
TO : Regulated Entities
i. Cyprus Investment Firms
ii. UCITS and their Management Companies
iii. Alternative Investment Funds and their Managers
iv. Non-Financial Counterparties¹
v. Central securities depositories

FROM : Cyprus Securities and Exchange Commission

DATE : 19 March 2020

CIRCULAR No : C366

SUBJECT : Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse ('SFTR') – Postponement of the reporting obligation related to securities financing transactions ('SFTs')

Following Circular [C346](#), relating to SFTR, the Cyprus Securities and Exchange Commission ('the CySEC'), herein, wishes to inform the Regulated Entities that the reporting obligation related to SFTs is postponed. In particular:

1. According to SFTR, the obligation to report all SFTs to a registered Trade Repository, applies from 13 April 2020 for Investment Firms and relevant third-country entities, while, for other Regulated Entities, it applies at a later stage.
2. The European Securities and Markets Authority ('ESMA') acknowledges the pressure on the financial industry to comply with the new regulatory obligations under SFTR in a situation where it is already facing significant challenges due to the COVID-19 virus and the related actions taken by the different Member States to prevent its contagion.
3. Considering the above, ESMA has issued a [Public Statement](#), with which, among others, it is expecting competent authorities not to prioritise their supervisory actions towards counterparties, entities responsible for reporting and investment firms in respect of SFT reporting obligations, under SFTR, **as of 13 April 2020 and until 13 July 2020**, including regarding to SFTs concluded in that period of time, and to generally

¹ Non-financial counterparty means an undertaking established in the Union other than the entities referred to in Article 2(1) and 2(8) of EMIR, which refer to the terms of 'CCP' and 'financial counterparty' respectively. The term 'undertaking' is defined in the [European Commission FAQs](#) no. II(14) as "... any entity engaged in an economic activity, regardless of the legal status of the entity or the way in which it is financed... As regards the concept of "economic activity", the Court has considered that any activity consisting in offering goods and services on a market is an economic activity, regardless of the entity's legal status and the way in which it is financed. Non-profit entities are also considered "undertakings" if they offer goods and services in the market. Individuals carrying out an economic activity are also considered to be undertakings, provided they offer goods and services in the market...".

apply their risk-based approach in the exercise of supervisory powers in their day-to-day enforcement of applicable legislation in this area in a proportionate manner.

4. CySEC would like to stress that it acknowledges the material challenges to the Regulated Entities operations due to the outbreak of the coronavirus (COVID-19) in Cyprus and it therefore commits ensuring alignment of SFT reporting requirements and supervisory practices in Cyprus with those in the EU.

Sincerely,

Demetra Kalogerou
Chairman
Cyprus Securities and Exchange Commission

cc. Central Bank of Cyprus
Superintendent of Insurance