

**Circular to the financial services industry on the
European Markets Infrastructure Regulation
(‘EMIR’)**

*Updates on the obligations to report to Trade
Repositories and the requirement to clear through
CCPs*

Question and Answers on the Implementation of EMIR

On the 27th April, 2015 the European Securities and Markets Authority (‘ESMA’) issued an updated Q&A on the implementation of EMIR. This Q&A is the 13th version which ESMA has published.

This update relates to the second level of the EMIR validation specifications to be commonly applied by all Trade Repositories (‘TRs’) to ensure that the Reporting Obligation in terms of Article 9 is performed according to the EMIR regime.

The validation specifications involve verifying that the values reported in the fields comply with the format and content rules set out in the technical standards on reporting¹. Users reporting through TRs are now expected to come across rejection notifications which are triggered when failing to comply with the requirements listed under the aforementioned technical standards. This is a key step for achieving better data quality as a rejected report will indicate which fields need to be corrected because of not being reported in compliance with EMIR, therefore allowing counterparties to improve their reporting.

The validation controls that TRs will put in place are based on the original rules specified in the EMIR technical standards which were published on the 19th December, 2012 and entered into force on the 12th February, 2014. No additional reporting requirements have been introduced.

In order to allow sufficient lead time to implement the second level validation, ESMA expects the TRs to be able to implement the validation by the end of October 2015.

A copy of the above-mentioned Q&A can be accessed by following this [link](#).

Technical Standard N° 4 on Central Clearing of Interest Rate Swaps

On the 11th May, ESMA opened a consultation to seek the views from stakeholders on proposed regulatory technical standards on the clearing of certain Interest Rate Swaps (‘IRS’).

¹ [Commission Delegated Regulation \(EU\) N° 148/2013](#)
[Commission Implementing Regulation \(EU\) N° 1247/2012](#)

This consultation paper is the fourth from a series of consultations relating to the clearing obligation as specified under EMIR. The prior three consultation papers focused on interest rate derivative classes, credit derivative classes, and foreign-exchange non-deliverable forward classes.

When reviewing this paper one would notice that explanations are provided on the draft regulatory technical standards establishing a clearing obligation on additional classes of OTC interest rate derivatives that were not included in the first RTS on the clearing obligation for interest rate swaps.

The addition consists of the following classes:

1. Fixed-to-float interest rate swaps, denominated in:
 - Czech Republic Koruna ('CZK')
 - Danish Krone ('DKK')
 - Hungarian Forint ('HUF')
 - Norwegian Krone ('NOK')
 - Swedish Krona ('SEK'); and
 - Polish Zloty ('PLN').

2. Forward rate agreements, denominated in:
 - Norwegian Krone ('NOK');
 - Swedish Krona ('SEK'); and
 - Polish Zloty ('PLN').

In this regard, the consultation paper provides:

1. An overview of the clearing obligation procedure;
2. Clarifications on the structure of the classes of OTC interest rate derivatives that are proposed for the clearing obligation;
3. The determination of the classes of OTC derivatives that should be subject to mandatory clearing with an analysis of the relevant criteria;
4. The approach for the definition of the categories of counterparties and the proposals related to the dates from which the clearing obligation should apply per category of counterparties; and
5. Explanations on the definition of the minimum remaining maturities for the application of frontloading.

The input from stakeholders will help ESMA in finalising the relevant technical standards to be drafted and submitted to the European Commission for endorsement in the form of Commission Regulations. All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'. Please follow the instructions given in the document '[Reply form for the Consultation Paper on the Clearing Obligation under EMIR \(no.4\)](#)' also published on the ESMA website.

Contacts

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