

EMIR messages to the trade repositories Regis-TR and DTCC

The European Market and Infrastructure Regulation (EMIR) challenges the financial services industry with the task of reporting all derivatives transactions to a trade repository (TR). As Profidata customers also use derivatives for risk management, a Reporting Set was implemented in XENTIS when the new regulation came into force on 12 February 2014. The Reporting Set enables daily delivery of data to the trade repositories Regis-TR and DTCC as required by EMIR.

BACKGROUND

According to the EU Regulation EMIR 648/2012 and the European Securities and Markets Authority (ESMA) responsible for its implementation, all derivative transactions must be reported to a TR by both counterparties no later than the next working day. ESMA specifies around 130 data fields to be filled in the TR message.

The TR messages can be sent to a TR approved by the EU, whereby each TR places additional specific requirements on the respective TR file format and the delivery process. The connection of specific TRs is carried out in consultation with our customers. The individual modelling of the transactions and instruments by our customers in XENTIS and the difference in terminology between XENTIS and the TR message make the implementation of a standard solution very challenging.

IMPLEMENTATION

When implementing the TR messages, attention was paid from the very start to a high degree of parameterisation and traceability (control). A daily reporting obligation means it must be possible for new or amended transactions to be included in the report as swiftly as possible and without too much effort in implementation.

A XENTIS Business Rules (BR) set is employed as a central parameterisation layer, and this is provided to the customer in a basic configuration. The customer can use this as a basis for individual settings and check it with the help of BR simulations.

The significant data inventory means that the simulation of BR is advantageous, as it allows every individual attribute to be verified for the correct parameterisation and integrity across all transactions.

Data is output via a system-integrated scripting Financial Analysis Language (FINAL). Before being forwarded to a TR, the data generated through BR are augmented with data from accounting and from the opening transaction. All the reporting types required by ESMA are processed: New, Modify, Cancel, Compression, Error, Valuation Update and Other. In order to be able to process the message types correctly, a logic module has been integrated to identify the relevant Life Cycle Events. Allowance is also made for the fact that the Unique Trade Identifier (UTI) is often unavailable at the time of reporting, and this triggers the production of an interim UTI in XENTIS. As all derivative holdings must (as of 16 August 2012) be delivered initially to the relevant TR, the EMIR reporting module also has a function that handles the backloading of historical positions as required by EMIR.

The entire data preparation process is part of the EMIR reporting module (main module) (Fig. 1). The main module is supplemented by several sub-modules (EMIR repository

module per TR), which allows Profidata customers to choose between the different TRs. The content and format of the output files are therefore separated and ensure the timely connection of the TR. In addition, customers are able to deliver data to several TRs in parallel. For example, different transaction types such as OTC or ETD can be assigned to different TRs. At present the sub-modules for Depository Trust and Clearing Corporation (DTCC) and European Trade Repository (REGIS-TR) are available for customers to use. The modular architecture allows the connection of additional TRs at any time. The TR message can be triggered manually via a configurable GUI for report generation or automatically through integration into the XENTIS Job Manager, and then stored in the desired destination folder.

In addition to the output file for the TR message, the EMIR reporting module also makes the detail lists "Contract Parties" and "Contract Data" available (Fig. 2), which are used for checking the underlying data. In addition, the EMIR reporting includes a processing log that issues comments, warnings or errors about the report processing or the process status.

