EMIR Collateral and Valuation Reporting Mandate Information

On the 12th of August 2014, EU counterparties must begin to report relevant collateral and valuations to Trade Repositories under EMIR for their trades.

The data in question forms fields 17-26 of the Counterparty data table of the EMIR trade report.

The following advisory specifies the methodology CMECE will report for itself, for Clearing Members and Clients which have delegated to CMECE and recommends to its members in order for them to report independently to the trade repository of their choice in a uniform manner.

For the sake of clarity, CMECE will report collateral and valuation information for delegated parties automatically as part of the CMECE Delegated Reporting Service.

It should be noted that this advisory is currently accurate however should any variations be required, updates will be released.

Valuation

Field 17: Mark to Market Value of Contract

Per ESMA guidance, the absolute value should be reported.

For Futures and OTC asset classes operating a futures-style bookkeeping model:

[Settlement Price * Contract Value Factor * Net Quantity] should be reported.

OTC (Rates and FX)

NPV should be reported.
Field 18: Currency of mark to market value of the contract

The currency of the contract, ISO 4217 Currency Code, with 3 alphabetical digits should be reported.

Field 19: Valuation Date

Date of the valuation of the contract, ISO 8601 Date Format – YYYY-DD-MM should be reported.

Field 20: Valuation Time

Time of the valuation of the contract, UTC Time Format – hh:mm:ss should be reported.

Field 21: Valuation Type

CME Clearing Europe does not anticipate any contract which it will need to Mark to Model, therefore this field should be reported as “M” (Mark to Market).

Collateral

Due to the one-way nature of the collateral flow from Client to Clearing Member to CCP, CME Clearing Europe (CMECE), in conjunction with the European Association of Clearing Houses (EACH) and under the definition of field 25 “Value of Collateral” in the technical standards, will not report collateral values on reports against Clearing Members. Specifically a zero in Field 25 and field 24 shall be left empty. The following are recommendations for members as well as disclosure of the method by which delegated parties will be reported.

Field 22: Collateralisation

With regard to reports between Clearing members and CMECE, CMECE recommends reporting this as “U” (Uncollateralised) for reports from CMECE to the Clearing Member and “OC” (One Way Collateralised) from Clearing Members to CCP due to the nature of the collateral flow.

With regard to reports between Clearing members and Clients, CMECE recommends reporting this as “U” (Uncollateralised) for reports from Clearing Member to the Client and “OC” (One Way Collateralised) from Client to Clearing Member due to the nature of the collateral flow, with the notable exception of fully funded clients. These should be correctly reported as “U” (Uncollateralised).

Field 23: Collateral Portfolio

On the basis that CMECE and its Clearing Members are seeking to report collateral on a portfolio basis, this field should be reported as “Y” (Yes).

Field 24: Collateral Portfolio Code

As specified above, CMECE will report this field as empty for reports where it is reporting counterparty.
In order to adhere to the strict requirements set for this field, CMECE will be using a truncated version of the settlement account key for delegated reporting.

**Field 25: Value of the Collateral**

With regard to the reports between Clearing Member firms and CMECE, CMECE recommends the value reported to be a gross amount representing the collateral held against the net position of the Clearing Member with CMECE.

Where CMECE identifies an individual collateral account per client, this value shall be reported.

Where CMECE does not identify an individual collateral account per client, CMECE will utilise the margin requirement of the client or house account plus any pro-rata distribution of excess collateral held in that segregation account.

For Example:

Client A: Margin requirement = 7,500,000

Client B: Margin requirement = 10,000,000

Customer Excess = 5,000,000

If Client A participates in our Delegated Reporting service, the collateral distribution would = Margin Requirement + Pro-Rata Distribution.

Collateral Value: $7,500,000 + ((5,000,000 \times (7,500,000/(10,000,000+7,500,000))) = 9,642,857$

**Field 26: Currency of the Collateral Value**

CMECE will report the delegated collateral value will be in EUR, ISO 4217 Currency Code, 3 alphabetical digits.