Client Information

on the amendments to the EMIR REFIT Regulation, amendments to the reports

15 January 2024

Dear Clients,

Hereby, we would like to inform you about the latest information and changes regarding the EMIR service of KELER's Trade Reporting system.

As part of the European Commission's program for simplifying EU legislation and reducing regulatory costs (REFIT), the EMIR Regulation has been revised. As a result, ESMA published technical documents on reporting obligations, data quality and the registration of trade repositories in December 2022.

https://www.esma.europa.eu/data-reporting/emir-reporting

The EMIR REFIT legislation outlines a number of significant changes to the structure and content requirements of the EMIR mandatory reports, which will affect the entire reporting process.

The new reporting requirements will come into force on **29.04.2024**. The reporting obligations and the scope of the transactions to be reported will not change, so futures transactions and the parties involved will continue to be covered.

Below, we inform you about the expected changes, which must be followed in the KELER's TR system, as well as for clients when generating reports.

I. Change of report formats

The standard message format according to ISO 20022, already used for MiFID II/MiFIR and SFTR reporting obligations, will be introduced in case of EMIR as well.

Currently, each trade repository uses a self-developed schema, which makes interoperability particularly difficult between trade repositories. The transition to the ISO 20022 standard will solve this problem, but XML messages are characterized by a more complex data structure than the current one.

In order to reduce the development burden for our clients, KELER will continue to allow CSV format reports to be loaded into the KELER's TR system, but this will also mean that the generation of XML and CSV files will be different at the application header (BAH) level. If a report is submitted to the TR system in XML format, the application header will be specified and completed by the client, but if the report is submitted in CSV format, the KELER's TR system will generate the application header in the file converted to XML.

The coordination of the technical details of the legislation between ESMA and the Trade Repositories is still ongoing however, based on the available specification documents we have started to further develop the KELER TR system in order to be able to meet the target date of **29.04.2024** for the new format.

We believe it is important to share all the information we have with our clients to help their developments, but please note that the documents shared as annexes to this information note are the latest versions available at the moment, further modifications are expected based on the information provided by our Trade Repository service provider.

II. Content of reports

Both the range of data to be reported and the complexity of the reports will increase.

- The number of fields will increase by 50% (129->195)
- 90% of the existing fields will be modified to some extent
- The number of repetitive fields will triple (9->32)
- The number of fields to be reconstituted also triples (56->149)

Overall, field obligations, content requirements and the validation rules used will change significantly. All of the nearly 200 fields will not be mandatory, but the amount of data to be reported will increase. Even in cases where the field itself remains to be reported, the 4 letter ESMA codes will apply. A document containing the detailed validation rules is attached as an annex to this information note.

III. Reporting logic

Currently, the EMIR reporting process is based on the interplay of lifecycle messages defined by the Action Type. Taking this further, an Event Type will be introduced which, together with the Action Type field, will define the purpose of the report to be submitted. By introducing Event Types, the actions and events underlying the report will thus be better described.

With these modifications, the previously known report types will be eliminated and new combinations of actions and events will determine the type of report.

In addition, the separation of reports at the transaction and position level will be maintained, further structuring the scope of the reports. The relationship between Action

type, Event type and the level of the report is illustrated in the table below, published by ESMA:

