

# The first year of SFTR public data on repo

September 2021



Author: Richard Comotto.

This report is provided for information purposes only and should not be relied upon as legal, financial, or other professional advice. While the information contained herein is taken from sources believed to be reliable, ICMA does not represent or warrant that it is accurate or complete and neither ICMA nor its employees shall have any liability arising from or relating to the use of this publication or its contents. Likewise, data providers who provided information used in this report do not represent or warrant that such data is accurate or complete and no data provider shall have any liability arising from or relating to the use of this publication or its contents. © International Capital Market Association (ICMA), Zurich, 2021. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means without permission from ICMA.

# Table of contents

---

Background	4
EU-28 repo market (July – December 2020)	5
EU-27 repo market (January – July 2021)	8
UK repo market (January – July 2021)	11
Data quality issues	13



# Background

---

Reporting obligations under the EU's Securities Financing Transactions Regulation (SFTR) started on 13 July 2020 for credit institutions, investment firms, CSDs and CCPs incorporated or located in the EU-28. The start-date for credit institutions and investment firms (about 90% of the market) had been delayed from the intended start date of 11 April 2020 because of the disruption caused by the Covid pandemic.

UCITS, AIFs, insurance companies and pension funds (the 'buyside') came under SFTR reporting obligations on 11 October.

On 1 January 2021, after the end of the Brexit Transition Period (referred to simply as 'Brexit' in the rest of the report), the SFTR reporting regime split into EU-27 and UK regimes.

Under EU-27 SFTR, non-financial entities (NFEs) incorporated or located in the EU-27 were due to start reporting from 11 January. However, the reporting obligations for NFEs (and the mandatory delegation of the reporting obligations of small NFEs to financial counterparties also subject to SFTR) was not carried over into UK SFTR. UK SFTR reporting obligations also temporarily exclude SFTs by or with members of the European System of Central Banks (ESCB), in addition to those with the Bank of England (whereas EU SFTR only exempts SFTs by or with members of the ESCB).

Under both EU and UK SFTR, authorised trade repositories<sup>1</sup> (TRs) are required to provide, on a weekly basis, public access to a set of summary statistics based on the transactions that have been reported to them in the previous week. ICMA collects this data from the TRs, consolidates it and publishes the information in an aggregated form on the [ICMA website](#) complementing the semi-annual [European Repo Market Survey](#).

Based on the public data from the first full year of SFTR reporting, this special report looks at some of the key trends and features of the European repo market. The first part of the report covers the period from the initial reporting go-live in July 2020 until January 2021 for the whole EU-28 market. The second part of the report focuses on the period after the end of the post-Brexit transition, from 1 January 2021 to July 2021, distinguishing accordingly between the EU-27 and the UK market segments. While the quality of SFTR data has improved since the reporting start, there are still significant challenges with the data, which are briefly explained in the final section.

## ICMA's SFTR Task Force

ICMA's European Repo and Collateral Council (ERCC) has led the industry's SFTR implementation effort for repos through its dedicated ERCC SFTR Task Force. The Task Force was created in 2015, bringing together representatives from over 150 firms covering the whole spectrum of the repo market, including buy-side, sell-side and market infrastructure providers but also trade repositories and service-providers offering SFTR reporting solutions. Based on the Task Force discussions, ICMA has developed its detailed Recommendations for Reporting under SFTR, which complement and supplement the regulatory framework and aim to ensure consistency in firms' implementation efforts, along with a number of additional best practice documents which are available on ICMA's [SFTR webpage](#).

