MarkitSERV for EMIR (ESMA) Regulatory Reporting

Frequently Asked Questions

EMIR/ESMA reporting mandate

"All OTC derivative and ETD transactions (cleared and un-cleared) must be reported to a Trade Repository (TR)…no later than T+1"

Milestone dates:

— ESMA RTS (regulatory technical standards) in force since March 15 2013

— Credit and IRS reporting due to start November 2013 (or 90 days after first TR registration accepted)

— Other asset classes due to follow January 1 2014 (or 90 days after first TR registration accepted (for each asset class)

— Timely confirmation, electronically where possible, already a regulatory requirement (T+2 now; T+1 by February 28 2014). (Please note that MarkitSERV can provide confirmation 'timeliness' reports).

— Mandatory clearing expected from early 2014 for FC and NFC+

EMIR/ESMA regulatory reporting - FAQs

Is the first 'live' date for reporting - September 23 2013 for Credit/IRS trades – likely to move?

ESMA has stated that it is unlikely that they will approve any TRs until August 2013 meaning that the likely reporting date for credit and rates will be November 2013. However, counterparties need to be prepared with the connectivity and workflow in place to support reporting by the live date. Many firms will participate in a data staging (pilot) prior to the actual compliance date.

Is MarkitSERV ready now (and functional specification available)?

Yes. All documentation is available in the MarkitSERV Documentation and Download Portal available at **www.markitserv.com**

Does MarkitSERV support multi-jurisdictional reporting?

Yes. In addition to ESMA, MarkitSERV supports multijurisdictional reporting to CFTC, JFSA and ODRF. Each trade is evaluated independently for each jurisdiction and reported appropriately.

What about other regulatory regimes e.g. HKMA and MAS?

We will support reporting for other major jurisdictions / regulatory regimes.

What assets does MarkitSERV support for regulatory reporting?

MarkitSERV supports rates, credit, equity and FX derivatives.   MarkitSERV does not support Commodities or ETDs for regulatory reporting.

What about real-time public reporting required by MiFiR?

MarkitSERV will offer MiFiR reporting as part of its ESMA reporting solution when those requirements enter into force in 2014/5.

To which Trade Repositories is MarkitSERV connected?

We are connected currently to DTCC GTR, SDR and JTR. Where there is sufficient client demand, we will connect to other TRs, e.g. HKTR.

Reporting delegation

My counterparty banks say they can/will report to TRs for me?

Delegating reporting to bank counterparties is one solution. However:

— Unless all your bank counterparties do it, you still have to report some trades yourself. Also if parties begin to trade electronically and anonymously clients may face other clients and as such will need to have a reporting solution for these trades (even if all their banks report for them on their bank trades).
— Unless all your bank counterparties report both common and counterparty data (full delegation), you still have to report some trade information yourself
— Even if all your bank counterparties do report both common and counterparty data:
    — Dealers may use non-standardised values for certain fields making reconciliation difficult
    — Each dealer may report trades differently, for example, PET v snapshot or exit v termination - making reconciliation difficult
    — You need to maintain static counterparty data separately with every dealer
    — You need to deliver variable counterparty data to each dealer separately on a trade-by-trade basis on trade date.

What are the advantages of using MarkitSERV rather than delegating reporting to Dealers?

— Standard values for certain fields supports efficient reconciliation

— Standard reporting of trades (e.g. snapshots) supports efficient reconciliation

— You maintain static counterparty data with a single entity – MarkitSERV

— You provide variable counterparty data for each trade to a single entity – MarkitSERV

— You instruct a single entity - MarkitSERV

I don't see how it's possible to delegate reporting of the reason for a trade, for example, a hedge against XYZ, as required under the regulation?

This is a good example of the difficulties of delegating reporting to dealer counterparties since variable counterparty data must be transmitted to each of them on a trade by trade basis. MarkitSERV will report common (static) and counterparty (variable) data - such as reason for trade - for you for your trades against all counterparties.

Which clients report currently through MarkitSERV?

The majority of SDs and a number of Non-SD/MSPs in the US; FIBOs and RFIs in Japan and all G15 banks (ODRF reporting).

If we delegate reporting to MarkitSERV, do we still have to sign contracts with an authorised TR?

Each firm must select and sign up to each TR to which it is obliged to report.

Who chooses the TR?

You (but MarkitSERV can only report to TRs to which it is connected).

Single sided reporting

MarkitSERV has offered single sided functionality since 2004.This is now used widely for regulatory reporting.

How does MarkitSERV report trades when one counterparty (side) is not on the system?

The trade is booked against a single sided counterparty and we report the trade as normal (for one or both sides).

We are currently a MarkitSERV end user. Can we use single sided functionality to report our trades with corporate end-user clients?

