Bloomberg
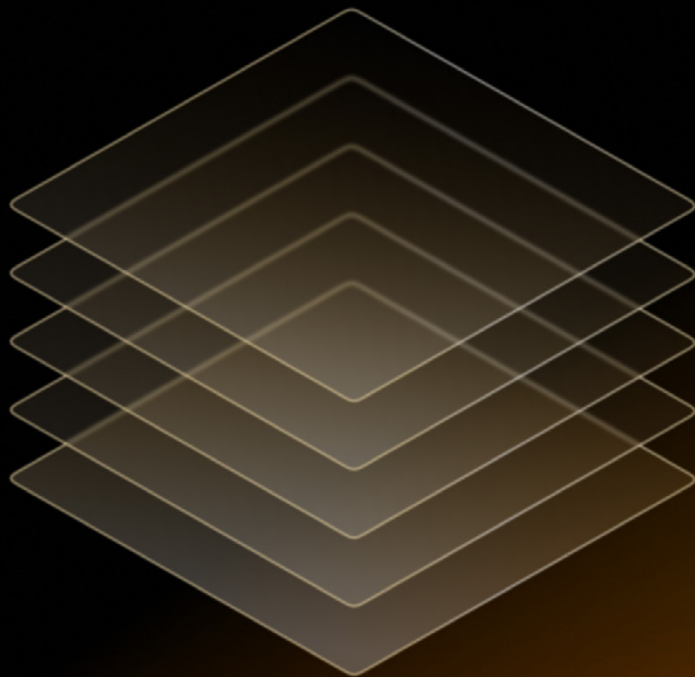
Improving SFTR Data Quality

UTI Generation, Data Enrichment
and Pre-Matching.

Contents

From Reporting to Data Quality

The Securities Financing Transactions Regulation (SFTR) was introduced by the European Union to bring greater transparency to the repo, securities lending and buy-sell back markets. After a phased go-live between 2020 and 2021, firms across the sell side, buy side and market infrastructure have now been reporting securities financing transactions to trade repositories for several years.

While the initial focus was on achieving timely reporting, supervisory attention has since shifted to the quality of the data being submitted. Both ESMA and the FCA have highlighted persistent challenges with pairing and matching rates at trade repositories, noting that discrepancies between counterparties' submissions undermine the regulatory objective of transparency.

To meet these expectations, firms need to capture accurate, enriched trade data as early as possible in the trade lifecycle. This is where Unique Trade Identifier (UTI) generation and pre-matching play a central role. By generating the UTI at the point of confirmation and pre-matching key SFTR fields between counterparties, firms can significantly reduce downstream breaks, improve reconciliation rates and demonstrate proactive data quality controls to regulators.

Regulatory Context

ESMA continues to emphasize the importance of data quality in SFTR reporting. Its SFTR Data Quality Indicators Dashboard (May 2025) highlights ongoing discrepancies at the trade level between counterparties, leading to low pairing and matching rates at trade repositories.

In the Framework for Provision of Data & Follow-Up on Significant SFTR Data Quality Issues (May 2025), ESMA set out how it will escalate cases where reporting counterparties contribute meaningfully to mismatches or other material data quality concerns.

Earlier data quality reports, including ESMA's 2020 EMIR & SFTR Data Quality Report, had already identified pairing and matching as a core supervisory metric and this has remained a consistent supervisory focus.

In the UK, the FCA has reinforced this direction by updating SFTR validation rules and XML schemas (effective November 2024) to improve accuracy and reconciliation and by requiring firms to submit an Errors & Omissions notification whenever material reporting issues are identified.

Bloomberg's VCON Solution for SFTR

Firms face a significant challenge in the timely sourcing and management of all data required to meet their obligations. A strict T+1 timeline, combined with zero tolerance for the mandatory trade repository–level reconciliation, underscores the need for a robust data enrichment solution. Bloomberg offers data enrichment via VCON for straight-through processing across the entire trade workflow.

Voice Trading: VCON coupled with SFTR Enrichment Service

Market participants using VCON for their bilateral and tri-party repo trade affirmations already benefit from integration with dealers' structured trade confirmation systems and automated downstream processing.

