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Client Information

On the derivative trade reporting obligation stated in EMIR XI.

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DEAR CLIENTS,

This is to provide you the latest information on changes related to the KELER Trade Reporting service.

„NEW" VALIDATION RULES

New rules were introduced related to the following fields:

1) Underlying ID type and Underlying ID fields:

If the value of *"Taxonomy used"* field is *"E"* and the value of *"Product ID 1"* field is *"IR"*, then *"Underlying ID Type"* and *"Underlying ID"* **fields can be left blank, it is not mandatory to complete these fields;**

If the value of *"Taxonomy used"* field is *"E"* and the value of *"Product ID 1"* field is *"CO"* or *"CU"*, **then it is forbidden to complete the** *"Underlying ID Type"* and *"Underlying ID"* **fields.**

2) Mandatory fields

It is mandatory to complete the following fields when new trades are reported (Reported Trade and Reported Trade CL messages)**:**

- Price/Rate field;
- Clearing obligation field;
- Compression field

3) Reporting interest derivatives

If the value of *"Taxonomy used"* field is *"E"* and the value of *"Product ID 1"* field is *"IR"*, **then at least one of the following fields is mandatory to be completed:**

- Fixed rate of leg 1
- Fixed rate of leg 2
- Floating rate of leg 1
- Floating rate of leg 2

For the special products (like CFDs) where the field concerned is not applicable, 0% can be entered in the field.

The above amendments are already effective, thus they are unlikely to result in real changes in daily reporting. Nevertheless, these amendments are highlighted again because the **above rules will be validated in the live system as of 1 April 2016.**

These new validations are already effective in the test environment; therefore reports submitted through the test environment of KELER are already validated in line with these rules.

DELIVERY „TAG" REPEAT

In commodity derivative reports (energy and gas market trades – Commodity details field value is „EL" or „NG") delivery related data could be stated only once up to now.

Based on the amendments approved by ESMA, certain fields (parts) can be repeated up to 20 times in the same trade report.

These fields can be repeated:

- Delivery Start Date

- Delivery End Date

- Contract Capacity

- Quantity Unit

- Price/time interval quantities

The following fields (parts) will be repeated in CSV format:

Deliverystarttimestamp	Deliveryendtimestamp	Contractcapacity	Quantityunit	Pricetimeintervalquantities
2016-03-01T06:00:00Z	2018-03-01T06:00:00Z	50000	MWh	20

Repeats in XML reports are as follows:

```
- <trad1:delivery>
    <trad1:deliveryStartTimestamp>2016-03-01T06:00:00</trad1:deliveryStartTimestamp>
    <trad1:deliveryEndTimestamp>2018-03-01T06:00:00</trad1:deliveryEndTimestamp>
    <trad1:contractCapacity>50000</trad1:contractCapacity>
    <trad1:quantityUnit>MWh</trad1:quantityUnit>
    <trad1:priceTimeIntervalQuantities>20</trad1:priceTimeIntervalQuantities>
  </trad1:delivery>
- <trad1:delivery>
    <trad1:deliveryStartTimestamp>2018-03-01T06:00:00</trad1:deliveryStartTimestamp>
    <trad1:deliveryEndTimestamp>2019-03-01T06:00:00</trad1:deliveryEndTimestamp>
    <trad1:contractCapacity>50000</trad1:contractCapacity>
    <trad1:quantityUnit>MWh</trad1:quantityUnit>
    <trad1:priceTimeIntervalQuantities>30</trad1:priceTimeIntervalQuantities>
  </trad1:delivery>
- <trad1:delivery>
    <trad1:deliveryStartTimestamp>2019-03-01T06:00:00</trad1:deliveryStartTimestamp>
    <trad1:deliveryEndTimestamp>2021-03-01T06:00:00</trad1:deliveryEndTimestamp>
    <trad1:contractCapacity>50000</trad1:contractCapacity>
    <trad1:quantityUnit>MWh</trad1:quantityUnit>
    <trad1:priceTimeIntervalQuantities>40</trad1:priceTimeIntervalQuantities>
  </trad1:delivery>
```

The above amendment means that we should change the current CSV structure as potential repeats must be taken into account when the maximum number of columns is determined. As EMIR II. requires amendments anyway, we decided that KELER allows the use of both old and new CSV files in the future.

