

Communication

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Communication regarding the new EMIR reporting standards

Scope of application

All financial and non-financial entities (hereafter referred to as *the entities*) under supervision of the National Bank of Belgium (hereafter referred to as *the Bank*).

Summary

This communication draws the attention of the entities on the changes to the reporting standards of the European Market Infrastructure Regulation (EMIR)¹ that will apply from 29 April of 2024 onward.

Dear Madam

Dear Sir

The National Bank of Belgium would like to remind all entities under its supervision that the changes to the EMIR reporting standards approved by the European Parliament last year will apply from 29 April 2024 onward.

The Bank would like to draw in particular the attention of the entities the following changes.

ISO 20022 XML Reporting format

Article 1 of Regulation EU 2022/1860 requires that entities report the details of their derivatives contracts in accordance with the ISO 20022 format. Furthermore, Trade Repositories (TRs) will be required to communicate the reconciliation status as well as the *end-of-day* status of the reports submitted by the entities also in accordance with the ISO 20022 standard². This means that the use of any reporting format other than the ISO 20022 will be forbidden in the future. The *end-to-end* application of the ISO 20022 reporting format is expected to significantly enhance the quality of the EMIR data by reducing the risk of discrepancies between the reports submitted by the counterparties to a derivative contract. As such, the

¹ Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

² See Articles 1, 3 and 4 of Regulation EU 2022/1858.

Bank expects that all entities that are subject to the reporting obligation update their reporting processes to fulfil this new requirement.

Harmonisation of EMIR reporting with the guidance provided by the CPMI/IOSCO

The new reporting standards not only introduce modifications to the reporting format but also to the content of the information reported by the counterparties. These changes will further align the EMIR reporting rules to the guidance provided by the Committee on Payments and Market Infrastructures-International Organisation of Securities Commission (CPMI-IOSCO) on the definition and format of key data elements reported to TRs such as the *Unique Transaction Identifier* (UTI) and *Unique Product Identifier* (UPI).

Under the new reporting rules, the information referring to the exchange of collateral between counterparties will be reported in a separate table.³ This change allows to distinguish more clearly between valuation updates of a derivative (portfolio) itself from valuation updates of the collateral that is used to mitigate the risk of a derivative (portfolio). Furthermore, the inclusion of a number of new reporting fields allows a more accurate characterisation of life cycle events of derivatives contracts, e.g., the *event-type* and the *event-date*.

The Bank would like to remind that these changes will apply to all the reports submitted by the entities, irrespective of the execution date of the contracts. That is, they will apply to contracts entered on or after the start of the new reporting framework, as well as to any update (e.g., valuation), modification and termination of contracts entered prior to the start of the new reporting framework. In order to facilitate the transition between today's and the new reporting framework, Article 10 of Regulation EU 2022/1860 foresees a period of 180 calendar days within which counterparties can update the information regarding contracts that have been entered into prior to the new reporting scheme.

Arrangements for reporting.

Article 9 of Regulation EU 2022/1860 introduces additional requirements regarding the procedures that financial counterparties (FCs) need to put in place when they are responsible and legally liable for reporting the details of OTC derivative contracts on behalf of non-financial counterparties that are not subject to the central clearing obligation (so called NFC- counterparties). These procedures shall allow the relevant non-financial counterparties to provide the financial counterparty with the details of the OTC contract that the FC cannot be reasonably expected to possess. Furthermore, FCs are also required to establish procedures that allow the relevant non-financial counterparties (NFC-) to renew their LEI as well as to timely inform the FC about changes in their status pursuant Article 10 (1) of EMIR.

Article 9 of Regulation 2022/1860 requires that entities that are responsible for the reporting notify their competent authority of any significant reporting problem that arises, such as flaws in the reporting systems that would affect a significant number of reports, obstacles preventing the report submitting entity from sending reports to a TR within the deadline and significant issues resulting in reporting errors that would not cause a rejection by the TR.

A number of entities have voluntarily informed the Bank in the past when they have had reporting problems. The Bank highly welcomes this. At the same time, the Bank would like to stress that informing the competent authority will be a legal obligation under the new reporting standards. As such, counterparties are encouraged to use the template that ESMA has published in its website for submitting these notifications to the Bank.⁴

Feedback provided by Trade Repositories

Article 3 of Regulation 2022/1858 defines a set of actions and controls that TRs need to perform to increase the reporting quality. TRs will be required to provide daily feedback to the counterparties on the reports that they reject and on the reasons that led to a rejection. TRs will also provide feedback on the

³ See appendix of Regulation EU 2022/1860 and of Regulation EU 2022/1855.

⁴ See the 'template for notification of errors and omissions in reporting' in the list of references provided at the end of this letter.

reconciliation status of the information reported by both counterparties to a derivative contract, and they will need to inform the counterparties when contracts are reported without valuation or when the valuation is outdated.

The Bank strongly encourages the entities to use the feedback provided by the TRs in the *end-of-day* response mechanism with the objective of identifying and structurally correcting deficiencies in their reporting processes.

We will send an electronic copy of this communication to the statutory accredited auditor(s) of your institution.

Yours truly,

[SIG:A]
STEVEN
VANACKERE

Digitally signed
by [SIG:A] STEVEN
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Pierre Wunsch
Governor

References:

- [Regulation \(EU\) No 648/2012](#) of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.
- [Implementing Technical Standard 2022/1860](#): Commission Implementing Regulation (EU) 2022/1860 of 10 June 2022 laying down implementing technical standards for the application of Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to the standards, formats, frequency and methods and arrangements for reporting.
- [Regulatory Technical Standard 2022/1855](#): Commission Delegated Regulation (EU) 2022/1855 of 10 June 2022 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards specifying the minimum details of the data to be reported to trade repositories and the type of reports to be used.
- [Regulatory Technical Standard 2022/1858](#): Commission Delegated Regulation (EU) 2022/1858 of 10 June 2022 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards specifying the procedures for the reconciliation of data between trade repositories and the procedures to be applied by the trade repository to verify the compliance by the reporting counterparty or submitting entity with the reporting requirements and to verify the completeness and correctness of the data reported.
- [EMIR Reporting Guidelines](#): Final Report published by ESMA containing the Guidelines for reporting under EMIR.
- [Template for notification of errors and omissions in reporting](#): Validation rules, reconciliation tolerances and template for notification of errors and omissions in reporting, prepared by ESMA.
- [Website of ESMA containing all relevant information regarding EMIR reporting](#).