

**KELER Depository Announcement -  
No. 04/2020**  
on the Detailed Rules of KELER Services  
related to the Reports required by SFTR  
Regulation

**Effective date: 13 July 2020**

This Depository Announcement contains certain detailed rules of KELER Zrt. (KELER)'s services related to the fulfilment of the transaction reporting obligation specified in Article 4 (1) of Regulation (EU) 2015/2365 (SFTR).

## **Rules related to the reporting activity – process of SFTR reports**

Pursuant to Article 4 (1) of the SFTR - considering Section (2) of the SFTR Article - KELER performs reporting activity, in relation to which it concludes a contract with the trade repository registered by ESMA. For performing the reporting activity, KELER concludes contracts with the parties (Clients) subject to the reporting obligation pursuant to the SFTR regulation.

In relation to the reports sent to KELER, it performs the first level formal verification of the transactions indicated in the reports. KELER offers the possibility to its Clients to send the reports via webservice, and to upload the files to the online interface. The SFTR reports may only be sent in XML format to KELER. Such reports are always forwarded to the trade repository by KELER in the XML format required by the ISO 20022 standard.

Several transactions may be reported in the SFTR reports sent to KELER. KELER verifies the reports in all cases and only the reports complying with the formal requirements will be forwarded to the trade repository, the defective reports will be rejected. If KELER's TR system finds an error during the formal verification, then the whole package will be rejected, and none of the items will be forwarded to the trade repository.

KELER does not assume responsibility for the contents of the data forwarded to the trade repository.

The status of the reports sent to KELER is continuously available in KELER's Trade Reporting system, i.e. it can be monitored whether the reports have been accepted by the trade repository. In case of defective reports, the confirmations contain the exact reason of the error.

## **Formal and content requirements of report files**

The formal and content requirements of the report files are contained in the specification documents defined by KELER, which are sent to our Clients upon request.

## **Options of sending the reports**

The reports related to securities financing transactions (SFTs) may be sent to KELER in two ways:

- by manually uploading the report in the required XML format to KELER's Trade Reporting system;
- by uploading the report automatically via the web-service.

## Sending and completing the reports

In the reports specified by the SFTR regulation, the data indicated in the following tables shall be provided to the various transaction types:

Transaction type	Table belonging to the report
Repo transaction	Tables 1 and 2
Securities or commodities lending, and securities or commodities borrowing	Tables 1 and 2
Securities buy-sell back or sell-buy back transaction	Tables 1 and 2
Margin lending transaction (Credit in connection with the purchase, sale, carrying or trading of securities)	Tables 1 and 2
Margin data	Table 3
Reuse	Table 4

The link between the transaction types and the action types are illustrated by the following table:

Report type \ Action type										
	New	Modification	Error	Correction	Position component	Collateral update	Termination / Early termination	Valuation update	Collateral update	Collateral reuse update
Repo transaction	X	X	X	X	X	X	X			
Securities or commodities lending, and securities or commodities borrowing	X	X	X	X	X	X	X	X		
Securities buy-sell back or sell-buy back transaction	X	X	X	X	X	X	X			
Margin lending	X	X	X	X		X	X			
Margin data	X		X	X					X	
Reuse	X		X	X						X

The description of applying the various action types is contained in the business specification.

Schema validation is performed by KELER for the received reports. Only the reports qualified as appropriate are accepted and forwarded by KELER's system.

After acceptance, the system forwards the report, and then the status query is made available to the Clients (both via webservice and on the TR system interface). The status messages sent by KELER contain all data provided by the Client in each case.

## **Correction and modification of reports**

KELER's Trade Reporting system immediately forwards the received and accepted reports - unless rejected - to the trade repository.

KELER accepts the report sent by the Client if it is received successfully by the Trade Reporting system and the file is not rejected.

The condition of fulfilling the reporting obligation specified by SFTR regulation is acceptance by the Trade repository and the related confirmation.

There is no possibility to revoke the reports sent with incorrect contents or accidentally, but these can be modified or rectified by sending a new report.

Only the reports successfully confirmed by the Trade repository can be modified, rectified or deleted.

The process and steps of correcting or modifying the reports are contained in the business specification.

## **Delegated reports**

The counterparty subject to the reporting obligation may delegate the task of reporting related to SFTs to a third party.

Where a financial counterparty (FC) concludes an SFT with a non-financial counterparty (NFC-) which on its balance sheet dates does not exceed the limits of at least two of the three criteria laid down in Article 3(3) of Directive 2013/34/EU of the European Parliament and of the Council, the financial counterparty shall be responsible for reporting on behalf of both counterparties.

Delegation is also mandatory for UCITS' management and AIFM companies if their Reporting Counterparty is a UCITS or AIF.