That is to say, the clients that upload reports in CSV files and intend to use the above field repeats will be sent the new CSV format (including the already extended number of columns), and these clients can report trades in the new CSV file template. The clients that are not influenced by the above field repeats will not need to change anything, the CSV template they use now will be accepted in the future also.

Repeat management is not an issue with XML reports. The system is capable of receiving XML reports where the above fields are repeated, and the current XML files will be accepted also, similarly to CSV reports.

The above amendments are installed in the KELER test system; however, for the time being, in the case of CSVs only the new reports with increased number of columns will be accepted. The development package to manage both CSV formats as described above (the currently existing format and the new format with field repeats) is expected to be installed by the end of the week after the date of this document. XML reports are ready to be tested (regardless whether the delivery part referred to is repeated or not).

Delivery related field repeats are relevant for the following report types:

- Reported Trade
- Reported Trade CL
- Modification
- Modification CL

If the delivery package to be installed for testing can manage both CSV templates (existing and extended), the package will go live at the end of March.

MODIFICATION DATE FIELD

As indicated earlier, the repository introduced the so-called Modification date field, a new field in Modification messages.

KELER ensures that the date of report sending is automatically entered into this new field, thus the message is forwarded in line with the requirements of the repository. Thus, clients reporting through KELER do not have to take steps related to this new field.

Making this field mandatory would have made it necessary to change the current Modification message structure (new CSV and XML templates).

In this case also we opted to give the client the possibility to complete the field. In the current version of the KELER test system it is possible to submit reports with and without completing this field.

After the go-live at the end of March, the new system will apply this method also.

Therefore, if the Modification date field is completed in Modification messages, the report is forwarded with the value entered, if the field is not completed, KELER automatically enters the report sending date in the field.

REPORTS CREATED BY KELER CCP

KELER CCP automatically implements the necessary amendments due to the above described new validation rules in the reports it creates (for both trades between KELER CCP and Clearing Members and trades between Clearing Members and Principals), thus clients do not need to take action related to this change.

WORKING GROUP TO DISCUSS EMIR REPORTING

In the past month we have been informed on several occasions that there is a need to meet market participants periodically and discuss important changes.

KELER is open to such initiatives and is ready to organize and coordinate consultations of this nature.

We believe that one of the topics this working group could discuss is the creation of the unique trade identifier (UTI or TRADE ID) to be used by both counterparties. Many of you informed us that it would be useful to create a Hungarian market standard for the trade identification code to be used in OTC trade reports, based on which all market participants could report trades to make sure that the repository can match trades also.

EMIR II could be the other major topic as it brings novelties mainly related to the reporting obligation. The final report, currently awaiting approval by the Committee, can be downloaded from the web site of ESMA.

The report can be found at:

https://www.esma.europa.eu/sites/default/files/library/2015/11/2015-esma-1645_-_final_report_emir_article_9_rts_its.pdf

Unfortunately, the current report structure will need to be changed and a relatively high number of new fields will be created in the wake of this report.

We believe that this topic could also be covered at the consultation.

CONTACT PERSON

All our clients designated their contact persons. The contact person has a role identical to the role of other users, but the contact person receives newsletters, client information and any errors are communicated to the contact person.

We have found that one contact person per client is not enough as necessary information is not forwarded in time if the contact person is absent for a prolonged period of time. Also, some of the earlier assigned contact persons no longer work for the company that stated them as contact persons.

Therefore you are kindly requested to send the details (name, e-mail address, phone number) of the current and the new contact persons to this e-mail address: tradereporting@keler.hu. All information will be sent to these persons in the future.

Please also let us know if you find the creation of the above described working group useful.

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Should you have any questions related to the above, please do contact the following KELER Group colleagues:

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