

European Market Infrastructure Regulation Rules sourcebook

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EMIRR 1 Definitions, application and purpose

- 1.1 Application
- 1.2 Purpose
- 1.3 Definitions

EMIRR 2 Procedures for ensuring data quality

- 2.1 Verification of derivatives by trade repositories
- 2.2 Procedure for updates of the LEIs
- 2.3 Reconciliation of data by trade repositories
- 2.4 End-of-day response mechanisms

Chapter 1

Definitions, application and purpose

1.1 Application

- 1.1.1
- G
- The rules in this sourcebook apply to trade repositories registered in accordance with Article 55 of Regulation (EU) No 648/2012.
- 1.1.2
- R
- The applicable rules and guidance in *GEN* apply to trade repositories registered in accordance with Article 55 of Regulation (EU) No 648/2012.

1.2 Purpose

1.2.1

- G** The purpose of the rules in this sourcebook is to impose requirements on trade repositories in relation to:
- (1) procedures for the effective reconciliation of data between trade repositories;
 - (2) procedures to verify compliance by counterparties and CCPs with the reporting obligation under Article 9 of Regulation (EU) No 648/2012; and
 - (3) procedures to verify the completeness and correctness of the data reported.



1.3 Definitions

1.3.1

G Where a term is defined in Regulation (EU) No 648/2012, that definition shall apply for the purposes of this sourcebook.

Chapter 2

Procedures for ensuring data quality

2.1 Verification of derivatives by trade repositories

2.1.1

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A trade repository shall verify all of the following in a received derivative:

- (1) the identity of the report submitting entity as referred to in field 2 of Table 1 and field 2 of Table 3 of the Annex to the EMIR Technical Standards on the Standards, Formats, Frequency and Methods and Arrangements for Reporting 2023;
- (2) that the XML template complies with the ISO 20022 methodology referred to in Article 2 of the EMIR Technical Standards on the Standards, Formats, Frequency and Methods and Arrangements for Reporting 2023 is used to report the derivative;
- (3) that the report submitting entity, if different from the entity responsible for reporting as referred to in field 3 of Table 1 and field 3 in Table 3 of the Annex to the EMIR Technical Standards on the Standards, Formats, Frequency and Methods and Arrangements for Reporting 2023, is duly authorised to report on behalf of the Counterparty 1 or entity responsible for reporting, if different from Counterparty 1, as referred to in field 4 of Table 1 and field 4 in Table 3 of the Annex to the EMIR Technical Standards on the Standards, Formats, Frequency and Methods and Arrangements for Reporting 2023;
- (4) that the same derivative has not been submitted previously;
- (5) that a derivative report with action type 'Modification', 'Margin Update', 'Valuation', 'Correction', 'Error' or 'Terminate' relates to a previously submitted derivative;
- (6) that a derivative report with action type 'Modification' does not relate to a derivative that has been reported as cancelled with action type 'Error' and which has not been subsequently reported with action type 'Revive';
- (7) that a derivative report does not include the action type 'New' in respect of a derivative that has previously been reported;

- (8) that a derivative report does not include the action type 'Position component' in respect of a derivative that has previously been reported;
- (9) that a derivative report does not purport to modify the details of fields 'Counterparty 1' or 'Counterparty 2' to a previously reported derivative;
- (10) that a derivative report does not purport to modify an existing derivative by specifying an effective date later than the reported maturity date of the derivative;
- (11) that a derivative reported with action type 'Revive' relates to a previously submitted derivative report with action type 'Error' or 'Terminate' or to a derivative that has matured; and
- (12) the correctness and completeness of the derivative report.

2.1.2

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A trade repository shall reject a derivative report that does not comply with one of the requirements set out in ■ EMIRR 2.1.1R and assign to it one of the rejection categories set out in the following table:

Rejection categories	Reason
Schema	the derivative has been rejected, because of non-compliant schema.
Permission	the derivative has been rejected because the report submitting entity is not permitted to report on behalf of the reporting counterparty or the entity responsible for reporting.
Logical	the derivative has been rejected because the action type for the derivative is not logically correct.
Business	the derivative is rejected because the derivative does not comply with one or more content validations.