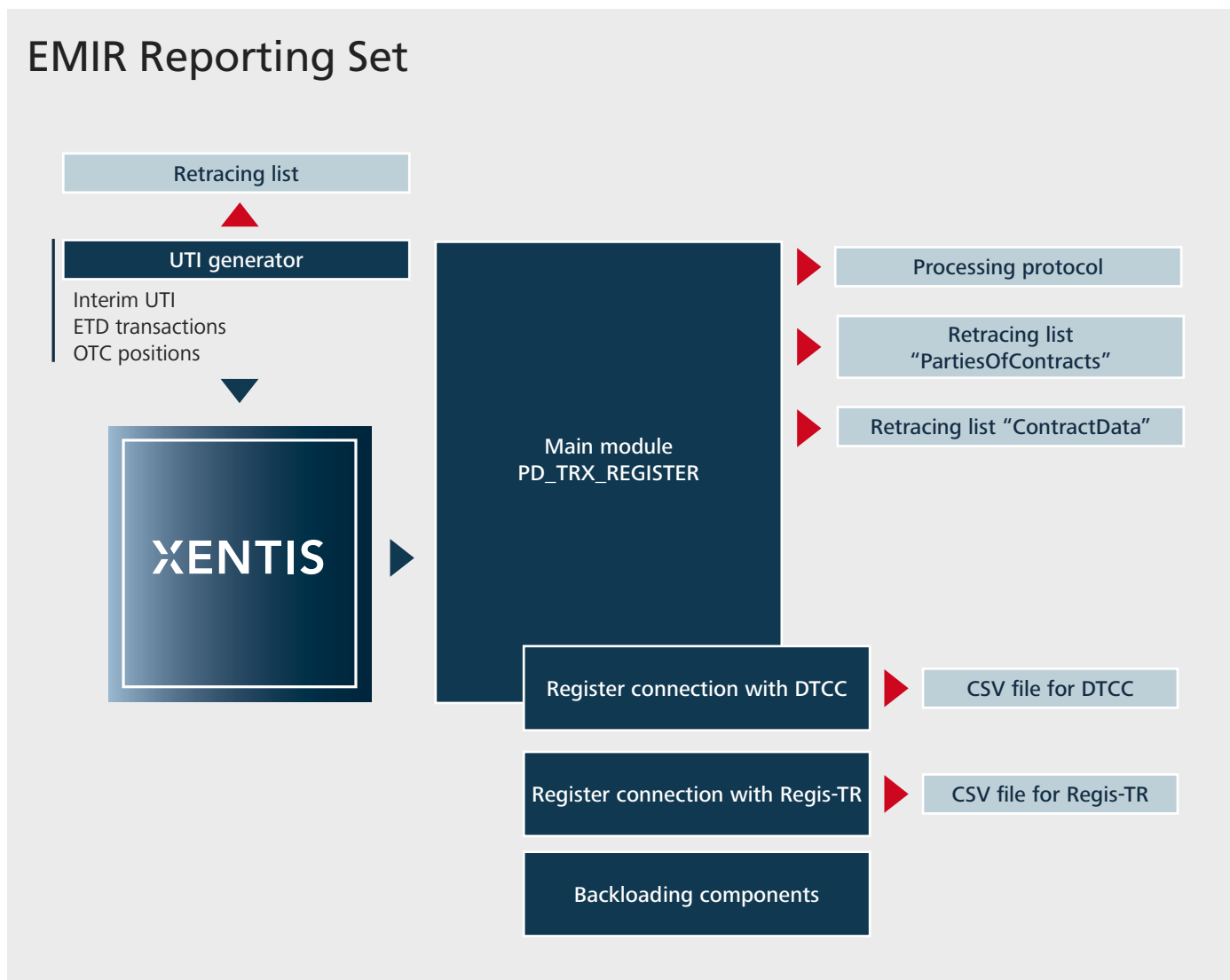


Fig. 1: EMIR Reporting Set

CONCLUSION

The EMIR reporting set covers all TR message types and all derivative financial instruments. The modular structure enables the connection of any trade repository. The daily reporting obligation requires a stable and automated solution that is assured by the choice of the tried and tested XENTIS functionalities Business Rules and FINAL. The advantage of this setup is not being tied to a release update, which means modifications can be implemented very quickly.

Detail List: Contract Parties						XENTIS
Asset Class	InstrType Name	ID Typ Counterparty	ID Counterparty	ID Typ Other Counterparty	ID Other Counterparty	
OT	Future Index-Div.	LIE	610011EVNW12MTLP5W82	KEI	649300WCG870D06X2S55	
CU	FXF Sell	LIE	610011EVNW12MTLP5W82	BEN	4LTWFZYICNSX8D621K97	
IR	PAYER SWAP	LIE	610011EVNW12MTLP5W82	SAL	1PQUHN3JPF6FN3BB652	

Detail List: Contract Data									XENTIS
OTC or ETD	InstrType Name	Product-ID 2	Currency 1	Trx-ID	Interim UTI	Quantity	Start Day	End Day	
ETD	Future Index-Div.	FU	EUR	4476064	4476064_POS	110'000	2012-05-04	2014-12-19	
OTC	FXF Sell	OT	JPY	4695442	4695442_TRX	200'000'000	2012-06-18	2018-04-24	
OTC	PAYER SWAP	SW	EUR	5101047	5101047_TRX	50'000'000	2012-04-19	2022-04-19	

Fig. 2: Extract from the detail lists 'Contract Data' and 'Contract Parties'

For further information, please contact

Dr. Frank Jenner
Management Board
+41 44 736 47 47
frank.jenner@profidata.com

SWITZERLAND
Bändliweg 30
8048 Zurich

GERMANY
Stephanstrasse 3
60313 Frankfurt am Main

LUXEMBOURG
5 Rue Gabriel Lippmann
5365 Munsbach

UNITED KINGDOM
New Derwent House
69-73 Theobalds Road
London, WC1X 8TA

SINGAPORE
75 High Street
Singapore 1794351

info@profidata.com
www.profidata.com

