

SFTR representation letter for transactions entered into for operational and / or industrial purposes

Dear [x],

We are writing to you because we enter into commodities transactions with you and you are a non-financial counterparty under Securities Financing Transaction Regulation (SFTR).

SFTR is a European Union law that aims to increase transparency in the securities finance markets by establishing a detailed reporting regime over securities financing transactions (“SFTs”), including commodities lending, leasing, buy-sell-backs, sell-buy-backs and repurchase transactions.

SFTR obliges in scope counterparties to report details of a SFT to a trade repository. SFTR applies to financial counterparties (such as investment firms and credit institutions) and non-financial counterparties each as defined under SFTR.

On 6 January 2020, the European Securities and Markets Authority published guidelines (Guidelines: Reporting under Articles 4 and 12 SFTR) making clear that commodities transactions entered into for operational and / or industrial purposes are not SFTs and should not be reported under SFTR.

We understand that the commodities transactions you enter into with us, which would otherwise be in-scope SFTs, are entered into by you for operational and / or industrial purposes and are therefore not to be reported under SFTR.

Unless you notify us otherwise [no less than [x] business days] prior to entering into a potentially in-scope transaction, we do not intend to report them under SFTR.

If at any point following receipt of this letter you consider that any transaction(s) is/are not entered into by you for operational and/or industrial purposes, please notify us as soon as possible [but in any event no less than [x] business days] in advance of entering into such transaction at the following [Insert details] so that we can comply with our reporting obligations under SFTR.

Please use the contact details above should you wish to discuss this letter.