yet this can be seen to cause pairing issues. Parties should also note that, in the UK SFTR Validation Rules issued by the FCA, in addition to changes to legislative references from EU to UK law, the following amendments have been made: • Table 1, field 4, Nature of the Reporting Counterparty this field must be reported with the code F to reflect the <i>exemption</i> of non-financial entities from reporting obligations under UK SFTR, hence there is no longer an N - Non Financial cpty option under FCA SFTR. <i>Note:</i> this field is not a reconcilable field but seems to be caught by the <u>trade repositories</u> via the RTS TR requirements. • Table 1, field 5, Sector of the Reporting Counterparty filling in this field with a code other than the sector code for a financial entity (CDTI, INVF, UCITS, AIFD, INUN, REIN, ORP, CCPS or CSDS) will cause the report to be rejected by the trade repository. <i>Note:</i> this field is not a reconcilable field but seems to be caught by the <u>trade repositories</u> via the RTS TR requirements. The issue is that currently Trade Repositories are unable to identify if reporting should be in scope for reconciliation or not, and hence TRs will attempt reconciliation on all trades submitted (as they are unable to differentiate between Ft		CA NA	NA NA	Reconciliation	#No current scope ICMA Guidelines #Not in any 1,2 or 3 level documents #ICMA issues log 2.08
	Theme: Misalignment in fields 2.18 & 2.20 impacting Method Used to Provide Collateral. Fields: 2.18 (General Collateral Indicator), 2.20 (Method used to provide Collateral)		and NFC status) — which is resulting in false pairing breaks. Field 2.18, it is mentioned in the Trade Validation rules that if the conditions do not meet, the field "Otherwise can be left blank". The absence of similar wordings for field 2.20 causes ambiguity where a trade is not collateralised. Validation rules description of the field 2.18 states: Note Zero Tolerance matching phase 11.1.2023 - If, for SL, field 2.73 is populated with 'true', or if field 2.72 is populated with 'false' and field 2.75 is populated with 'SECU', this field shall be populated. Otherwise it shall be left blank. When populated, shall contain only one of the following values: "SPEC" or 'GENE', 4 alphabetical characters. Validation rules description of the field 2.20 states: Note Zero Tolerance matching phase 13.7.202 0 If field 2.73 is populated with 'true', or if field 2.72 is populated with 'false' and for SL field 2.75 is populated with 'SECU', this field shall be populated. When populated, shall contain only one of the following values: "TTCA", 'SICA' or 'SIUF 4 alphabetical characters.	ISLA members propose that: - The existing validation rules be revisited to clarify if the wording "Otherwise, it shall be left blank" was purposefully not added under Conditional Validation for Field 2.20 (Method used to provide Collateral) and if so, why was this decision made? - The two fields do not immediately seem connected, other than by similar drafting. However this from a drafting perspective does seem to be inconsistent hence the need for checking to see if the gap in 2.20 was deliberate. - Clarification on this point will feed into industry best practices, aligning firms reporting practices and reducing related reconciliation breaks.	Soth NA	1 https://www.esma.europa.eu/sites/default/files/esma74-362- 1008_sftr_validation_rules.xlsx 2 https://www.islaemea.org/isla-best-practice-handbook/subsection/SFTR-40/	Reconciliation	#6.3 ICMA Guidelines #2.8 Level 2 document
	Theme: General Collateral Indicator impacting Cash Collateral reporting. Fields: 2.18 (General Collateral Indicator)	Level 2 text.	In current ESMA guidelines footnote 1, field 2.18 only applies to the securities provided as collateral with the validation rules requiring conditional population of field (2.18) when the Net Exposure (Field 2.73) is "True" for SLEBs. The validation rule causes a reporting issue where Cash is used as collateral, assuming cash is correct to populate 2.75 = CASH and then 2.18 General Collateral Indicator actually requires populating. ISLA members concluded footnote 2 that Field 2.18 (General Collateral Indicator) can be populated with GENE footnote 3 or SPEC fn4 for securities used as collateral. However, for Cash collateral, should the field should be populated with GENE to avoid data rejections? ISLA members concluded that as best practice and short-term solution when populating field 2.75 = CASH, field 2.18 should be populated with 'GENE' where Cash collateral is used. This should be done to avoid data rejections. The ISLA SFTR Best Practice on this point is currently "Validation rules (31 Jan 2022) require mandatory population, therefore regarding cash pool collateral a default value of 'GENE' should be used to avoid data rejection".	