Since the trade repository verifies if the counterparty of the SFT transaction has delegated the reporting, the related information will be provided by KELER to REGIS-TR in the form of a separate report. The fact of delegation shall not only be indicated for partners having contracts with KELER for SFTR reporting, but also for the counterparties who delegated the report to KELER's partners, i.e. if the delegation specified in Article 4 (2) of SFTR is voluntary, then the Client shall declare its partners on behalf of which it undertakes to fulfil the reporting obligation set out in Article 4 (1) of SFTR.

Data to be provided for the list of delegating entities:

- Name of the delegating entity
- LEI code
- Start date of delegation
- End date of delegation

The list of the delegating entities shall be sent to KELER both as an annex of the SFTR sample agreement (Annex 1 of agreement No. 35, and Annex 3 of agreement No. 36), and electronically (in .xlsx file format).

The further details related to the delegated reports are contained in the business specification.

## **Fields displayed in the KELER TR system**

In case of the aforesaid upload solutions, the report statuses, confirmations, potential error messages are also available in KELER's Trade Reporting system.

The basic information related to the management of SFTR reports and the sent reports (upload ID, report type, date of sending, assignee, name of sender, status of the sent report and the method of sending) are available under the **SFTR Report Package Monitoring** menu.

The files uploaded to the system, the reports saved as a result of web service calls and the reports related to registered report packages are available on the **SFTR Report Monitoring** interface.

Basic data displayed on the SFTR Report Monitoring interface:

- Upload azonosító
- Report package type
- Transaction type
- Transaction identifier (Technical record identifier)
- Trade Id (UTI)
- Partner code
- Counterparty code
- Transaction status
- Report package status
- Portfolio code
- Reconciliation status

The transactions created as a result of the received new SFT business transaction reports are available on the **SFTR Trade Monitoring** interface, which also log the changes complying with the received lifecycle messages.

Basic data displayed by the SFTR Transaction Monitoring interface:

- Upload identifier
- Report package type
- Trade ID (UTI)
- Transaction identifier (Technical record identifier)
- Partner code
- Counterparty code
- Transaction level
- Trade status
- Reconciliation status

The results of the filters applied on the SFTR report and transaction monitoring interfaces may be downloaded in MS Excel format as well.

## **TR statistics related to SFT reports: SFTR statistics interface**

In addition to the above, an interface containing the major statistics of the SFTR reports was also created. First, the time interval shall be specified for the query, and then the data will be displayed along the following 3 dimensions:

- Types of the reports (the quantity of all potential report types shall be displayed).
- Transaction statuses of the reports.
- Time interval of the statistical assessment: by default, the statistics of the given day are displayed, but the user may set the “from-to” dates of the time interval.

## **Operating time**

The online interface provided by KELER for the **Trade Reporting service** is available on banking days between **08:30 a.m. and 6:00 p.m.**

During this period, the reports may be forwarded manually or via web service to KELER, and the confirmations related to the uploaded, sent reports are also available during this period, in accordance with the related acceptance confirmation deadlines.

Outside the aforesaid operating hours, KELER’s Trade Reporting system is not available, i.e. no new reports may be uploaded and the monitoring functions related to the previously sent reports cannot be used either.

In case of normal operation (when the services of the reporting process are available, the processing and communication processes run properly), KELER’s Trade Reporting system sends the results of the verifications performed in relation to the received reports immediately, and the confirmations received from the selected Trade repository within one hour at the latest to the partner sending the report.

In case of the manual upload of the reports, the confirmations are available on the online interface of the Trade Reporting system.

In case of reports sent via the web service, the confirmations can be queried by sending query messages via web service.

In case of non-normal operation (when technical and communication problems occur) KELER undertakes to restore normal operation on the given day within 4 hours at the latest after the problem occurs.

In case of non-normal operation, if the problem is not expected to be resolved within the daily operating time of KELER’s Trade Reporting system, the BCP process developed by KELER will be applied.

In case of the error of KELER's Trade Reporting system (either technical or communication error) as a consequence of which the Clients cannot send reports by using the system, KELER's Service Desk department sends a notice without delay to the concerned Clients. The sent notice contains the description of the cause of the error and the expected duration of the repair. If the error is not expected to be repaired within the daily operating time of KELER's Trade Reporting system, then as part of the related BCP process, the notice sent by KELER's Service Desk will describe how the reports can be forwarded to KELER. In such case, the primary channel is sending by e-mail, to which the related email address will be sent by the Service Desk in the mentioned notice.

KELER immediately processes and forwards the emails received in the BCP process to the Trade repository.

In case of communication errors occurring between KELER and the trade repository, the clients may forward the reports to KELER according to normal operation, and these will be managed according to the BCP process developed by KELER and the trade repository.

KELER does not assume any responsibility for delays and other errors caused by the selected Trade repository.

Budapest, 13 July 2020

KELER Ltd.