

EMIR Refit: Key Changes and Considerations

01 May 2024

The European Market Infrastructure Regulation ("EMIR") was designed to increase the stability of the derivative markets throughout European market states. EMIR applies to entities that enter into derivative transactions and under the regulation, counterparties to derivative trades are required to provide Trade Repositories with information regarding derivatives trades. Subsequently, a key component of EMIR is the reconciliation of derivative transactions between an investment vehicle's books and records against the records of the Trade Repositories, ensuring that requisite derivative contracts have been reported in a complete, accurate and timely manner.

The EMIR Regulatory Fitness and Performance Programme ("Refit"), an amendment to the regulation, will become operational later this year with effect from 29 April 2024 for European Union entities and from 30 September 2024 for UK entities. It aims to further enhance transparency, simplify reporting, and improve data quality as it relates to both new and outstanding derivatives transactions. The EMIR Refit introduces several changes including:

- An increase in the total number of reporting fields and amendments to existing reporting fields;
- An upgrade to ISO 20022 messaging format, the standard of communication for financial data already used under other regulatory regimes;
- The use of Unique Product Identifiers ("UPIs") and Unique Trade Identifiers ("UTIs") reporting requirements; and
- Additional reconciliation requirements and responsibilities related to reporting breaches, errors or omissions.

As financial institutions and market participants prepare for the changes that the EMIR Refit will usher in, it is important that they take stock of their current operations to ensure they are equipped to successfully navigate the EMIR Refit, including EMIR reconciliations. Entities that currently complete their own EMIR reconciliations may need to make changes to their current systems and processes to ensure compliance with the new framework. Similarly, those who outsource their reconciliations should ensure that their service providers are aware of and have the infrastructure necessary to support the requirements introduced by the EMIR Refit.

The Maples Group provides both legal and operational support to banks, fund managers and swap counterparties in meeting the ongoing obligations of EMIR, including an EMIR data management and reconciliation solution on a standalone basis, or as part of a comprehensive suite of regulatory and compliance services which also supports AIFMD, Form PF, UCITS, Form CPO-PQR, and FATCA and CRS. Drawing on our resources and professional expertise, and supported by our best of breed technology, we maintain the relevant trade and position data for the investment vehicle. Subsequently, reconciliations are performed against the trade repository, reconciliation breaks are investigated, and reconciliation reports are provided. Our data management is well versed in the changes that the EMIR

Refit introduces, helping ensure our clients are effectively supported in meeting their regulatory obligations.