Yes

Can MarkitSERV report on a client's behalf when they don't go through MarkitSERV?

It's not necessary for both parties to be MarkitSERV users for us to report. However, we must have the requisite information to report. Provided that the other party (e.g. dealer) enters the trade using the single sided functionality we can report for the non-user.

Lifecycle event reporting

Does MarkitSERV support lifecycle event reporting? Does single sided reporting support lifecycle event reporting?

Yes. Credit, for example, uses a lifecycle approach while other asset classes use a snapshot approach. The ESMA lifecycle event is flagged within the snapshot report. (This is the same for single and double sided trades).

Non-standard trade reporting

How does MarkitSERV report structured/exotic trades that are not supported on the system?

In June 2012, MarkitSERV introduced a generic template to capture trades not supported by the full MarkitSERV reporting template. These trades are booked on the generic template and we report the trade as normal. (This particular functionality is used today by many firms for reporting – standard and regulatory).

I'm a Swiss bank trading OTC derivatives with European (EU) banks. What are my regulatory confirmation and reporting obligations?

You don't have to report but your European bank counterparties do.

Can I use MarkitSERV to submit collateral and valuation information to TRs?

No, MarkitSERV connectivity for firms is typically real-time STP on a transactional basis. End of day MTM valuation and collateral valuation data would require a batch upload to MarkitSERV for submission to the TR. Since firms can load a simple CSV file containing a handful of fields, including the end of day MTM valuation and collateral valuation, direct to the TR, there is limited value in providing the information to MarkitSERV to do the same.

MarkitSERV connectivity

Can I use MarkitSERV Trade Manager to report?

Yes. MarkitSERV Trade Manager is integrated with MarkitSERV's confirmation platforms DSMatch and MarkitWire to support regulatory reporting workflow.

Is the UTI created by MarkitSERV reflected in MarkitSERV Trade Manager during the confirmation process?

Yes

Can we report paper trades if we've used MarkitSERV Trade Manager to confirm them?

Yes, provided that they are entered into MarkitWire as single sided trades using either the full or generic template.

Is it possible to download information from MarkitWire or DSMatch without MarkitSERV Trade Manager?

Yes. All reporting information is available directly from MarkitWire and DSMatch as well as MarkitSERV Trade Manager.

Trade Identifiers

Where will the Legal Entity Identifier (LEI), Unique Trade Identifier (UPI) and UTI come from?

— LEI: You obtain the LEI from a LEI provider and provide it to us (data gathering). We then store it as static data and use it for your (and your counterparties) reporting.

— UPI/Product Taxonomy: UPIs do not yet exist. We store ISDA taxonomy values and use those for your (and counterparty) reporting.

— UTIs: We generate UTIs for each trade captured on the platform. Firms can provide and agree a different UTI if they wish but this is a much less efficient process.

How do I get an LEI for funds that are not legal entities?

An LEI can only be obtained for legal entities, not trusts or individuals. For other categories of entity, we will use your TR account ID to report transactions.

Where can I find more information about EMIR/ESMA reporting obligations?

— Information about MarkitSERV's EMIR/ESMA regulatory reporting solution is available in the MarkitSERV Documentation and Download Portal available at **www.markitserv.com**

— **Listen to our Webcast on EMIR Regulatory Reporting here** and **download our presentation here**.

— Contact **cag@markit.com**

General information about ESMA can be found at **www.esma.europa.eu**

General information

How will MarkitSERV keep me updated on my regulatory reporting obligations against milestone compliance dates?

— MarkitSERV hosts a weekly regulatory change Working Group for each asset class.

— We will continue to host periodic Webinars (all regions) and to provide updates on regulatory reporting milestones and how MarkitSERV helps industry participants to meet them.

Beyond regulatory reporting, what other benefits are there from using MarkitSERV?

In addition to real time regulatory clearing and reporting connectivity, MarkitSERV connects all industry participants for enhanced processing efficiency for OTC transactions. From a single trade submission, MarkitSERV supports real time Notices of Execution (trading venues to end users), matching and legal confirmation, electronic allocation delivery and novation consent (C=C), prime broker, clearing broker, IDB affirmation and SEF workflow solutions.

I'm a MarkitSERV customer, how do I get EMIR/ESMA regulatory reporting functionality?

You fill out a data gathering sheet and provide us with a limited amount of static counterparty data. Variable counterparty data can be provided on a trade by trade basis as required.

I'm not a MarkitSERV customer, where do I sign up?

Please contact **sales@markitserv.com**

What charges are associated with this service?

For bilaterally confirmed trades, reporting is included in the existing ticket cost and is free to the buy side. Single sided buy side trades incur a ticket cost (which would also include reporting).