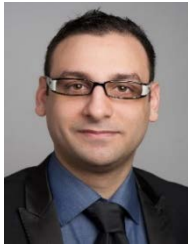


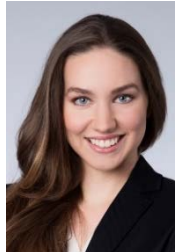
Contacts



Michael Taschner
Director
PwC Legal FS Regulatory and Compliance Services
+41 58 792 23 25
michael.taschner@ch.pwc.com



Yari A. Iannelli
Attorney at Law
PwC Legal FS Regulatory and Compliance Services
+41 58 792 28 54
yari.iannelli@ch.pwc.com



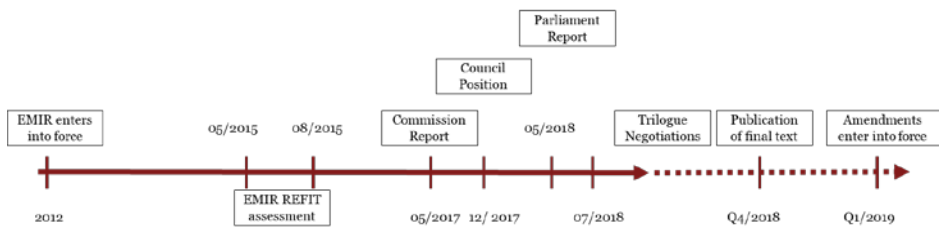
Dr. Alexandra G. Balmer
Senior
PwC Legal FS Regulatory and Compliance Services
+41 58 792 14 24
alexandra.balmer@ch.pwc.com

ARE YOU FIT FOR THE EUROPEAN MARKET INFRASTRUCTURE REGULATION (EMIR) REFIT?

The EMIR REFIT process aims to re-align the core EMIR requirements for financial and non-financial counterparties across all areas. This will reduce the burden particularly for smaller market participants, while for others, including Alternative Investment Funds (AIF) these will increase.

The 2009 G20 commitments to increase stability of the OTC derivatives market has been implemented in the EU by EMIR¹. The clearing, reporting and risk mitigation obligations of EMIR proved to place a heavy burden on market participants, prompting an assessment of the current framework. To alleviate unnecessary burdens, the Commission published a proposal, which was commented on by the Council and Parliament. The amendments to EMIR will decrease regulatory requirements for small financial, as well as large and small non-financial counterparties. However, it will increase requirements for others, including AIF.

The timeline of the EMIR REFIT process is as follows:



¹ Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

Proposed key EMIR REFIT changes

Clearing

- Exemption of smaller FC (SFC) from the clearing requirement if it is EUR 8bn or less.
- NFC subject to the clearing obligation only for the asset class where the clearing threshold is exceeded.
- Clearing services to be offered for fair, reasonable and non-discriminatory commercial terms ('FRAND'). Commission to develop delegated act to specify.

Reporting

- Reporting obligation for trades between FC and NFC- fully with FC for both.
- Reporting obligation removed for derivative contracts entered into before 12 February 2014 and not outstanding on that date ("backloading").

Varia

- Definition of FC is extended to include:
 - all alternative investment funds ("AIFs"),
 - central securities depositories ("CSDs"), and
 - securitisation special purpose entities ("SSPEs").
- Risk-management procedures regarding timely, accurate and appropriate segregated exchange of collateral and any changes regarding procedures to be pre-approved by Supervisors.

How we can assist you in preparing for EMIR REFIT

- Assisting you in determining whether you are within the scope of EMIR and which obligations apply to your set-up specifically (impact assessment).
- Providing a gap assessment to determine the applicable changes to your set-up based on EMIR REFIT and assisting you in re-aligning your set-up, policies and interfaces regarding clearing, reporting and counterparty interactions.
- Assisting you with the implementation of EMIR requirements, particularly, if in the past you were not within the full scope of EMIR (i.e. AIF), and providing group-wide assistance in re-aligning the legal requirements to ensure EMIR REFIT compliance.
- Assisting national supervisory authorities and central banks in adapting to the impending changes and their increased responsibilities regarding both increased CCP supervision, and assisting in amending their supervisory processes for entities within the scope of EMIR.
- Let us assist you with your day-to-day queries regarding EMIR and EMIR REFIT.

Links:

- [http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/603983/EPRS_BRI\(2017\)603983_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/603983/EPRS_BRI(2017)603983_EN.pdf)
- https://ec.europa.eu/info/law/derivatives-emir-regulation-eu-no-648-2012/upcoming_en