Even though the trade validation rules state the following: If, for SL, field 2.73 is populated with 'true', or if field 2.72 is populated with 'false' and field 2.75 is populated with 'SECU', this field shall be populated. Otherwise it shall be left blank. When populated, shall contain only one of the following values: "SPEC" or 'GENE', 4 alphabetical characters. ISLA members would like clarity that where 2.75 = CASH then field 2.18 "General Collateral Indicator" can be left blank? hence 2.18 "General Collateral Indicator" should ONLY be populated when field 2.75 = SECU, of which, infers regulators are only interested in the general collateral indicator for securities and NOT cash.	1 https://www.esma.europa.eu/sites/default/files/library/esma70-151-2838_guidelines_on_reporting_under_sftr.pdf under RTS = 248-249 2 From the minutes of SFTR WG Meeting held on 03/11/2021 3 GENE – General Collateral arrangement. 4 SPEC – Specific Collateral. 5 Extract from ISLA's SFTR Best Practices for Field 2.18: https://www.islaemea.org/isla-best-practice-handbook/subsection/SFTR-38/ 6 SECU – Security Collateral	NA	Illogical Reporting	#6.3 ICMA Guidelines #2.8 Level 2 document
https://isla.atlassian.net/browse/SFTR-271	Theme: Pension Funds Scope Fields: NA	Level 1 text.	In simple terms trade repositories are looking for 2 sides for one trade, however, as Pension Funds believe they are out of SFTR scope they do not send their trades into Trade Repositories for reporting. As there is only one side of the trade this causes an "orphan trade" and thus affects the pairing process which is part off the pairing and matching requirement leading to reconciliation breaks and issues at trade repositories. See Level I Text 23rd December 2015 Article 2(a). Articles 4 and 15 do not apply to: Members of the European System of Central Banks (ESCB), other Member State bodies performing similar functions, and other union public bodies charge with, or intervening in, the management of the public debt.	1. Level 1 and Level 3 text changes: Clearer text and drafting within the Level I text and Level III final guidelines to exactly confirm the scope of Pension Funds for regulatory reporting under SFTR. Specifically to confirm interpretation where Pension Funds are managing people's pensions and the link to this being clarified that this is in fact managing public Debt. Thus scope cannot be called into question and has to be clear for all to understand. The re-drafting of the regulation and requirement has to be prescriptive and explicit. 2. In addition to #1 above and alternative solutions: ged a. Q&A could help, as an alternative to changing the level I text, hence an objective is to get Trade Repositories to not reconcile these trades and see them as one sided if Q&A can then drive the change in the RTS then Trade Repositories can make that change to treat this as a one sided reporting requirement. b. EMIR has a new field via the re-fit - named "Executing Agent Field" would this be a viable option to suggest to both FCA and ESMA for SFTR whereby if populated a Trade Repository could infer from the reporting counterparty submission that the other counterparty has confirmed they are out of scope? c. ESMA has not provided a detailed list of the other Members/equivalent Members. TRs have only the list of ESCB Members. So 2 possible solutions reconciliation breaks: - Either ESMA provide an official list and manage this list, or - If they cannot provide this list for any reason, then they should add a field to clearly reflect that the other counterparty is out of scope of SFTR. See point b above. d. If a, b and c are not considered then the Level I text as per bullet #1 above requires re-drating as explained.	Soth NA	NA NA	Reporting Eligibility	#No current scope ICMA Guidelines #Not in any 1,2 or 3 level documents
https://isla.atlassian.net/browse/SFTR-845	Theme: Negative and Positive Signage Fields: 2.76 (Cash Collateral Amount), 2.83 (Collateral Qty or Nominal Amount), 2.88 (Collateral Market Value)	Level 3 text p364, p373.	Background: 1. Two problems were highlighted to FCA about the conditional validation rules for fields 2.76 (Cash Collateral Amount), 2.83 (Collateral Quantity or Nominal Amount) and 2.88 (Collateral Market Value). ICMA and ISLA were asked to wor out solutions and have done so. The first problem is simple and so is its solution. However, members of the associations' SFTR task forces have raised serious doubts about the need for a solution to the second problem, suggesting that there is no real problem and therefore no cost-benefit justification. They have argued that a clearer codification of the current reporting practice would more than suffice. The problems: 2. The problems raised with FCA arise in the following paragraphs. The reporting entities must specify the direction of the collateral flow by applying a negative arithmetic sign when providing collateral (i.e. Counterparty side – GIVE). The absence of a sign will be interpreted as positive. Therefore, when (counterparty side) – GIVE, apply a negative arithmetic sign to fields 2.76 (Cash Collateral amount), 2.83 (Collateral quantity or nominal) and 2.88 (Collateral Market value). This will apply when action type = NEWT/MODI/CORR only (since counterparty side reporting is not relevant in case of COLU, we won't apply any restriction on that). For these actions, types field 1.9 (Counterparty side) is mandatory. 