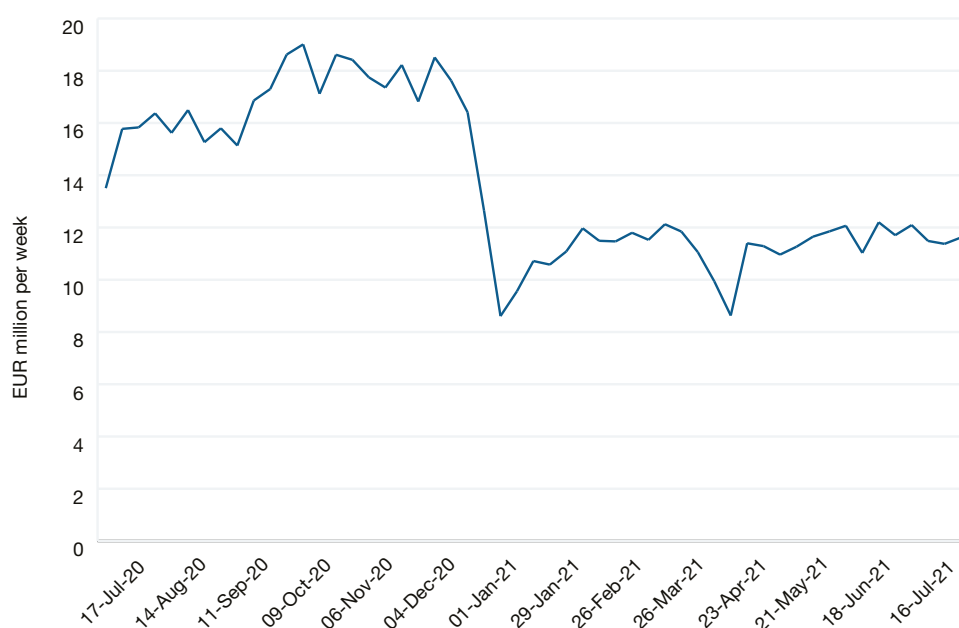
---

<sup>1</sup> The trade repositories authorised under EU SFTR currently are DTCC, UnaVista, REGIS-TR and KDPW. Under UK SFTR, DTCC and UnaVista are authorised to provide TR services. UnaVista has announced that it will discontinue its trade repository services under both EU and UK SFTR effective 31 January 2022.

# EU-28 repo market (July – December 2020)

**All repo.** As shown in the chart below, there were two distinct phases in the evolution of new repo over the first 25 weeks of SFTR (from the week ending 17 July to the week ending 1 January 2021).

## Total weekly value of new repos published by the TRs for the EU\*



\* Values are for the EU-28 in 2020 and the EU-27 in 2021. Data from DTCC, KPDW, Regis TR, UnaVista.

The initial phase in SFTR repo data saw a rapid rise in new transactions over the first two weeks to a plateau averaging about EUR 3.1 trillion and 95,000 transactions per day between the weeks ending 24 July and 11 September (weeks 2 and 9).

The second phase started with a gradual rise between the weeks ending 18 September and 9 October (weeks 10 and 13) to a new higher plateau between the weeks ending 16 October and 18 December (weeks 14 and 23) averaging around EUR 3.5 trillion and 109,000 transactions per day (increases of 26%).

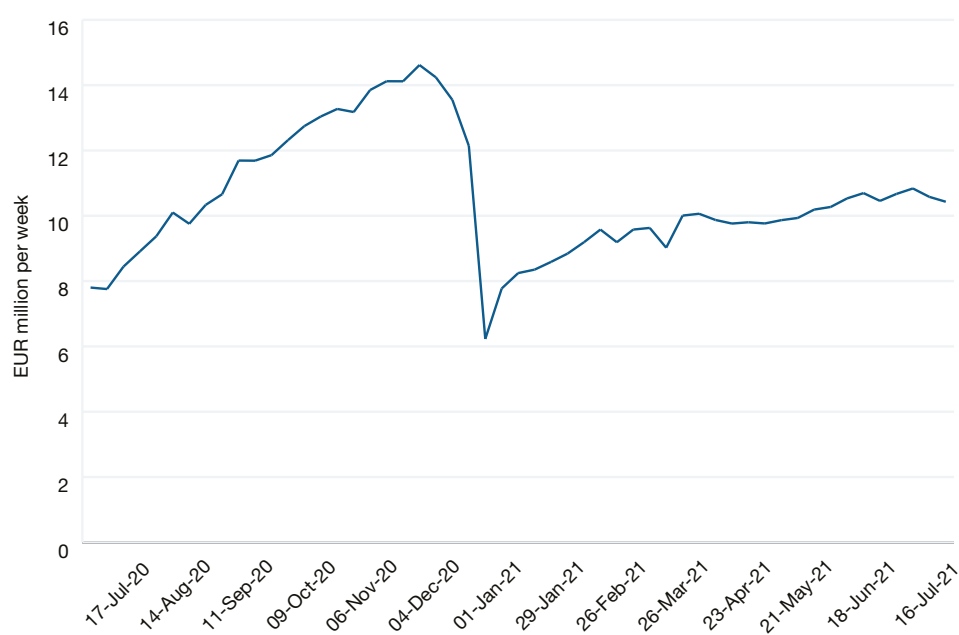
Only some of the expansion in repo turnover in September-October would seem to have been driven by underlying market growth. The ICMA European repo survey suggests that market growth was 5% between June and December 2020. And the start of the buy-side reporting obligation on 11 October does not seem to have been a factor, as growth petered out just before the buy-side start date. Indeed, during the first week of buy-side reporting, the value and number of new SFTs fell 10% from a peak of EUR 3.8 billion and 119,000 transactions per day reached in the preceding week.

