



## Reporting experience in the EU

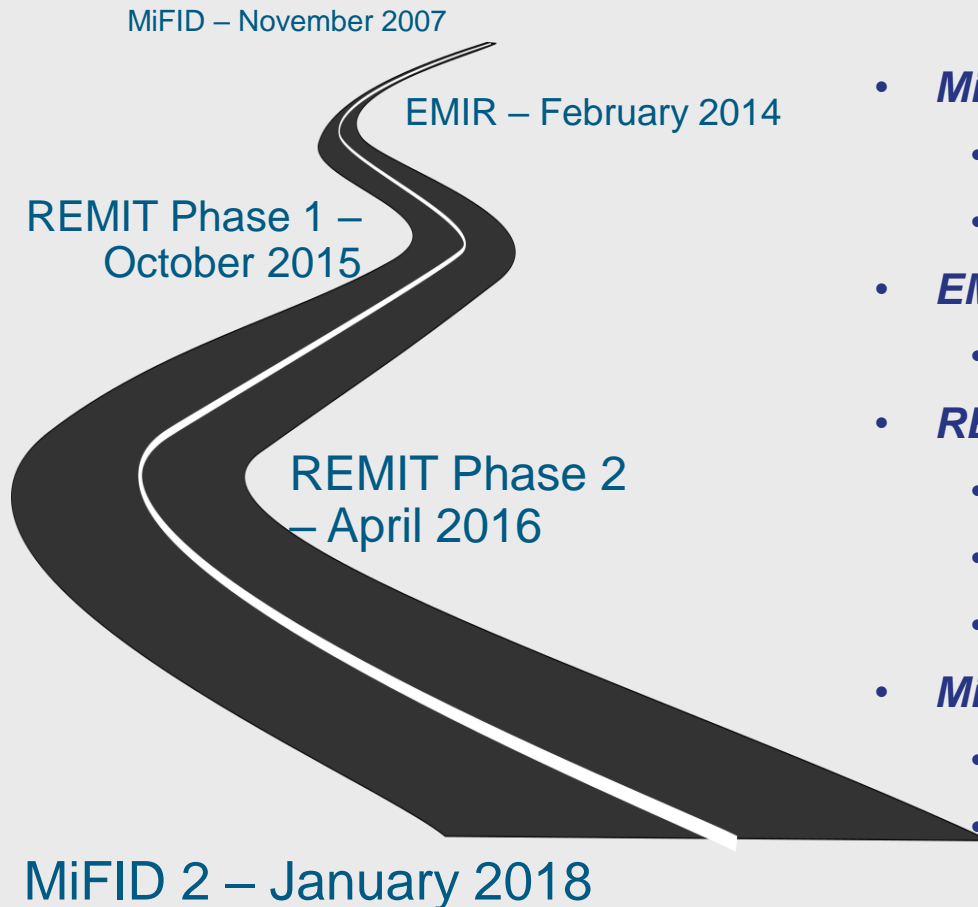
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# Regulatory Oversight – The Issue

- **Cleared vs OTC markets**
- **EU energy markets have ‘a foot in both camps’**
- **Regulated Markets (exchanges) provide regulatory transparency for derivative trading**
- **OTC markets represent more of a challenge**
- **Financial crisis of 2008 lead to:**
  - **Trade repositories**
  - **Regulatory reporting of derivative**

**Regulatory reporting brings regulatory transparency and oversight to cleared and OTC trading**

# Regulatory Oversight - Development



- **MiFID: Listed Derivative Contracts**
  - **Regulated Market (RG)**
  - **Multilateral Trading Facility (MTF)**
- **EMIR: Reporting of derivatives**
  - **OTC Brokers' discretion, not MTFs**
- **REMIT: Energy specific market abuse**
  - **Organised Market Places (OMPs)**
  - **Orders & Trades**
  - **Dual reporting exemption**
- **MiFID 2: Definition of Derivative**
  - **Organised Trading Facility (OTF)**
  - **REMIT Carve Out**



# *EU Regulatory Reporting – Oversight of Fragmented Markets*



# Collecting Every Order, Trade & Event

- **EMIR**
  - **Trades, not orders**
  - **Derivatives traded by organisations headquartered within the EU**
  - **Including OTC physically settled derivatives executed on an OTF**
  - **Excluding the REMIT carve out**
- **REMIT carve out**
  - **Wholesale OTC physically settled energy\* OTF derivatives (non-speculatory)**
- **REMIT**
  - **Orders and Trades**
  - **Standard and non-standard**
  - **Cleared and OTC for products delivered or notionally delivered into the EU**