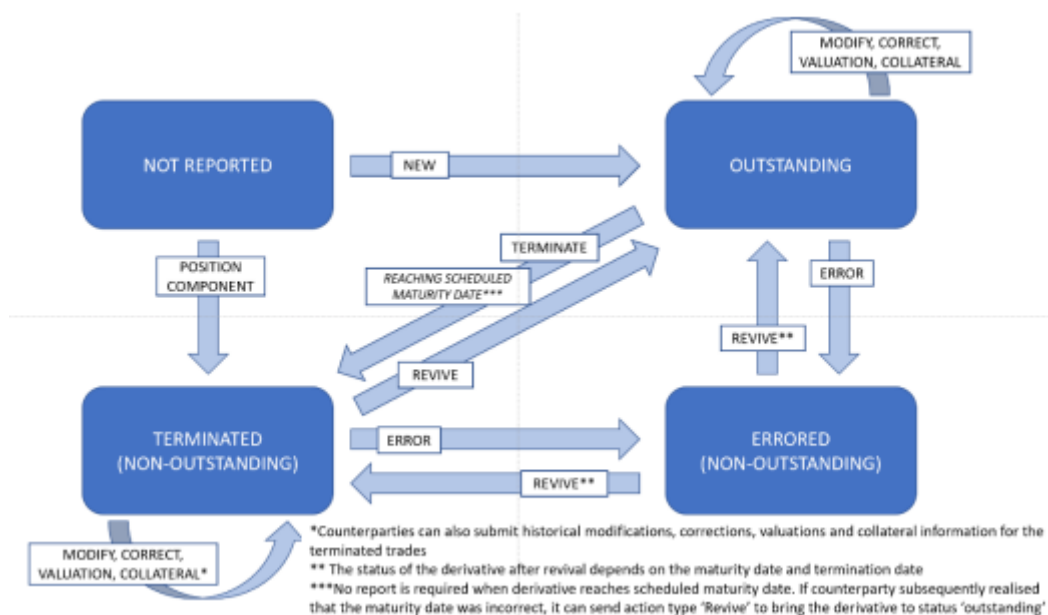|		Event type											
		TRADE	STEP-IN	PTRR	EARLY TERMINATION	CLEARING	EXERCISE	ALLOCATION	CREDIT EVENT	INCLUSION IN POSITION	CORPORATE EVENT	UPDATE	Event type nem szükséges
Action type	NEW	T	T,P	T		T	T	T		P	T,P		
	MODIFY	T,P	T,P	T,P	T,P		T,P	T	T,P	P	T,P	T,P	P
	CORRECT												T,P
	TERMINATE		T,P	T,P	T,P	T	T,P	T	T,P	T,P	T,P		
	ERROR												T,P
	REVIVE												T,P
	VALUATION												T,P
	MARGIN UPDATE												T,P
	POSITION COMPONENT												T

Source: ESMA Final Report, Table 4
       T - transaction level
       P - position level

An important change is the introduction of the REVIVE Action Type, which allows transactions that have expired or been cancelled in error to be reversed within 30 days.

ESMA has summarized the lifecycle of the reports in the figure below:

*Counterparties can also submit historical modifications, corrections, valuations and collateral information for the terminated trades
** The status of the derivative after revival depends on the maturity date and termination date
***No report is required when derivative reaches scheduled maturity date. If counterparty subsequently realised that the maturity date was incorrect, it can send action type 'Revive' to bring the derivative to status 'outstanding'

Source: ESMA [Final Report](), Diagram 1

KELER's service provider REGIS-TR has summarized the Action Types for the Transaction (auth.030) and Margin data (auth.108) reports in the table below:

		NEWT	MODI	CORR	VALU	CORR (margin)	MARU	TERM	POSC	EROR	REVI
						Subsequent Action type Valid / Invalid					
Previous Action type	NEWT	X	✓	✓	✓	X	✓	✓	X	✓	X
	MODI	X	✓	✓	✓	X	✓	✓	X	✓	X
	CORR	X	✓	✓	✓	X	✓	✓	X	✓	X
	VALU	X	✓	✓	✓	X	✓	✓	X	✓	X
	MARU	X	✓	✓	✓	✓	✓	✓	X	✓	X
	TERM	X	✓	✓	✓	X	✓	X	X	✓	✓
	POSC	X	✓	✓	✓	X	✓	X	X	✓	✓
	EROR	X	X	X	X	X	X	X	X	X	✓
	REVI	X	✓	✓	✓	X	✓	✓	X	✓	X

Note: A TERM action type report cannot be submitted for an incorrect or non-existent contract. A MARU action type report will not be valid if it relates to a portfolio to which no derivative has been previously linked.