Our SFTR Enrichment Service integrates with VCON to share data with counterparties, automating manual processes while capturing critical trade data as early as possible for SFTR reporting purposes.
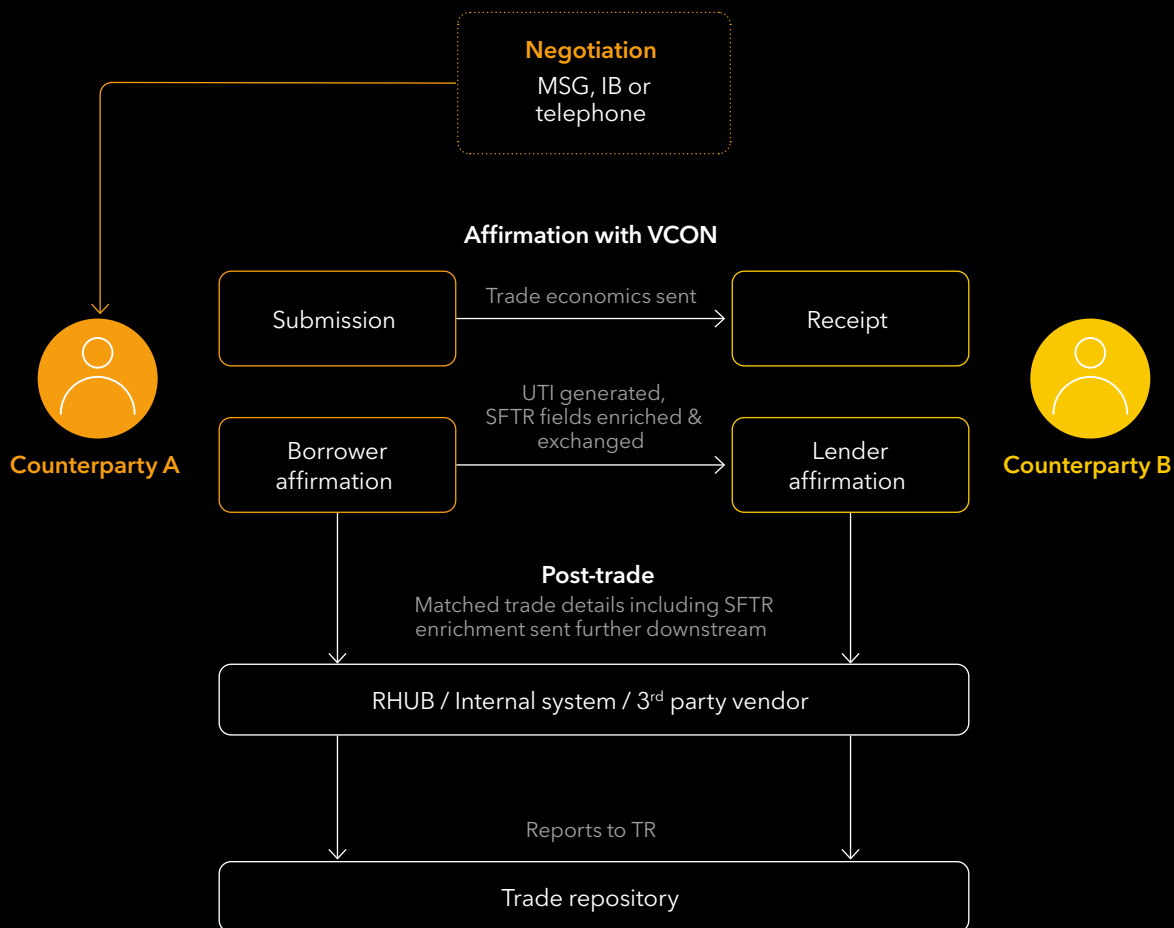
Bloomberg's solutions also capture reference data fields stipulated in the loan and collateral data requirements for debt instruments and equities across repo, buy-sell back and securities lending transactions. In addition to capturing a fully enriched record of the required data fields, VCON, together with the SFTR Enrichment workflow, provides a one-way pre-matching process. This ensures alignment at the point of affirmation.
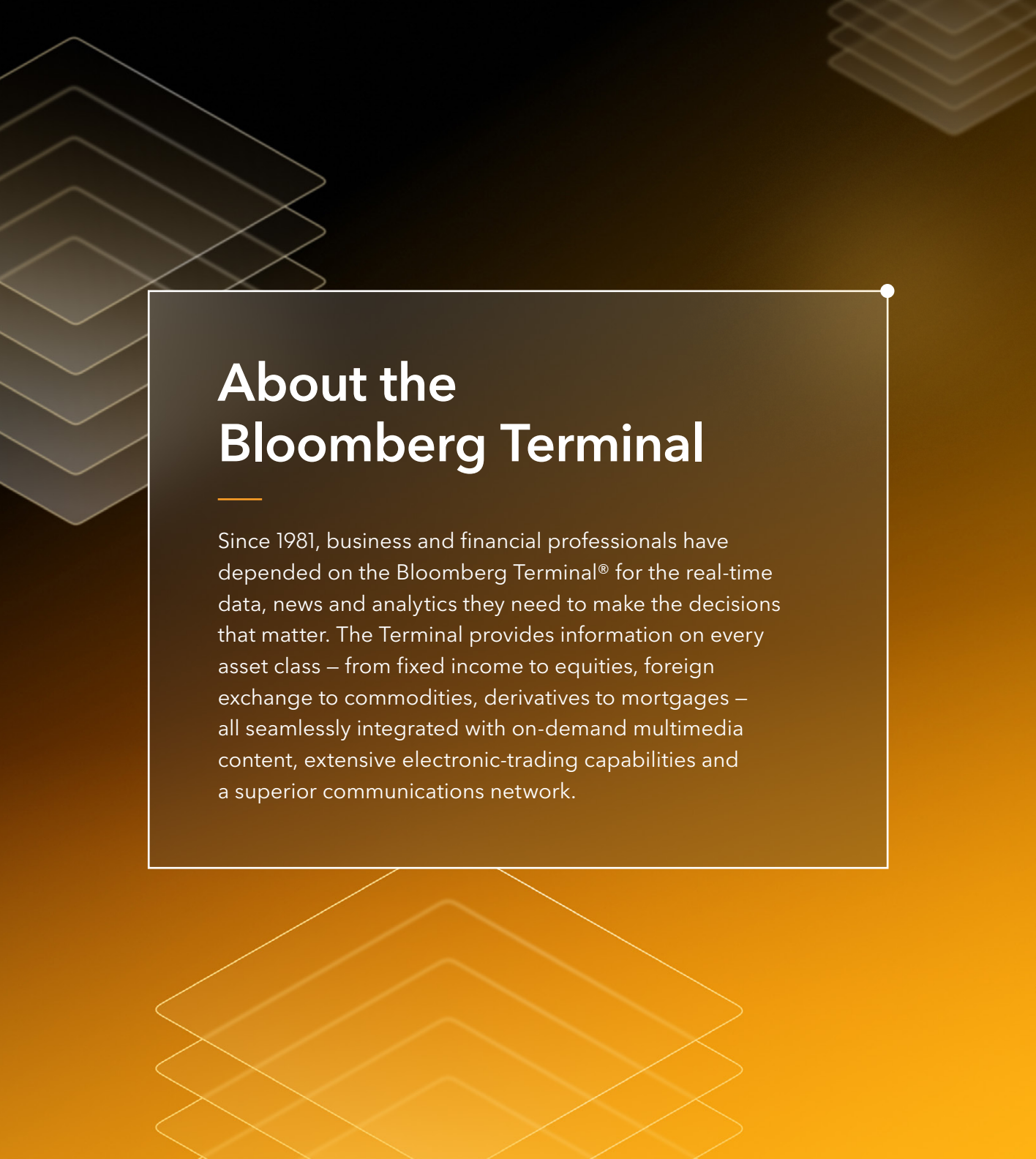
How does VCON help you meet SFTR data requirements?