Anecdotal evidence suggests that most of the growth in turnover in September-October reflected the arrival of late-comers (possibly including firms who had signed up for CME's TR, which was closed in May 2020) and the industry's progress along an SFTR learning curve as individual firms familiarised themselves with the practicalities of reporting and ironed out weaknesses in their procedures and systems.

The second phase in EU-28 SFTR data was concluded over the last two weeks of December with a precipitate fall in new repos to EUR 1.7 trillion and 58,000 transactions per day (-48% and -44%, respectively), which was seasonal but probably also in anticipation of market disruption arising from Brexit.

In terms of outstanding value, the reported EU-28 repo market grew steadily over the second-half of 2020 to reach peaks of EUR 14.6 trillion and over 470,000 transactions on 4 December. This compared with the ICMA European repo market survey total on 9 December 2020 of EUR 8.3 trillion. Most of the growth in outstandings is likely to have reflected the accumulation of term trades and enhanced reporting efficiency. At year-end, outstanding market size dropped to a low of EUR 6.2 trillion and 200,000 transactions.

### Total end-week value of outstanding repos published by the TRs for the EU\*



\* Values are for the EU-28 in 2020 and the EU-27 in 2021. Data from DTCC, KPDW, Regis TR, UnaVista.

**CCP-clearing.** During 2020, CCP-cleared repos accounted for 56% of the loan value of new repos, 55% of repurchase transactions and 67% of buy/sell-backs.

Between the first and the second phases of EU-28 SFTR, the share of new CCP-cleared repos increased from 54% to 57% of the value of new repos. This coincided with a very large shift to EEA/EEA repos and away from EEA/non-EEA repos, non-EEA/non-EEA repos and non-EEA/EEA repos. However, given the abruptness of these movements and the fact that they were concentrated in the data published by one TR, it is likely that they were corrections to reporting or processing rather than a shift in underlying business. There seems to be a particular issue at all TRs with reporting by non-EEA parties (which are probably the branches in the EU of third-country firms). The reporting obligations of such branches are unclear.

**Execution venues.** EEA MICs (trading venues with an EEA Market Identifier Code) dominated execution in 2020 with 57% of loan value, although pure OTC repos (XXXX) accounted for a significant 35%. Non-EEA MICs took almost 5%. OTC repos registered on a trading venue post trade (XOFF) were only 3%.

The two MIC categories in SFTR public data are usually assumed to measure electronic trading but not all entities with MICs are electronic venues. Some are voice-brokers authorised as MTFs or OTFs under MiFID, moreover, some parties have apparently been reporting Bloomberg Chat as a trading venue using one of Bloomberg's MICs.

---

The fact that not all execution venues with MICs are electronic platforms may explain relative deal sizes. The average deal size for non-EEA MIC repos was EUR 39 million compared to EUR 35 million for OTC trades, EUR 31 million for EEA MICs trades and EUR 29 million for OTC trades registered on a trading venue post trade. This suggests that most non-EEA MICs are not automatic electronic platforms, as transparency of such platforms tends to reduce deal size. The average deal sizes also indicate greater intensity of electronic trading in EU markets.

**Location of counterparties.** Repos between EEA counterparties (EEA/EEA) in the EU-28 accounted for 64% of loan value; repos with non-EEA counterparties reported by EEA counterparties (EEA/non-EEA) for 34%; repos with an EEA counterparty reported by a non-EEA counterparty (non-EEA/EEA) for less than 1%; and repos between two non-EEA counterparties (non-EEA/non-EEA) for 2%. But these averages hide the fact that EEA/EEA repos suddenly increased share, according to data published by one of the TRs, at the expense of the other categories in the week ending 9 October (week 13), supporting the suggestion that there was a correction in reporting or processing at this time.

# EU-27 repo market (January – July 2021)

---

**All repo.** Published data for new repos in the EU-27 dropped from the EU-28 average rates of EUR 3.3 trillion and 104,000 transactions per day in the week ending 18 December 2020 (week 23) --- a period which preceded the drop in trading at year-end --- to an average EUR 1.9 trillion and 65,000 transactions per day in the first working week of 2021 (week 26, ending 8 January 2021), corresponding to falls of 42% and 37%, respectively.

There followed a gradual recovery in new repo loan value in the EU-27 to a plateau averaging about EUR 2.3 trillion and 79,000 transactions per day between the weeks ending 5 February and 26 March (weeks 30 and 37).

After a seasonal dip in new repo at Easter (week 39, ending 9 April) to a low of EUR 1.7 trillion and 69,000 transactions per day, EU-27 turnover recovered to reach a new plateau averaging EUR 2.3 trillion and about 86,000 transactions per day between the week ending 16 April (week 40) and the end of the first year of SFTR in the week ending 16 July (week 53). The trend in the EU-27 repo market after the Brexit drop has therefore essentially been sideways.