IV. Creation of UTI

In order to ensure that transactions are properly matched, ESMA supports the CPMI-IOSCO standard for the creation of a unique trade identifier (UTI). It uses a waterfall model to determine who is responsible for generating the UTI.
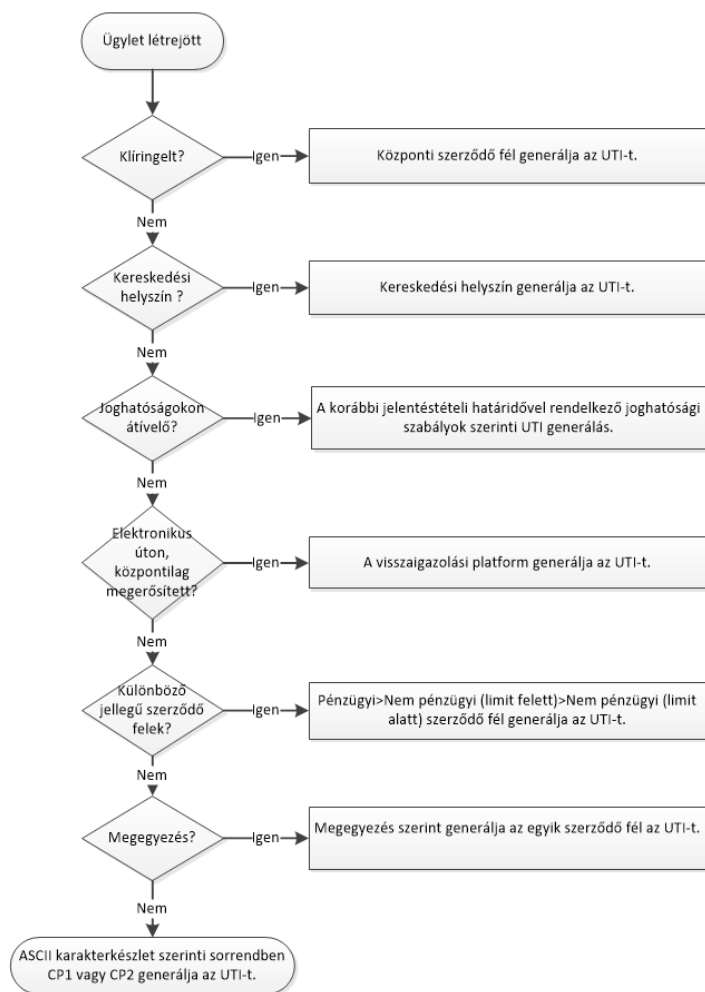
V. Related Trade Reporting system development

As has been the practice so far, KELER will track the changes published by ESMA in its Trade Reporting (TR) system for EMIR reporting.

We expect to be able to offer our clients access to test the TR system in the KELER MAT test environment from **05.04.2024.**

VI. Reports produced by KELER CCP

The modifications required by the new control rules described above will be made by the KELER CCP for the reports it produces (both for transactions between the KELER CCP and the Clearing Member/Sub-Clearing Member and for transactions between the Clearing Member and its Clients).

Under the new requirements, counterparties will also be required to report ESMA Sector Code, Financial Character and value above Clearing threshold, which will be required to be declared by clearing members and sub-clearing members of the KELER CCP futures market before the reporting under the new requirements goes live.

The list of ordering parties that can be requested by capital market clearing members will continue to be published in CSV format in the KID system and the file will be available in a format that can be uploaded to KELER TR.

Also a change to the client binding list is the extension of the mandatory information to be provided to counterparties in the KID system in order to complete it with all the data. In line with the new reporting requirements of EMIR REFIT, the value sets of the current fields will therefore change, and on the other hand, clearing members will be required to provide additional information related to their principals if they wish to have complete reporting data in CSV files published in KID.

Existing fields:

- TR report requires. Yes/No.
- Country ISO 3166 two character country code.
- TR identifier type LEI or Unique identifier.
- TR identifier.
- Financial nature. Can be F=Financial, N=Non-financial, O=Other.
- Sector code.

New fields:

- Clearing threshold
- Collateral portfolio indicator
- Collateral portfolio code

## VII.	Contact

Should you have any questions with regards to testing, please contact us via tradereporting@keler.hu e-mail address.

Sincerely,
KELER Ltd.