3. The first problem concerns the requirement that field 1.09 determines the arithmetic signage be applied in fields 2.76, 2.83 and 2.88 in reports with Action Types NEWT, MODI and CORR. The problem is that fields 2.76, 2.83 and 2.88 a not applicable to MODI reports. The logical solution to this problem is simple: remove the reference to MODI from the Validation Rules for fields 2.76, 2.83 and 2.88 is limited to NEWT and CORR reports (assuming MODI is removed). The question has been asked as to whether this is the intention of FCA. In a recent discussion, FCA asked ICMA and ISLA to suggest a way of extending the conditionality to COLU reports.	margin calculated and settled on a net basis for whole portfolios (most repos) parties may be simultaneously giving and taking different lines of collateral. 6. It would seem that the only conditionality rule that will mechanically link field 1.09 and the use of arithmetic signs in fields 2.76, 2.83 and 2.88 would be to: 6.1 - replace MODI in the current Validation Rules with COLU; 6.2 - make field 1.09 mandatory in COLU reports; 6.3 - in order to overcome the problem that field 1.09 was designed to apply to transactions, also make field 1.09 repeatable in COLU report for each line of collateral this would require an amendment to the SFTR ISO XML reporting schema. 1.9 Industry objections: 7. Discussion of the solution by the associations with their industry SFTR task forces have revealed serious reservations about the time and effort required to implement any solution to establish conditionality between fields 1.09 and 2.76/2.83/2.88 in COLU reports, given that the solution requires an amendment to the SFTR ISO XML reporting schema. This process takes time, as proposals for change require extended consultation in order to expose potential problems. Given that changes to the schema are unlikely to be made before winter 2024, it seems likely that the required amendments to the schema would overlap with SFTR Refit, in which case, the issue would best be considered as part of that wider process of reassessment and reform.	See schema example under Annex 7 tab.	NA NA	Reconciliation	#6.17 ICMA Guidelines #Not in any 1,2 or 3 level documents #ICMA issues log 4.25
https://isla.atlassian.net/browse/SFTR-846	Fields: NA	EUR-Lex (europa.eu) For public reporting please refer to articles 6. Calculation of aggregate position data for publication a Article 7. Publication of aggregate position data). Also see Annex II Table 1. https://eur-lex.europa.eu/eli/reg_del/2019/358/oj#:=Commission%20Delegated%20Regulation	The challenge with the trade repository public data for SFTR, is that upon exporting the data and trying to use for MI - Management Information purposes, the trends and outcomes do not paint a picture that is clearly understood by may people within the securities finance industry. The collateral numbers are super inflated and do not allow someone to understand if a loan was lent in millions how can there be collateral on the same trade of billions, in some cases trillions. There is also a lack of transparency around what numbers relate to NET and GROSS collateral values. Currently the trade repositories cannot report via SFTR public data any modification or corrections that affect the "historical" trade state report does not exist. Therefore, there seems to be a requirement for a historical trade state report so Trade Repositories crockee a MgO, or CORR where the Event Date is 1 day prior to the reporting date these updates where affecting gazgerated fields will be included within the aggregated reporting as explained above one does not exist and will only update the trade activity report. Once there is a historical trade state report the industry would then be able to export the Trade Repository corrections and modifications from the public data reported by Trade Repositories. 1. Trade Repositories have to follow the required RTS – regulatory technical standards set by the NGA's. 2. There are a number of fields that have been earnaxied as "aggregation fields" they are as follows: 3. 1. Trade Repositories have to follow the required RTS – regulatory technical standards set by the NGA's. 2. There are a number of fields that have been earnaxied as "aggregation fields" they are as follows: 3. 1. Reporting City, b. 1. 1. 1. Other City, c. 2. 2. Seared, d. 3. Trading Venue, e. 2. 1. 1. Trading Venue, e. 2. 1. 1. Trading Venue, e. 2. 1. 