

REGTECH SOLUTIONS:

Changes to EMIR REFIT



REGULATORY TECHNOLOGY DRIVEN BY DATA. BACKED BY SERVICE.



Changes to EMIR REFIT

What's Next for EMIR REFIT?

ESMA published its Final Report on Technical Standards (RTS and ITS) for EMIR REFIT in December 2020 after initially proposing changes in a consultation paper in March 2020. The Final Report now moves to the European Commission (EC) where it will be debated. Once published by the Commission and published in the Official Journal, it triggers an 18-month period to prepare for go live, which is speculated to happen in Q4 2022 or possibly at the beginning of 2023.

Overview:

Effectively being called by many as EMIR Level 3, the Final Report adds a myriad of changes to the regulation. According to ESMA, the update is meant to align EMIR with agreed upon global standards and improve data quality, including:

- Reporting on more than 200 key data elements
- New reporting logic with changes to lifecycle events and action types
- Further harmonization with SFTR, including end-to-end reporting with ISO 20022 XML as standard
- Streamlined data requirements across TRs

This final report and draft RTS and ITS largely reflect the original proposals included in the consultation paper and focuses on further harmonisation of the reporting requirements as well as enhancements in the counterparties' and TRs' procedures on ensuring data quality.

Details:

1

Alignment with international standards – in particular the global guidance developed by CPMI-IOSCO on the definition, format and usage of key OTC derivatives data elements reported to TRs, including the Unique Transaction Identifier (UTI), the Unique Product Identifier (UPI) and other critical data elements

2

End-to-end reporting in ISO 20022 XML – ESMA proposes that XML schemas developed in line with ISO 20022 methodology are used not only for the communication between the TRs and authorities (as is the case now), but also to TRs from counterparties and for inter-TR reconciliation, like the requirements in place under SFTR

3

Harmonised data quality requirements across TRs – another cornerstone of the technical standards relates to the enhanced and harmonised data quality requirements for data validation and data reconciliation processes, that take place at the TRs once derivatives are reported to them

4

Simplified rules for extension of registration from SFTR to EMIR – ESMA clarifies the relevant documentation to be provided by TRs willing to extend their registration from SFTR to EMIR in line with the existing requirements for extension from EMIR to SFTR

5

Standardised process for data access – ESMA includes references to standardise the type of information and the timeline for setting up data access for authorities

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