The fall from the second-phase plateau in 2020 of EUR 3.5 trillion to the new plateau in April-July 2021 was 35%, which provides a raw estimate of the impact of Brexit. The fall was largely made up of reductions in EEA/EEA and EEA/non-EEA repos as UK reporting entities moved from being EEA to non-EEA entities under EU SFTR. There were smaller falls in non-EEA/EEA and non-EEA/non-EEA repos, which were likely due to the loss from EU SFTR of third-country branches based in the UK. The estimate is net of the creation of any back-to-back trades between UK-located entities and new EU subsidiaries or branches. It should also be noted that UK branches in the EU continue to report under EU SFTR, which means the drop in the size of the EU market understates the pre-Brexit UK share of the EU-28 market. ESMA's 2020 Data Quality Review puts these at about 4% of the number of outstanding EU-28 repos.<sup>2</sup>

In terms of outstanding value, the size of the EU-27 market recovered slowly in 2021 and at a decelerating pace to reach a peak at EUR 10.8 trillion on 18 June.

**CCP-clearing.** Brexit had a significant impact on CCP-cleared repo in the EU, the share of which increased to 67% from 56% in the EU-28. However, the share of CCP-cleared repos in the EU-27 is overstated by the fact that repos cleared at LCH SA are treated as being transacted in the EU-27 SFTR, whether or not the clearing members are trading in the EU-27 or not.

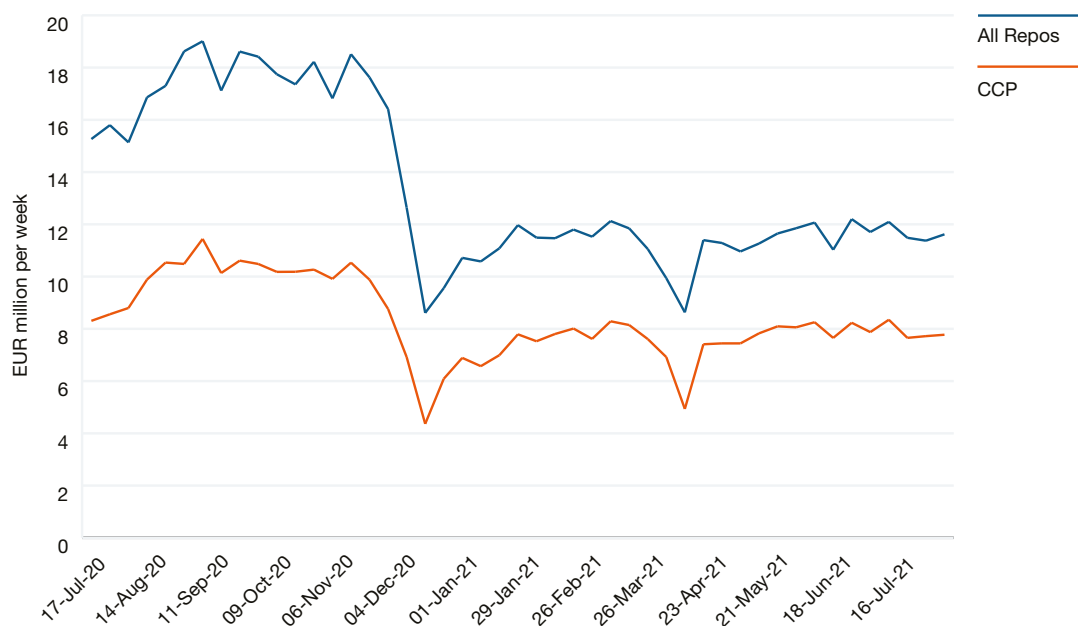
The average daily size of CCP-cleared repos contracted from EUR 31 million to EUR 28 million. This reflected the larger average deal size on sterling repos cleared at LCH Ltd, which moved out of EU SFTR upon Brexit (EUR 43 million at LCH Ltd in the first-half of 2021 compared with EUR 24 million at LCH SA).

---

<sup>2</sup> [EMIR and SFTR Data Quality Report 2020](#) (ESMA80-193-1713), 15 April 2021.