Generate, capture and source a wide variety of data for reporting to your trade repository, including:

- Unique Trade Identifier (UTI)
- Execution timestamps
- Trade economic data fields
- Instrument reference data fields
- Counterparty reference data fields

Pre-match trade details to ensure data consistency at the point of affirmation.

Negotiation
MSG, IB or telephone

Counterparty A

Affirmation with VCON

Submission → *Trade economics sent* → Receipt

Borrower affirmation → *UTI generated, SFTR fields enriched & exchanged* → Lender affirmation

Counterparty B

Post-trade
Matched trade details including SFTR enrichment sent further downstream

RHUB / Internal system / 3rd party vendor

Reports to TR

Trade repository

About the Bloomberg Terminal

Since 1981, business and financial professionals have depended on the Bloomberg Terminal® for the real-time data, news and analytics they need to make the decisions that matter. The Terminal provides information on every asset class — from fixed income to equities, foreign exchange to commodities, derivatives to mortgages — all seamlessly integrated with on-demand multimedia content, extensive electronic-trading capabilities and a superior communications network.

Take the next step.

For additional information,
press the <HELP> key twice
on the Bloomberg Terminal®.

bloomberg.com/professional

Beijing
+86 10 6649 7500

Dubai
+971 4 364 1000

Frankfurt
+49 69 9204 1210

London
+44 20 7330 7500

Hong Kong
+852 2977 6000

Mumbai
+91 22 6120 3600

New York
+1 212 318 2000

São Paulo
+55 11 2395 9000

Shanghai
+86 21 6104 3000

Singapore
+65 6212 1000

Sydney
+61 2 9777 8600

Tokyo
+81 3 4565 8900