1. Trad	Overall objective is to have a clearer and easier way to export the trade repository public weekly data, without having to run various pivot tables, post exportation in order to make the public data meaningful illustrating an outcome that people can use for reporting concise management information. NCA's to produce a new RTS using a better group of aggregated fields whilst including historical information (where event date is 1 day greater than the reporting date) for Trade Repositories to make available on a weekly basis in the public data output reporting. This output has to be credible information and accurate in terms of activities that have been reported to a trade repository and be fit for purpose aiding a clearer picture into the world of SFT's. See supporting Information column for how the reports are built and output is currently achieved by trade repositories, this background is important to share and raise awareness.	The aggregation is based on a 'picture' taken on Friday EOD. SFTs in scope of the Public Data weekly reporting are: - All SFTs reported with action type "New" between Saturday Q:20:00.00 UTC and Friday 23:59:59 UTC (cut-off time). - All non-matured SFTs for which none of the following action types "Error", "Termination", "Position component" has been received by Friday 23:59:59 UTC (cut-off time). - They are aggregated separately (under REPORTED or OUTSTANDING and visible under related type in the SFTR Public Data Report. 1. The process from the trade repositories seems to be: a. Use the aggregated fields to export data to find the loans, then see if the loan or loans are trade based collateralised or NET collateralised. b. The primary keys used by trade repositories are 1.3 Reporting Cpty 1.11 Other Cpty and 2.9 Master Agreement Type – these are used to map and hook in the underlying collateral with the loan/loans. c. Where trade based collateralised, the collateral can be mapped back to the loan as the map and hook in here is the UTI. d. Where NET collateralised, it is a complete challenge to tie back the NET collateral versus the loan/loans. i. Caution around too many additional fields would be that more aggregation fields could be seeping into disclosure of what firms act in a certain capacity, so need to be caut here. ii. under EMIR they have more granular reporting which are managed and throttled with specific thresholds around specific fields. e. The overall current collateral numbers make no sense around any type of understanding, also collateral numbers are repeated which do not compute in any way back to lot values of the trades. 2. 2.75 Type of collateral component: a. This is one of the fields we were viewing at ISLA to try and understand how best we filter to use sec lending data points and not say commodities in error. b. SIEB COM relates to field 2.75 when securities are used as collateral d. The other option in this field would be CASH 1. Last Q from TH was: a. ESMA shared they	oan '. It	Public Data Quality	Comments under 1.8 under Level 1
https://isla.atlassian.net/browse/SFTR-847	Theme: Security Type/Collateral Type – Vendor Interpretative Differences Fields: 2.55 (Security Type), 2.94 (Collateral Type)	Level 2 text trade validation rules.	Security Type/Collateral Type trade validation rule guidance leaves room for interpretative differences, in particular around the definition of "Other Financial Institutions". In both fields 2.55 and 2.94 there are 7 options to choose from within the trade validation rules column labelled "Format"see list below: GOVS' - Government securities SUNS' - Supra-nationals and agencies securities FIDE - Debt securities (including covered bonds) issued by banks and other financial institutions NRID - Corporate debt securities (including covered bonds) issued by non-financial institutions SEPR' - Securitized products (including Co., CMBS, ABCP) 'MEQU' - Main index equities (including covered bonds) 'OTHR' - Other assets (including shares in mutual funds) Guidance for reporting FIDE (financial institution debts) instead of NFID (non-financial institution debts) does not define what constitutes "other financial institutions" or how this text should be read. This has led to the two most prominent vendors for security type field (Bloomberg & Refinitiv) to reach different conclusions on Security Type. This has contributed to 2.2% of unmatched trades due to breaks on Security Type/Colateral Type across the industry. Both fields are conditional and both fields have a reconciliation requirement of "2ERO Tolerance": 2.55 - If field 2.40 (Asset Type) is populated with "SECU" this field shall be populated and shall contain only one of the following values: 'GOVS', 'SUNS', 'FIDE', 'NFID', 'SEPR', 'MEQU', OEQU' or 'OTHR'. 4 alphabetic characters. Otherwise it shall be left blank. Please see supporting information example of issue faced.	fields are currently explained within the current trade validation rules. NCA help is required at source for clarity so vendors supplying this information to the industry and market have a consistent output reducing the different vendor interpretations. Key points to solve are: 1. Clearer definitions of the different options given within the current trade validation rules hence 'GOVS', 'SUNS', 'FIDE', 'NFID', 'SEPR', 'MEQU' and 'OEQU' 1a. The current definition of these fields within the trade validation rules is inadequate to follow and understand in order to correctly populate. 