## Total weekly values of all new repos and all CCP-cleared repos published by the TRs

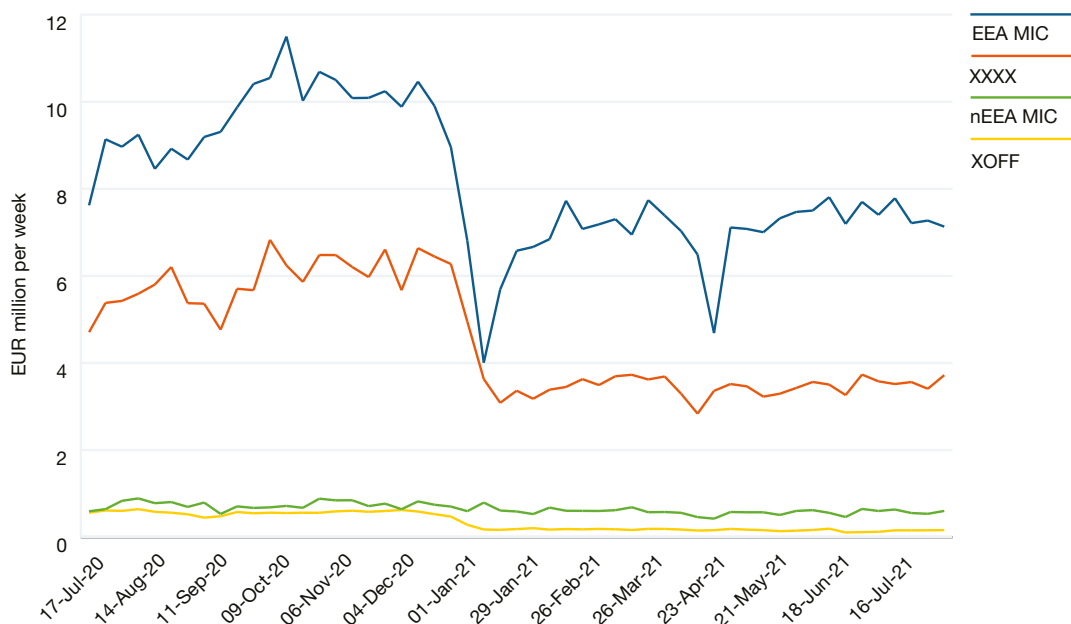


The values are for the EU-28 in 2020 and the EU-27 in 2021. Data from DTCC, KPDW, Regis TR, UnaVista.

**Execution venues.** The share of EU MICs rose from 57% pre-Brexit to 63% in 2021 until the week ending 16 July. This is likely to be the counterpart to the fall in the share of pure OTC trading (XXXX) in the EU from 35% to 31%. Both changes in value were EUR 2.3 trillion. The changes imply that OTC trading in repo has been concentrated in the UK. The OTC market tends to be the location of customer business and credit repo as well as larger, longer-term and structured repos.

Turnover in repos on EU MICs was higher after Easter than before. Some of this growth may reflect migration of some trading from UK entities to subsidiaries set up in the EU-27 due to MiFID restrictions on cross-border trading by EU entities. This is consistent with the post-Easter growth in EEA/EEA trades (see below).

## Total weekly values of all new repos published by the TR by execution venue

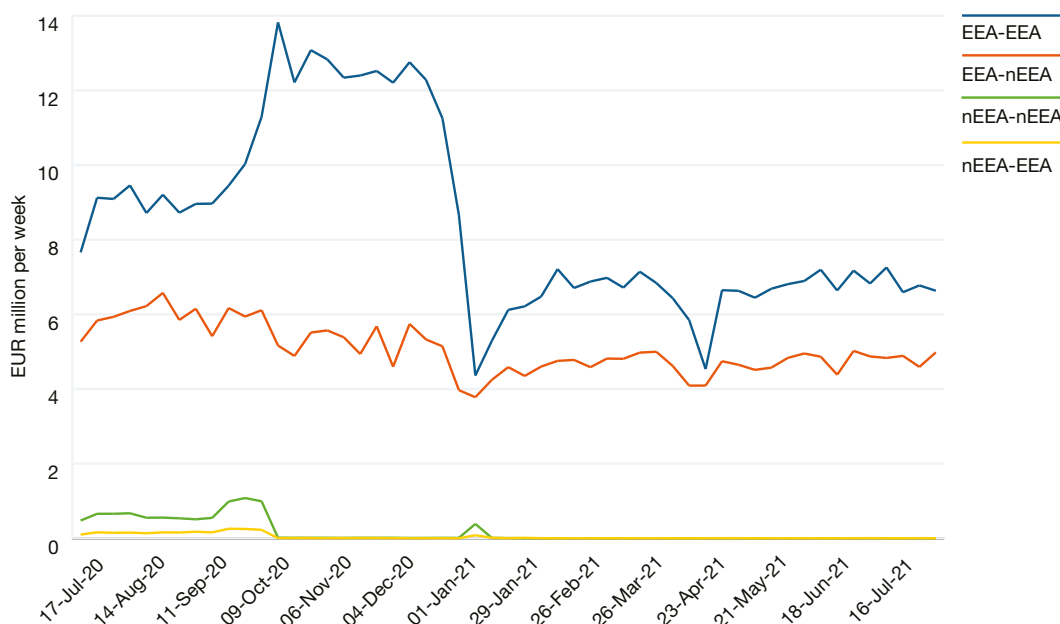


The values are for the EU-28 in 2020 and the EU-27 in 2021. Data from DTCC, KPDW, Regis TR, UnaVista.