2.1.3

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A trade repository shall provide the report submitting entities with detailed information on the results of the data verification referred to in ■ EMIRR 2.1.1R within 60 minutes of receiving a derivative report. A trade repository shall provide the results in an XML format and a template developed in accordance with the ISO 20022 methodology. The results shall include the specific reasons for the rejection of a derivative report in accordance with the table in ■ EMIRR 2.1.2R.

2.2 Procedure for updates of the LEIs

- 2.2.1** **R** A trade repository to which a request under Article 9 of the EMIR Technical Standards on the Standards, Formats, Frequency and Methods and Arrangements for Reporting 2023 is addressed shall identify the derivatives referred to in points (a) and (b) of Article 3(2) of the technical standards at the time of the corporate restructuring event where the entity is reported with the old identifier in the field 'Counterparty 1' or 'Counterparty 2', as informed in the relevant request, and shall replace the old identifier with the new LEI in the reports relating to all those derivatives at the time of the event referred to in Article 9 of the technical standards pertaining to that counterparty. A trade repository shall perform the procedure on the update of the identifier at the latest on the day of restructuring or within 30 calendar days as of receipt of the request if reported less than 30 calendar days prior to the date of the corporate restructuring event.
- 2.2.2** **R** A trade repository shall identify the relevant derivatives referred to in points (a) and (b) of Article 3(2) of the EMIR Technical Standards on the Standards, Formats, Frequency and Methods and Arrangements for Reporting 2023 at the time of the corporate restructuring event where the entity is identified with the old identifier in any of the fields and replace that identifier with the new LEI. Where a corporate restructuring event relates to an update of the LEI for fields other than 'Counterparty 1' or 'Counterparty 2', the trade repository shall perform such an update of the relevant derivatives only following a timely confirmation by the Counterparty 1 or the entity responsible for reporting.
- 2.2.3** **R** A trade repository shall carry out the following actions:
- (1) Following the receipt of the relevant confirmation under
 - EMIRR 2.2.2R, implement the change as of the date referred to in
 - EMIRR 2.2.1R.
 - (2) Broadcast the following information at the earliest possibility and no later than 5 working days after the complete notification is received to all the other trade repositories and to the relevant reporting counterparties, report submitting entities, entities responsible for reporting, as well as third parties which have been granted access to information under Article 78(7) of Regulation (EU) No 648/2012, as applicable, involved in the derivatives contracts concerned by the LEI change:
 - (a) old identifier(s);
 - (b) the new identifier;

- (c) the date by which the change shall be done; and
 - (d) in the case of corporate events affecting a subset of the derivatives outstanding at the date of the event, the list of the UTIs of the derivatives concerned by the LEI change.
- (3) Notify, at the latest the working day before the date on which the change is applied, the entities listed in Article 81(3) of Regulation (EU) No 648/2012 that have access to the data relating to the derivatives that have been updated, through a specific file in machine readable format, including:
 - (a) old identifier(s);
 - (b) the new identifier;
 - (c) the date by which the change shall be done; and
 - (d) in the case of corporate events affecting a subset of the derivatives outstanding at the date of the event, the list of the UTIs of the derivatives concerned by the LEI change.
- (4) Record the change in the reporting log.

2.2.4

R A trade repository shall not update the LEIs reported for derivatives different from those referred to in points (a) and (b) of Article 3(2) of the EMIR Technical Standards on the Standards, Formats, Frequency and Methods and Arrangements for Reporting 2023 at the time of the corporate event.