2. Clarity around what is the main driver between the Issuer and the Parent in terms of correct hierarchy? 3. What is the correct / concise definition of "Other Financial Institutions" that firms need to clearly know to correctly populate? 3a. Currently this definition is too broad and causing population interpretation issues leading to many discrepancies and errors. If NCA's cannot give clearer definitions and guidance explained all in the above then as an alternative make these fields non reconcilable as of today these fields cause many reconciliation breaks and are not adding any value at all. Please see supporting information example of issue faced.	See here helpful example shared by a member firm of what the issues are where cpty 1 uses Bloomberg as a vendor vs cpty 2 using WM German Vendor: 1. Bloomberg are not providing a specific value which would directly translate to reportable field for "Security Type." 2. Our firm are utilising BBG data to run an internal determination for which "Security Type" the BBG data translates to – however our internal determination / "applied logic" mad differ from how our counterparties are deriving "security type." 3. This is causing discrepancies between other values (e.g. our highest break volume on this field is MEQU vs OEQU). 4. See examples below whereby we are seeing matching breaks observed on "security type" against other counterparties (with reasoning for values reported): a. Examples 1-5: Our client (using WM German Vendor as ref data source) would classify these as FIDE, as the security issuers are subsidiaries, where the parent companies a classified as financial. However we would classify as FIDE, as we have based classification on the issuer entity itself. b. Example 6: Our client (using WM German Vendor as ref data source) would classify this as FIDE, as the development bank of Japan is an incorporated – however we would classify as GOVS, as OBJ is solely owned by the Government of Japan. Example ISIN Security type 1 Security type 2 Security Issuer 1		Reconciliation	Related to Sec Lending fields 2.55 - Security Type and 2.94 - Collateral Type. Only affects ICMA for 2.94 - Collateral Type Field. #ICMA refit Level 3 question 3.11
https://isla.atlassian.net/browse/SFTR-848		ESMA Q&A 15 and Level 2 text Trade Validation rules.	As per ESMA's Q&A 15 published on 31st March 2023, they have mentioned that the value must be populated corresponding to the 'Legal address' in GLEIF. Question: 15 [Updated on 23 March 2023] Reporting of the Jurisdiction of the issuer Should the fields 2.53 and 2.92 'Jurisdiction of the issuer' be populated with the country code of the registered office of the issuer or of the country where the head office is located? Answer: 15 These fields should be populated with the country of the registered office of the issuer (fields 2.54 and 2.93 'LEI of the issuer'), corresponding to the 'Legal address' in GLEIF data Does that mean GLEIF should be considered as the ultimate source to get the value on this field? Currently, there are other sources to get this field due to which means ther are breaks with counterparties who are using GLEIF and not using GLEIF.	These fields are unnecessary where an ISIN is provided. As it is a matching field, its inclusion unnecessarily increases the chance of mismatches. These fields should be removed. Alternative solution if fields cannot be removed is to make them non reconcilable.	NA NA	NA NA	Accuracy, Reconciliation	Field 2.53 is only related to Sec Lending fields. Not on ICMA radar. Fields 2.90, 2.92 and 2.93 are under ICMA points 2.21, 2.23, 2.25 and 2.26 under Level 2 document.

https://isla.atlassian.not/browse/SETD-9/	49 <i>Theme:</i> Security Quality & Collateral Quality Level 2 text Trade Validation rules.	Similar to ISLA known issues listed item #23 for 2.55 (Security Type) and 2.94 (collateral Type), there is no clear guidance on how ratings provided by credit rating agencies should translate to the allowable values for SFTR reporting.	Bot ESMA's requirements pose serious issues for reporting parties and are not, in their current form, practicable as parties may properly have different credit assessments of the same security.	oth NA	NA	Reconciliation	#6.13 ICMA Guidelines #2.20, 2.21, 2.23 and 2.24 Level
anttps://isia.atiassian.net/prowse/SFTR-849	Fields: 2.51 (Security Quality), 2.90 (Collateral Quality)	Details to be reported states: 2.51 - Code that classifies the credit risk of the security and 2.90 - Code that classifies the risk of the security used as collateral.	Concerns have also been expressed about having to reveal confidential risk assessments to other parties should report of January 2020, ESMA acknowledged that some parties might be prevented from sharing "security quality information", in which case, the parties should report				2 document.
		Format states:	"the value that best reflects their internal assessment" (p.99, para.281; p.69, para.434).				