**Location of counterparties.** The share of new EEA/EEA repos fell from 64% pre-Brexit to 59% in 2021 until the week ending 16 July. However, the share of EEA/EEA repos increased after Easter from 57% to 60%, which could reflect increased trading through EU subsidiaries by UK entities.

EEA/non-EEA repos increased from 34% to 42%, reflecting the reclassification of trading with UK entities post Brexit. Non-EEA/EEA and non-EEA/non-EEA dwindled away to insignificant levels, supporting the suggestion that most third-country branches (who are probably the non-EEA reporting entities in the data) are located in the UK.

**Total weekly values of all new repos published by the TR by execution venue**



The values are for the EU-28 in 2020 and the EU-27 in 2021. Data from DTCC, KPDW, Regis TR, UnaVista.

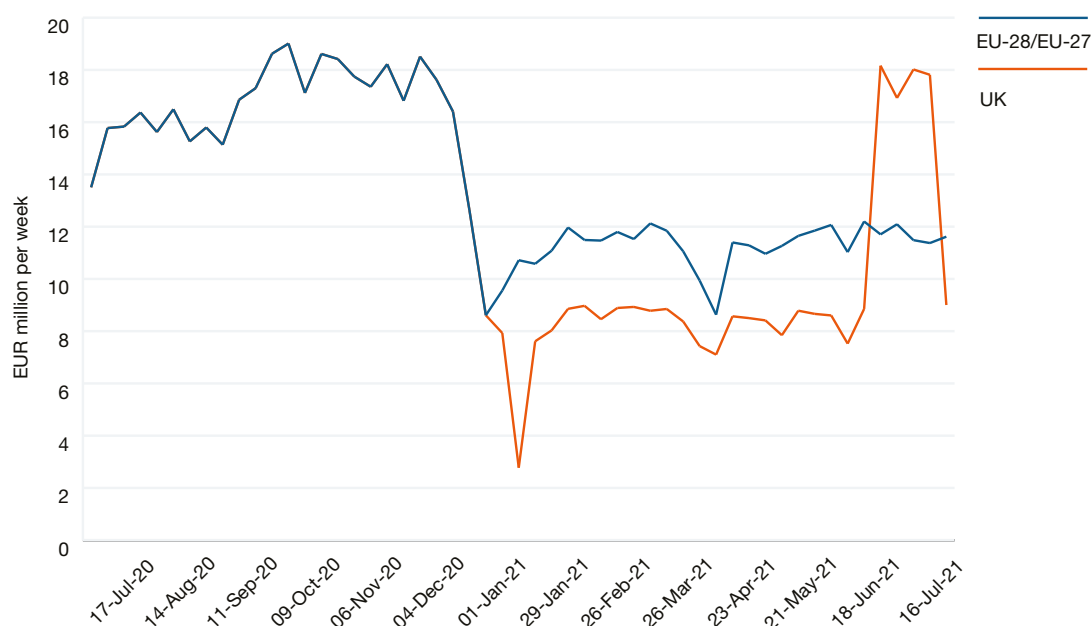
# UK repo market (January – July 2021)

New loan data for the UK market post-Brexit was distorted by volatility in the published data for the first two weeks. Data published by UnaVista showed a 76% spike in the week ending 8 January 2021 (week 26), while DTCC data saw a 78% drop in the following week. By the week ending 22 January (week 28), the published loan data had stabilised. However, in the week ending 18 June, DTCC data saw a 128% jump in new UK repos. This persisted for four weeks. Ignoring the first two weeks of 2021 (weeks 26-27) and last five weeks at the end of SFTR's first year (weeks 49-53) because of these anomalies, it would seem that the UK market has trended sideways since Brexit at an average daily turnover of EUR 1.7 trillion and some 50,000 repos.

At face value, the numbers (EUR 1.7 trillion per day in the UK compared with EUR 3.5 trillion in the EU-28) suggest that the UK repo market was about 50% of the pre-Brexit EU-28 total. However, the UK total is less than the EU-27 total, which suggests some switching of trading in the EU by UK parties to subsidiaries in the EU-27 or even away from UK counterparties.

