



Association of European Energy Exchanges

- Position paper -

## **Europex supports EMIR Refit but calls for deletion of Amendment 4 in line with the overall intention to simplify and streamline**

Brussels, 19 March 2018 | **Europex strongly supports the EMIR Refit process and welcomes the ECON draft report as well as the intended simplification of reporting obligations and improvement of data quality. We especially value the aim to achieve a reduction of costs for market participants and to extend the possibilities of choice for clearing members.**

**However, we are highly concerned about Amendment 4 as tabled on 26 January 2018 in the Langen draft report<sup>1</sup>.** We fear that the amendment, which states that: *'The CCP should report to the TR specified by the counterparty. Clearing members and their clients should be able to choose where to report their ETD transactions.'* will actually achieve the opposite, hence we **support maintaining the original wording by the Commission**. Given that one of the key aims of the EMIR Refit proposal is to achieve "simpler or reduced requirements of EMIR, with a view to reducing the administrative burden of the Regulation on stakeholders", we consider that the requirement as laid out in Amendment 4 would not only increase the administrative burden for CCPs but also for the reporting counterparties themselves.

Currently, some reporting counterparties choose to report their trades to more than one Trade Repository (TR), depending on the asset class. If Amendment 4 was to be adopted, this would mean that whilst these reporting counterparties will no longer have the obligation to report the trades themselves, they will however be left with the management of where different types of trades have been reported to. This additional complexity, and indeed extra administrative burden, of routing different trades to different trade repositories will introduce more logistical and operational risk onto the CCP, in ensuring that the right trades get reported to the right trade repositories.

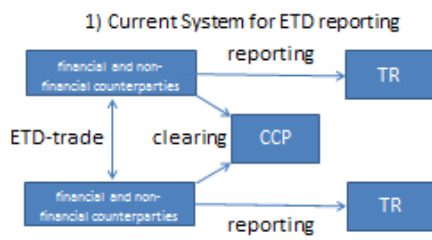
**In order to be compliant with the requirement to allow clearing members and their clients to choose where to report their ETD transactions, CCPs would in practice have to enter into contractual and compliance arrangements with all eight European TRs currently authorised by ESMA, as well as any future recognised third country TR; thereby in fact reducing the intended streamlining effect sought by the ETD single-sided reporting obligation.** Furthermore, CCPs will have to build and maintain separate Application Programming Interface (API) connections to all authorised TRs at a cost. The latter would eventually be passed on to the clearing members, their clients and ultimately the final consumers.

**Europex is therefore in favour of maintaining the original wording by the European Commission in order to achieve the aim of reducing costs for market participants and simplifying and streamlining the ETD reporting process.**

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<sup>1</sup> <http://www.europarl.europa.eu/sides/getDoc.do?type=COMPART&reference=PE-616.810&format=PDF&language=EN&secondRef=01>

The below simplified flowchart highlights the different ETD reporting options:



2) European Commission proposed system for ETD reporting