		'INVG' - Investment grade 'NIVG' - Non-investment grade	This is a classification into investment grade (INVG), non-investment grade (NIVG), not rated (NOTR) or not applicable (NOAP).				
		'NOTR' - Non-rated 'NOAP' - Not applicable	Because fields 2.51 (Security Quality) & Field 2.90 (collateral Quality) are such crude measures of default risk, it offers minimal analytical value to regulators but imposes a huge amount of uncertainty and work on reporting parties. The cost of reporting these fields is increased by unnecessarily making them matching fields with a ZERO Tolerance. The precision required by matching is not justified given the crudity of the fields.				
		Reconcilable: These fields have been reconcilable since 2.51 Security Quality 11th January 2021 and 2.90 from the 13th July 2020 both with a ZERO Tolerance.	There is anyway no need for fields 2.51 & 2.90, given that the ISIN of the collateral could be used to map to a rating.				
		Conditionality states: 2.51 Security Quality -	These fields should be removed.				
		If field 2.40 is populated with 'SECU', this field shall be populated and shall contain only one of the following values: 'INVG', 'NIVG', 'NOTR' or 'NOAP'. 4 alphabetic characters. If field 2.40 is populated with 'COMM' this field shall be left blank	If the fields cannot be removed alternative solutions are: 1. Due to firms struggling to correctly populate these fields and where NCA's want this type of reference data NCA's should provide a source for all firms to use to create a consistency for all and remove all ambiguity. 2. Remove the requirement for these fields to be ZERO Tolerance matching fields and make these fields NON matching Non Applicable fields for reconciliation.				
		2.90 Collateral Quality - If field 2.75 is populated with 'SECU', this field shall be populated and shall contain only one of the following values: 'INVG', 'NIVG', 'NOTR' or 'NOAP'. 4 alphabetic characters. Otherwise, it shall be left blank.					
		Firms are populating this field very differently, and using different credit rating agencies as "golden source," resulting in many reconciliation breaks.					
https://isla.atlassian.net/browse/SFTR-85	50 Theme: Collateral price per unit and Collateral market value Level 2 text Trade Validation rules & Le	• ESMA requires that parties should report the market value of their SFTs using "the market prices and exchange rates that those parties have used during the course of that business day for exposure management purposes".	Bot This guidance requires an impossible consensus and should be replaced to allow each party to use the prices applied by its own margining process.	2.87 Collateral price per unit: - Details to be reported state: Price per unit in respect of the collateral component, including accrued interest for interest-bearing securities used to value the security or	NA	Reconciliation	#5.7, 6.7, 6.19 ICMA Guidelines #3.10 Level 3 document.
	Fields: 2.87 (Collateral price per unit), 2.88 (Collateral market	• ESMA specifically requires firms to use prices that reflect "the valuation used for collateral management purposes, e.g. to calculate daily variation margin".		commodity.			
	value)	• ESMA expect that this approach will allow counterparties to identify and fix any "incorrect" market prices or exchange rates in their own systems before these are used to calculate an updated market value to be reported to trade repositories.		- Format States: Up to 18 numeric characters including up to 5 decimals in case the price is expressed in units. Up to 11 numeric characters including up to 10 decimals in case the price is expressed as percentage or yield. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot. - Conditionality states: If field 2.75 is populated with 'SECU' or 'COMM', this field shall be populated and shall contain up to 18 numeric characters including up to 5 decimals or up to			
		• ESMA also requires that, when an exchange rate has to be used by a counterparty to submit an accurate valuation, the party's ECB rate should be used.		11 numeric characters including up to 10 decimals The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot. The negative symbol, if populated, shall not be counted as a numerical character. Otherwise, it shall be left blank			
26		• These statements from ESMA have been interpreted as requiring firms to agree prices and foreign exchange rates with each other in order to reconcile SFTR reports and to then use those SFTR prices to validate and, where different		- Reconcilable: Zero Tolerance from 11th April 2022			
		amend the prices and exchange rates used internally for enterprise-wide risk management, overwriting where necessary the prices and data sourced and systematically validated by internal risk control functions. • Responses to ESMA have noted that internal prices are typically used for valuation across the whole of a firm at a particular time of day and are not specific to particular products, transactions or dealing times. Differences will arise with		 2.88 Collateral Market Value: - Details to be reported state: Market value of the individual collateral component expressed in price currency. - Format States: Up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot. 			
