



**Reporting & Referencing Data SIG**  
**JWG RRDS 18 - EMIR Refit Scope of Work & path forward**  
**Standard Chartered, 1 Basinghall Ave, London EC2V 5DD**  
**10 October 2019, 16:00-17:30**

**In attendance:**

Donald Chapin	Business Semantics	Sid Ives	LBG
Anna Morrison	Credit Suisse	Peter Daniel	LBG
Dawd Haque	Deutsche Bank	PJ Di Giammarino	JWG
John Graham	FIA	Corrina Stokes	JWG
Andrew Pinnington	Goldman Sachs	Lee McGouran	MS
Chris Beevor	GAM	Leo Labeis	Regnosys
Paul Bayley	Inforalgo	Dan Hingham	Stan Chart
Andrew Bayley	ISDA	Chad Giussani	Stan Chart
Ian Sloyan	ISDA	Dan Percy-Hughes	Synechron
Kerry Evans	Independent	Sarah McCartney	UBS
Paul North	Independent		

\*The meeting was held under the Chatham House Rule\*

**Meeting materials**

RRDS members may access the 25-page presentation in the members' area.

**Meeting objectives**

Members were updated on progress made in defining the scope of work for an EMIR Refit project under the auspices of the RegTech Council. The benefits and required resource commitments were discussed and an action plan was agreed.

**Key points of discussion**

- ▶ EMIR refit confirmation. The group reiterated that since EMIR has been subject to reporting before and there is much which can be reused. The group discussed the expected timeline for the development of technical standards and agreed that there was likely to be a **push from ESMA to get the standards agreed in 2020** in order to make room for the MiFID III agenda, which could also benefit from the DRR efforts. It was also noted that in the October CP that it generally felt that **EMIR Refit would be a very good candidate for a digital regulatory reporting (DRR)** project as there is an existing implementation path to follow. Unlike SFTR, the industry is not starting from scratch with a business MI/IOSCO [Governance arrangements for critical data elements](#) document that regulators have now agreed a standardized **ISO message** which will need to be applied to EMIR reporting along with the new ISO 20022 **dictionary definitions for the data elements**. This was seen as further reinforcement for a digitized approach to managing reporting changes.
  
- ▶ HMT and EC reporting consultation. A brief discussion was had about the HMT Financial Services Future Regulatory Framework Review [Call for Evidence: Regulatory Coordination](#) which calls for examples of practice in the UK and other jurisdictions. A couple of draft consultation responses in advance of 18 October



were discussed. JWG updated the group on its understanding of the latest status of the European Commission's financial data standards (FDS) project which expects to publish its findings document as soon as the new commissioner is confirmed. The group welcomed this news and looked forward to **aligning the DRR approach to both the UK and EC's vision.**

- ▶ EMIR DRR project overview. The RegTech Council core team discussed the proposed project SoW which had been summarised on a 1 pager and sent around in advance to the group. It was noted that the forthcoming video and materials from ISDA would be quite helpful in explaining how reporting could now be linked to a standard trade processing lifecycle in digital form. The group generally agreed with the approach but wanted to better understand a) the deliverables and how financial institutions would apply them to create value b) the scope of the asset classes and how more complete coverage could be ensured and c) the resource requirements. The following points help clarify the current gaps in understanding.
- ▶ Project tooling and approach. Three deliverables were discussed in the meeting: best practices; machine executable rules (MER); and machine-readable test scenarios. All deliverables will be produced using Rosetta, the language in which the CDM is expressed. Rosetta Core (the native ISDA CDM editor) can be thought of as the toolkit to turbocharge the required analysis and production of the artefacts. The SMEs in the team will work in an agile manner to interpret the **regulatory corpus considering market practice** to define and validate the deliverables. **Each sprint will deliver 'shippable' ISDA CDM outputs that firms can use directly in 1-2 weeks.** All artefacts would be made available under **open-source** arrangements as part of the ISDA CDM source-control repository. It was noted that by getting the analysis into the CDM that the current **Trade Association spread sheets** could be made more clear, consistent and valuable in the sense that they could be more directly mapped to the business analysis required by each firm.
- ▶ Scope and phasing. The EMIR asset classes which could be in scope were discussed and it was generally felt that it would be better if listed derivatives were also included. A question was raised around physical commodities and ISDA clarified that any product could be added to the CDM. The group was made aware that as part of the last FCA TechSprint, the CDM was used for retail mortgages and 70-80% of the data attributes were found to already exist in the model. The core team clarified that **by employing an agile methodology asset classes could be taken in turn as scenarios and testing logic is developed for them.** It would be possible to run parallel sprints, but once the initial sprints have helped to define and routinize the method.
- ▶ Resource commitment. A question was raised about how much internal resource would be required in addition to the half day a week from the project SME. The group discussed how, as EMIR is existing regulation, EMIR Refit projects will not be 'greed field' and SMEs can come from a variety of functions to help: regulatory