*\*Electricity & Natural Gas*

# EFET IT and Electronic Data Exchange Standards



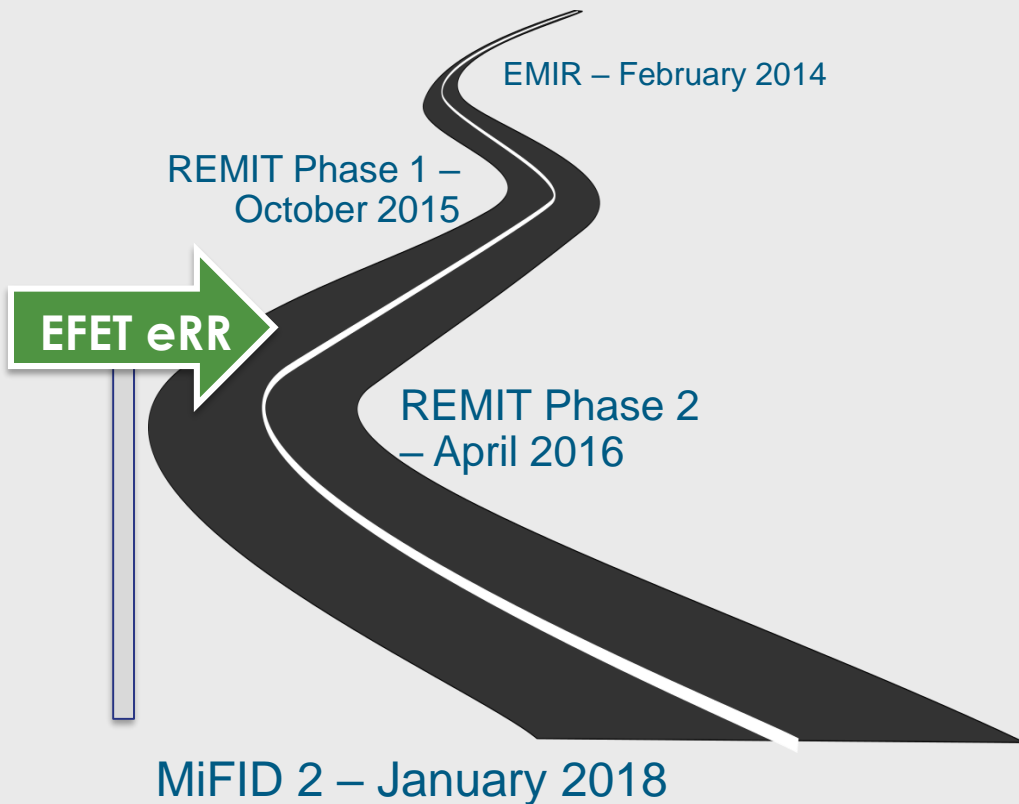
- **EFET provide a range of standardisation services across legal agreements, standard contracts, payment and netting and IT and electronic data exchange**
- **IT and electronic data exchange, have and continue to transform the industry**
  - **eCM – electronic Confirmation Matching**, key risk control in terms of ensuring trade record matches the counterparty, eliminates the manual confirmation process, transformed the industry
  - **eRR – electronic Regulatory Reporting**, facilitates compliance with mandatory EU regulatory and transparency obligations across REMIT, EMIR. MiFID 2 and EICom
  - **eSM – electronic Settlement Matching**, for over a third of the traded OTC volume live in 2020, broad adoption in 2021, automatic reconciliation of invoice and netting documents, settlement automation enables a move to daily settlement in the OTC market.

**Used in conjunction, the EFET processes put OTC and exchange trading on a par for risk and transparency with each other**

# Current State of Regulatory Reporting

## EU Level Reporting

## Member State Level Reporting





# *What are the Future Trends in Regulatory Reporting?*

- *EU level regulatory reporting is standardised and automated*
- *EU member state reporting will never be standardised or automated*
- *Outsourcing compliance monitoring and even tasks:*
  - *Reduces costs & personnel*
  - *Reduces barriers for entry into new markets*
  - *Mitigates regulatory risk*

Q&A?