CME ETR – EMIR Collateral & Valuation Data Reporting

CME Global Repository Services

CME Group

EMIR Reporting Requirements

Collateral and valuation reporting came into force for financial counterparties and NFC+ entities on 11 August 2014. NFC- (out of scope non-financial counterparties) do not have to report collateral and valuation.

Whether an NFC is classified as NFC+ or NFC- depends on whether they exceed the clearing threshold.

- The clearing threshold is applied to NFCs to determine whether the purpose for which it uses derivatives and the size of its exposures should trigger the clearing obligation (which will come in to force in due course but is also relevant for reporting purposes as per the above). It is the responsibility of the non-financial counterparty to determine whether or not its positions exceed the clearing threshold.

The NFC must include all the OTC derivative contracts entered into by it and by other non-financial entities within its group when calculating whether it exceeds the threshold (irrespective of whether those entities are located within or outside the EEA). Trades entered into for hedging purposes / commercial activity should not count towards the clearing threshold. ESMA clarified in the Q&A that derivative contracts executed on non-EU exchanges that are equivalent to a regulated market in accordance with Article 19(6) of MiFID do not count for the purpose of determining the clearing threshold (since they are deemed not to be "OTC"). However, derivatives traded on other non-EU exchanges will count for the determination of the clearing threshold.

NFCs have had to calculate whether they exceed the clearing threshold since March 2013 so all should be doing this already and should therefore know whether they are likely to be NFC+ or NFC- and therefore whether they needed to report collateral 180 days at the latest from the reporting commencement date (11 August 2014).

The relevant clearing thresholds are below:

- Credit derivatives. Gross notional value of EUR1 billion.
- Equity derivatives. Gross notional value of EUR1 billion.
- Interest rate derivatives. Gross notional value of EUR3 billion.
- Foreign exchange. Gross notional value of EUR3 billion.
- Commodity derivatives and other OTC derivatives not defined above. Gross notional value of EUR3 billion.

When a clearing threshold for one asset class is reached, the counterparty will be treated as exceeding the clearing thresholds for all classes of OTC derivative contracts. Therefore, if a NFC+ exceeds the threshold for equity derivatives, every other class of clearing-eligible derivative contracts would also have to be centrally cleared. Equally, an NFC will become an NFC+ where it exceeds the clearing threshold in any category and thereafter would need to report collateral for all asset classes from that point forward.

- **Key sources are:**
- - EMIR Art 9
- - EMIR RTS 148/2013 (Article 3 on reporting of exposures)
- - EMIR RTS 1247/2012 (Article 5 and Annex 1 which sets out the data fields and delay for reporting of exposures)
- - ESMA Q&A TR Question 3 - detail on reporting of collateral and valuation

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