operations, legal, compliance and IT. **It will not be necessary for each firm to provide SMEs in all functions** as a balance across the participating firms can help present a complete view.

- ▶ EMIR DRR project stakeholders. The group discussed the need for **engagement with ESMA or DG FSMA** in addition to FCA reporting SMEs. This was viewed as critical to the group's success. The trade associations confirmed that they had a high degree of confidence that were this project to launch, that the regulators would look favourably upon it.
- ▶ Articulating the value proposition. Three different methods of deploying CDM artefacts were surfaced based on the current reporting architectures of the firms: 1) CDM mapped to data warehouse fields/ transformation logic 2) CDM mapped to source system data/ logic 3) CDM mapped to the functional requirements for 1 and/or 2. It was noted that regardless of how deeply one integrates the CDM, **it will provide a large amount of value as a mutualised effort to produce functional/ business requirements document**. In this sense, the justification can be presented as spending less on change the bank (CTB) efforts that are already earmarked in the budgets. By mutualising the effort, there is also a quality dividend through a) capturing missing or unresolved use cases that might not be otherwise noted b) highlighting the gaps/ areas of uncertainty and c) disambiguating the best practices so they are clearly understood by the implementation teams.
- ▶ Difference to current practice. It was suggested that there would be a question raised internally about **why this method is better** than the current methods and the group was asked to help articulate a more complete picture in advance of the next meeting. Some of the key points in this picture should be: i) realising immediate benefit of group work vs. waiting on internal teams who might not have this as a top priority b) reducing the future spend on changes c) communicating the industry consensus to the technology vendors in time for them to configure/ amend their products to be in line with industry requirements, d) having an clear view of common practices from other institutions and e) having clearly documented and extensive test cases.
- ▶ RegTech Council's role. It was generally agreed that the **RTC 2.0 is the right model to launch this project as it will provide a way to get the regulators, trade associations, firms and technology vendors under one roof**. It was noted that conversations about how to best manage the funding and governance of the RTC were ongoing, but that should not stop this group from examining further how to crystallise the value proposition and communicate it within the firms.



- ▶ Next steps. To take this project forward JWG agreed to set-up a sub-group of SMEs to produce
  1. An articulation of how the CDM would be used for reporting in a firm
  2. A second 1-page high level summary of the approach and benefits to a firm
  3. An articulation of the role which regulators and SMEs would play in the project
  4. Proposed scope of asset classes/ timing
  5. Definition of the project governance and cost model as part of the RTC launch discussions
  6. Define go/no go process and milestones.

The output will be circulated to the full group at the next meeting on 12 November. Please contact [pj@jwg-it.eu](mailto:pj@jwg-it.eu) if you would like to get involved.

### **Next agenda**

#### **RRDS 19: EMIR Refit – DRR launch plan**

Date: 26 November 16:00-17:30

Host: TBC – details to be provided upon confirmation in November

#### Agenda:

16:00 Introductions

16:10 Using CDM in a firm for reg reporting

16:30 Project roles: regulated, regulator, RTC secretariat

16:45 Scope and phasing

17:00 Pricing, RTC launch status and thresholds for launch

17:15 Next steps

17:30 End