In addition, the combined EU-27 and UK markets are about 12% bigger than the EU-28 market, despite little evidence of underlying growth in either market after Brexit, so the increase may be due to double-counting of UK/EEA repos. Adjusting the numbers on the assumption that the increase in the combined market size is evenly split between the EU-27 and the UK, the estimate for the UK market is about 42% of the EU-28 market.

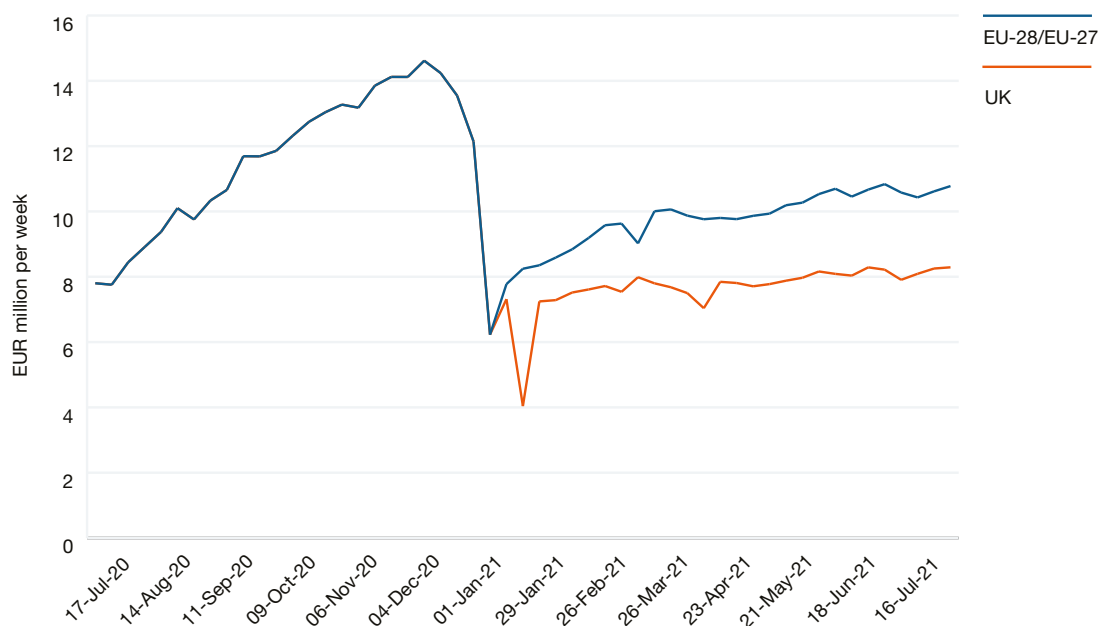
## Total weekly values of all new repos published by the TR for the EU & the UK\*



\* Values are for the EU-28 in 2020 and the EU-27 in 2021. Data from DTCC, KPDW, Regis TR, UnaVista.

In terms of outstanding value, after some initial volatility in reporting, the published outstanding size of the UK repo market grew slowly to reach EUR 8.3 trillion on 16 July (14% from 22 January).

## Total end-week value of outstanding repos published by the TRs for the EU-28 & UK\*



\* Values are for the EU-28 in 2020 and the EU-27 in 2021. Data from DTCC, KPDW, Regis TR, UnaVista.

**CCP-clearing.** Ignoring the June-July 2021 blip in DTCC data, the share of CCP-cleared repos in SFTR's first year fell from 56% pre-Brexit (EU-28) to 42% in 2021 until the week ending 16 July. This is likely to have been due to the greater share of OTC trading in the UK market.

**Execution venues.** These data have been distorted by the fact that the UnaVista data has not distinguished UK from non-UK entities post Brexit. In the circumstances, DTCC data has been used in this analysis for the post-Brexit period. These should provide a reasonable picture of the UK market given that DTCC reported 84% of UK repos before the week ending 11 June.

On the basis of DTCC data, from the week ending 22 January until and including the week ending 11 June (weeks 28 and 48), UK MICs accounted for 13% of new UK repo, while non-UK MICs took 28%. This compares to the pre-Brexit share of EEA MICs in the EU-28 of 39% and a share of 37% in the EU-27. The low share of UK MICs reflects the continued use of trading venues in the EU-27 and the higher share of OTC repos in the UK market. This was 54% compared with the EU-28 share of 50% and the EU-27 share of 51%. New OTC repos registered post trade on MICs took 6% in the UK compared with 4% in the EU-28.

**Location of counterparties.** On the basis solely of DTCC data, the post-Brexit share of UK/UK new repos until the week ending 16 July was 17% and of UK/non-UK repos was 83%, reflecting the continuing intimate links between UK and EU markets.