		those prices agreed across the day at transaction level and in margining and reported under SFTR if only because of timing. Parties therefore felt that it would be inappropriate for them to have to "correct" carefully validated interprices created for use at a strategic level in order to match those agreed with another party at the tactical level of execution at different times of the day.		- Conditionality states: If field 2.75 is populated with 'SECU' or 'COMM', this field shall be populated and shall contain up to 18 numeric characters including up to 5 decimals. The decimal mark is not counted as a numeric character. If populated, it shall be represented with a dot. The negative symbol, if populated, shall not be counted as a numerical character. Otherwise, it shall be left blank			
		Parties therefore argued for wider tolerances between their valuations but ESMA believes convergence between reported and internal prices and rates is "a necessary cost of the regulation". Regulatory reporting should not distort prices and rates also objected to relying on ECB exchange rates instead of the validated internal rates used for risk management.	sing.	- Reconcilable: 0.0005% Tolerance from 11th April 2022			
https://isla.atlassian.net/browse/SFTR-85	Theme: Update of a Trade State Report belonging to an SFT - Level 3 text p83. ESMA Q&A 7: Published Holiday Reporting Issue (T+1 from ED vs. RD) 28 January 2021].	d on The ESMA Q&A with regards to TR's updating the TSR (trade state report) based on Bank holidays. It seems that TR's are not executing the requirement from the ESMA Q&A 7 published on 28th January 2021.	Bot Currently, there is no consideration of the national holiday calendars for fields 1.3 Reporting Cpty and 1.10 Entity Responsible for the Report, whereby today, some trade repositories apply their own holiday calendars.	NA NA	NA	Reconciliation	#1.11 on the ICMA SFTR Log of implementation issues. # Level 3 Paragraph 83
	Fields: NA	Question 7 [Published on 28 January 2021]: Update of a Trade State Report belonging to an SFT	- The reasons for not applying the national calendars by trade repositories so far, is:				#ICMA issues log 1.11
		a) Paragraph 83 of the Guidelines provides that the Trade Repositories (TRs) should apply changes to the Trade State Report only based on the reports sent with the event dates equal to the reporting date or the day preceding the reporting date. Should the TRs take into account if the day preceding the reporting date is a non-working day (in particular, a holiday in the jurisdiction of the reporting counterparty)?	1. It would mean that for each record the TR's would have to: a. Consult online the GLEIF database in order to extract online the country of the jurisdiction of each LEI (Reporting Cpty / Entity Responsible for the Report) b. and then check the respective national holiday calendars				
		a) Yes, the TRs when determining, based on the Event date, whether a given report should be taken into account for the update of the Trade State Report, should take into account the non-working days, including weekends as well as holidays in line with the national calendars of the reporting counterparties or of the entities responsible for reporting, as applicable.	Other blocking points previously found were: c. There is no official centralized calendar with all the countries "non-working" days, nor an official calendar per country d. The calendars so far found were not official and then not necessarily reliably, maintained.				
27		Example: - If a given counterparty reports a modification on 2 May, populating the field "Event date" with 30 April, and 1 May is a holiday in the jurisdiction of that counterparty, the TR should consider this report for the purpose of updating th	- One solution was suggested but due to the points raised below could cause other issues and challenges and potential unintended consequences. Not all trade repositories could agree to this as a potential solution, again, due to the points raised under #2 below. Idea was that that ESMA adds 2 new "country code" fields one for the Reporting Cpty, one for the Entity Responsible for the Report, similar to the "country code" already available for the OC, so that the TRs can check based on these country codes.				
		Trade State Report. - In this example the ED - event date is more than 1 day prior to the RD - reporting date and therefore TR's currently do not update the TSR - trade state report they would only update the TAR - trade activity report.	- 2/ Another blocking point found back in time when the analysis was done that there was: o There is no official centralized calendar with all the countries "non-working" days, nor an official calendar per country. o The calendars we found were not official and then not necessarily reliable, maintained. o One example is that Spain has many holidays and those holidays are not just at national level. o Gleif can sometimes not correctly show all the official calendars of each country.				