2.3 Reconciliation of data by trade repositories

- 2.3.1** **R** A trade repository shall seek to reconcile a reported derivative by undertaking the steps set out in ■ EMIRR 2.3.3R, provided that all of the following conditions are met:
- (1) the trade repository has completed the verifications set out in ■ EMIRR 2.1.1R and ■ EMIRR 2.1.2R;
 - (2) both counterparties to the reported derivative have a reporting obligation; and
 - (3) the trade repository has not received a report with the action type 'Error' in respect of the reported derivative, unless it has been followed by a report with action type 'Revive'.
- 2.3.2** **R** A trade repository shall have arrangements in place to ensure the confidentiality of the data exchanged with other trade repositories and when providing information to reporting counterparties, report submitting entities, entities responsible for reporting as well as third parties which have been granted access to information under Article 78(7) of Regulation (EU) No 648/2012 about the values for all the fields that are subject to reconciliation.
- 2.3.3** **R** Where all the conditions of ■ EMIRR 2.3.1R are met, a trade repository shall undertake the following steps, while using the latest reported value for each of the fields in Tables 1 and 2 of the Annex to the EMIR Technical Standards on the Standards, Formats, Frequency and Methods and Arrangements for Reporting 2023 as of the previous working day:
- (1) a trade repository that has received a derivative report shall verify whether it has received a corresponding report from or on behalf of the other counterparty;
 - (2) a trade repository that has not received a corresponding derivative report, as referred to in ■ EMIRR 2.3.3(1), shall attempt to identify the trade repository that has received the corresponding derivative report by communicating to all registered trade repositories the values of the following fields of the reported derivative: 'Unique Transaction Identifier', 'Counterparty 1' and 'Counterparty 2';
 - (3) a trade repository that determines that another trade repository has received a corresponding derivative report, as referred to in ■ EMIRR 2.3.3 (1), shall exchange with that trade repository the details

of the reported derivative in an XML format and a template developed in accordance with the ISO 20022 methodology;

- (4) a trade repository shall treat a reported derivative as reconciled where the details of the derivative subject to reconciliation substantially match the details of the corresponding derivative, as referred to in ■ EMIRR 2.3.3(1);
- (5) a trade repository shall subsequently assign values for the reconciliation categories for each reported derivatives transaction, as set out in the table in ■ EMIRR 2.3.3AR;
- (6) a trade repository shall conclude the steps in ■ EMIRR 2.3.3 (1) to ■ (5) at the earliest opportunity and shall take no such steps after midnight Coordinated Universal Time on a given working day; and
- (7) a trade repository that cannot reconcile a reported derivative shall seek to match the details of that reported derivative on the following working day. The trade repository shall no longer seek to reconcile the reported derivative 30 calendar days after the derivative is not outstanding.

2.3.3A

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Trade repositories shall use the following table for the purposes of ■ EMIRR 2.3.3R(5).

Table of Values for Reconciliation categories

Reconciliation categories	Allowable values
Reporting requirement for both counterparties	Yes/No
Reporting type	Single-sided/dual-sided
Pairing	Paired/unpaired
Reconciliation	Reconciled/not reconciled
Valuation reconciliation	Reconciled/not reconciled
Revived	Yes/No
Further modifications:	Yes/No

2.3.4

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A trade repository shall confirm the total number of paired and reconciled derivatives with each trade repository with which it has reconciled derivatives at the end of each working day. A trade repository shall put in place written procedures for ensuring the resolution of all discrepancies identified in this process.

2.3.5

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No later than 60 minutes after the conclusion of the reconciliation process as set out in ■ EMIRR 2.3.3R(6), a trade repository shall provide the report submitting entities, with the results of the reconciliation process performed by it on the reported derivatives. A trade repository shall provide the results in an XML format and a template developed in accordance with the ISO 20022 methodology, including information on the fields that have not been reconciled.

2.4 End-of-day response mechanisms

2.4.1

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For each working day, a trade repository shall make available to the reporting counterparties, report submitting entities, entities responsible for reporting and third parties which have been granted access to information under Article 78(7) of Regulation (EU) No 648/2012, as applicable, the following information on the relevant derivatives in an XML format and a template developed in accordance with the ISO 20022 methodology:

- (1) the derivatives reported during that day;
- (2) the latest trade states of the outstanding derivatives;
- (3) the derivative reports that have been rejected during that day;
- (4) the reconciliation status of all reported derivatives subject to reconciliation pursuant to ■ EMIRR 2.3.1R;
- (5) the outstanding derivatives for which no valuation has been reported or the valuation that was reported is dated more than 14 calendar days from the day for which the report is generated;
- (6) the outstanding derivatives for which no margin information has been reported or the margin information that was reported is dated more than 14 calendar days from the day for which the report is generated; and
- (7) the derivatives that were received on that day with action type 'New', 'Position component', 'Modification' or 'Correction' whose notional amount is greater than a threshold for that class of derivatives.

2.4.2

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A trade repository shall provide such information no later than 09:00 Coordinated Universal Time on the following working day to which the information provided in ■ EMIRR 2.4.1R refers to.