About EUR 0.6 trillion of daily repo turnover may have migrated from UK to EU-27 execution venues as a result of MiFID restrictions on cross-border trading in the EU. This is the difference between the decrease in pre-Brexit EEA/EEA repos of EUR 0.9 trillion and the increase in UK/non-UK repo of EUR 0.3 trillion.

The anomalous spike in UK repo turnover published by DTCC in June-July is largely due to UK/non-UK repos. The value of new repos on other execution venues in the UK involving non-UK entities was insignificant. It would seem the problems with the reports of repos with entities outside the SFTR perimeter that were witnessed with EU/non-EU repos may have carried over into UK SFTR. This was to be expected if the non-UK counterparties are third-country branches, as these seem to be located largely in the UK.

# Data quality issues

---

While the quality of the reported data has improved since the initial go-live, there are still significant issues which unfortunately limit the value and usability of the public data. The biggest problem is in the data on collateral. Repos swing between gross under- and over-collateralisation. In the final week of the first year of SFTR, new repos in the EU were on average only 55% collateralised. A couple of weeks later, they were 183% collateralised. In week 9, the rate of collateralisation of repurchase transactions published by one TR peaked at 1484517%. On occasion, there has even been negative average collateralisation.

There also appear to be serious issues with the published loan values. Some of these have arisen post Brexit for UK SFTR. There was considerable volatility in early 2021 and problems have persisted. Data published by one TR showed an implausible temporary doubling of new UK repo over a period of four weeks during June-July 2021. Another TR has never been able to publish UK data analysed by execution venue or the location of counterparties.

It also appears that aggregated public data double-counts loans where both parties have reported under the same SFTR regime. And the data suffers from the inflation of loan values because of the way in which CCP-cleared repos are reported. When party A clears a repo with party B, two trades are reported: A-CCP and CCP-B. But a meaningful measure of the repo market size should include only one trade (A-B), as the CCP is not trading so is not really part of the market. CCPs take no part in pricing and run no net positions. The inflation of CCP-cleared turnover may account for around one-third of SFTR turnover.<sup>3</sup> Reporting of the interoperability link between LCH SA and CC&G CCP-cleared repos further adds to this inflation. It should also be noted that the reporting by CCPs not only impacts turnover but also the distribution of repo activity between countries.

On the other hand, the double-counting of loan values is limited by the fact that, for many transactions, only one counterparty is subject to SFTR. Before Brexit, UnaVista suggested that about one-half of transactions were subject to two-sided reporting requirements. DTCC, which represents the highest reporting volume, stated recently that only 24% of EU and 14% of UK SFTs post Brexit were subject to two-sided reporting requirements.

The inflation of public data on the size of the repo market may be offset to a degree by under-reporting by firms and the fact that the public data excludes invalid reports, although their impact has been considerably narrowed over time.<sup>4</sup>

ICMA will continue to work with members of the ERCC SFTR Task Force, including reporting firms, TRs and the relevant service providers, to identify and address outstanding issues with SFTR reporting, helping to improve the quality of the reported data. At the same time, we will continue aggregating and publishing SFTR public data on a weekly basis, complemented by more detailed analysis on an ad-hoc basis, as part of our commitment to supporting an efficient and transparent repo market.

For any feedback on this report or any queries related to SFTR reporting more generally, please contact [ercc@icmagroup.org](mailto:ercc@icmagroup.org).

---

<sup>3</sup> Over the 25 weeks of 2020 when SFTR was in force, the average daily turnover of CCP-cleared repo was EUR 1.8 trillion on a double-counted basis compared with EUR 1.2 trillion estimated from data from BME, CC&G, ECAG and LCH. In terms of outstanding size, CCP-cleared transactions accounted for 44.2% of SFTR-reported repos, whereas the ICMA survey for December 2020 reported 32.1%.

<sup>4</sup> By May 2021, rejection rates at DTCC had fallen to 3.8% for repurchase transactions and 0.7% for buy/sell-backs in the EU and 1.6% and 0.7% in the UK.



**ICMA Zurich****T: +41 44 363 4222**Dreikönigstrasse 8  
8002 Zurich**ICMA London****T: +44 20 7213 0310**110 Cannon Street  
London EC4N 6EU**ICMA Paris****T: +33 1 70 17 64 72**62 rue la Boétie  
75008 Paris**ICMA Brussels****T: +32 2 801 13 88**Avenue des Arts 56  
1000 Brussels**ICMA Hong Kong****T: +852 2531 6592**Unit 3603, Tower 2, Lippo Centre  
89 Queensway, Admiralty, Hong Kong