			Preferred Solution: To reverse out current logic and replace this with Trade Repositories having to use the T2S - Target 2 holiday calendar.				
https://isla.atlassian.net/browse/SFTR-85	52 Theme: Conditionality in question of latest FCA Trade Validation Rules. Validation Rules	FCA Trade Validation Rule Observations on following fields:	Solution1: FCA to confirm fields: 2.50 (Price Currency), 2.85 (Currency of collateral nominal amount), 2.86 (Price Currency of the price of the collateral component) are no longer Conditional and have all been reverted back to Optional. The last sighted FCA trade validation rules of uk-sftr-validation-rules 31.12.2020 to 11.4.2022 stated that all three of these fields were optional, however within the FCA trade validation rules of 26.6.2024 all three fields state Conditional, the changes tab does suggest the Conditional status has been points.	C for NA ecific TVR int	NA	Drafting Error and improve conditionality of the Trad Validation Rules.	
	Fields: 2.46 (Quantity or Nominal Amount), 2.48 (Currency of	There are a few issues in play here:	reverted back to Optional but the actual lifecycle events still remain as Conditional so contradict the wording in the changes tab within column Change Description/ Queries to be checked. Solution 2:	oth for a line of the state of			
	Nominal Amount) 2.49 (Security or Commodity Price), 2.48 (Currency of Nominal Amount), 2.50 (Price Currency), 2.83	1. The FCA for fields 2.50, 2.85 and 2.86 are showing C = conditional in their latest trade validation rules as at 8.8.24 on their website its believed these fields should state O = Optional. Note the change tab wording and lifecycle condition	a. Trade Based Fields:	nditionali point.			
	(Collateral quantity or nominal amount), 2.85 (Currency of collateral nominal amount), 2.86 (Price Currency), 2.87 (Price	1. TVR: 2.46 (Quantity or Nominal Amount), 2.48 (Currency of Nominal Amount), 2.49 (Security or Commodity Price), 2.50 (Price Currency - Change #17), 2.83 (Collateral quantity or nominal amount – Change #33), 2.85 (Currency of collateral nominal amount – Change 19), 2.86 (Price Currency – Change 17), 2.87 (Price Per Unit)	Note: Quantity = Equity and Nominal = Fixed Income - when security is equity you populate the price currency field, if Fixed Income you populate the currency of notional amount. For SL: 16.2 16:10 - 17.4 - 18.2 10:10 - 18.4				
	Per Unit)	a. 2.50 (Price Currency), 2.85 (Currency of collateral nominal amount), 2.86 (Price Currency of the price of the collateral component) are all conditional, but exactly what is the condition? as no mention in the TVR Conditional validation	- If 2.46 is <i>Quantity</i> and 2.49 is populated, then 2.50 should be populated. If 2.46 <i>Nominal</i> and 2.49 is populated, then 2.48 should be populated.				
28		and Format and content column. b. Change #17 for 2.50 and 2.86 both price ccy one for the trade and one for collateral are both crossed out does this mean both fields now revert back to being Optional? i. Fields 2.50 and 2.86 states they have been reverted back from conditional to optional but still states C = conditional in the TVR	For BSB: - If 2.49 is populated, then 2.50 should be populated. For REPO and ML:				
		2. Its suggested that both the FCA and ESMA should change certain optional fields to conditional fields to correctly ensure where quantity and Nominal are used the other fields in play are populated correctly - see proposed solution.	- Based on validation rules, fields are not required. **** Note: For SBL - Field 2.50 is currently optional so should be changed to conditional on 2.46 being Quantity and 2.49 being populated.				
		c. Should 2.48 and 2.50 be conditional on 2.46?if yes for 2.48 its currently optional so should be changed to conditional	**** Note: For SBL - Field 2.48 is currently optional so should be changed to conditional on 2.46 being Nominal and 2.49 being populated.				
		d. Should 2.85 and 2.86 be conditional on 2.83?	b. Collateral Based Fields: Note: Quantity = Equity and Nominal = Fixed Income - when security is equity you populate the price currency field, if Fixed Income you populate the currency of notional amount.				
			For SL, REPO, BSB and ML: - If 2.83 is <i>Quantity</i> and 2.87 is populated, then 2.86 should be populated.				
			- If 2.83 is <i>Nominal</i> and 2.87 is populated, then 2.85 should be populated. **** Note: Field 2.86 is currently optional so should be changed to conditional on 2.83 being Quantity and 2.87 being populated.				
			**** Note: Field 2.85 is currently optional so should be changed to conditional on 2.83 being Nominal and 2.87 being populated.				
			**** Note: Field 2.86 In most cases, fixed-income securities are quoted as a percentage of their nominal value. In this case, Table 2, field 86, Price Currency, should be left blank. But in the case of a security for which prices are expressed in a currency unit (such as an equity), that currency should be the Price Currency.				