



Reporting & Referencing Data SIG
JWG RRDS 19: EMIR Refit - DRR Launch plan
GAM, 8 Finsbury Circus, Finsbury, London EC2M 7GB
26 November 2019, 16:00-17:30

In attendance:

Anna Morrison	Credit Suisse	Andrew Bayley	ISDA
Gordon Chapple	FCA	Sid Ives	LBG
John Graham	FIA	Peter Daniel	LBG
Andrew Pinnington	Goldman Sachs	PJ Di Giammarino	JWG
Chris Beevor	GAM	Leo Labeis	Regnosys
Paul Bayley	Inforalgo		

The meeting was held under the Chatham House Rule

Meeting materials

RRDS members may access the 24-page presentation in the members' area.

Meeting objectives

Members were discussed a proposal for an EMIR Refit project under the auspices of the RegTech Council. The benefits and required resource commitments were reviewed and an action plan was agreed.

Key points of discussion

- ▶ RegTech Council's membership model. The group was updated on the adjustment to the commercial model which allows for projects to be executed without additional fees. It was unanimously agreed that this is a positive step and that it will encourage firms and regulators to put their resources on the problems which matter most to them. PJ informed the group about the progress of the interim council and that membership forms were expected next week.
- ▶ EMIR refit benefits. The group felt the following benefits were most compelling:
 1. Mutualisation. Agree the interpretation, implementation and testing framework as a group at a fraction of the cost each firm currently spends
 2. Speed. Decrease time to market and lower operational risk thanks to an end-to-end testing framework providing test scenarios and machine executable reporting logic
 3. Clarity. Set quality expectations with regulators by getting started with Trade Associations during the rules' consultation period
- ▶ Additional benefits. The group also felt there were additional benefits:
 1. Benchmark. Provide a method for agreeing common practices for the current production of EMIR data
 2. OTC BAU. Help with the management of ESMA Q&A updates for EMIR which require a large BAU interpretation effort for the industry



3. Overhead reduction. Reduce the time required to attend multiple industry calls with scores of listeners and few active participants
 4. Industry alignment. Provide trade associations a common platform for alignment of their interpretation and disseminate it to the industry
 5. Planning. Provide an upgrade path for the next 3 years of migration to CPMI/IOSCO's [Governance arrangements for critical data elements](#) as a standardized ISO message will need to be applied to OTC reporting globally
 6. Digital reporting strategy. Help inform and shape the future approach to reporting envisaged by the European Commission in their [fitness check](#) and the upcoming FCA/BoE paper which will be issued in early January.
- ▶ Business value proposition. The group agreed with the framework for assessing the value to a firm of adopting the DRR artefacts: best practices; test scenarios and machine-executable rules. The value of \$200-500k best practices was generally felt to be far lower than what a large institution would expect given the size of internal and external legal teams that are typically deployed.
 - ▶ Scope and FIA/ ISDA/IA involvement. The group felt that it was critical to have listed derivatives in the scope of the project. The group strongly urged the FIA to do whatever it takes to get involved in the project. It was also noted that it would be good if the Investment Association were also involved. Andrew Bayley took an action to approach David Broadway and let PJ know how best to follow-up. John Graham and Andrew Bayley took an action to facilitate a discussion between FIA and ISDA to ensure the project covers both OTC and ETD. Updates will be provided at the next meeting in January.
 - ▶ Approach. The proposed project approach which had been sent around in advance was discussed. It was felt that good progress could be made quickly on straight-forward asset classes (e.g., vanilla rate swap) but that complex instruments (e.g., binary options) would consume much more effort. The group felt that it was important to focus on a current EMIR product scope that could be delivered quickly, tested with Q&A updates, and be ready when the new standards for Refit arrive. It was reiterated 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. Some materials can be found here: (<https://portal.cdm.rosetta-technology.io/#/login>). Please contact abayley@isda.org for more information.
 - ▶ Resource commitment. The group felt that hybrid regulatory and operations/ data business analysts would be ideal, but perhaps more difficult to find for the project. It was felt that sensitivity to data management issues was more important than being coders. The group was asked to send any sample role descriptions to PJ to help describe the resource requirement more fully.



- ▶ Pricing. PJ reviewed the membership fee of £25,000 per annum for institutions with over 1,000 employees and reiterated that this would mean that the members need to contribute resources to the project. For the DRR programme this would mean that a full-time business analyst and half-time project manager would need to be found within a firm or service provider who are RTC members.
- ▶ Members. The group discussed the target size of the working group and agreed that a minimum of 6 and ideally 12-15 firms would be ideal to get going. It will be important to have representation from the buy-side and CCPs. Andrew Bayley let the group know that he had been informing ISDA members who are interested in the CDM on a bilateral basis thus far. He suggested that it might be helpful to have the RTC present on a more general update call.
- ▶ Next steps. To take this project forward JWG agreed to set-up a sub-group of SMEs to produce
 1. Early December, PJ to circulate membership forms
 2. 9 January Goldman Sachs to host the next meeting
 3. 13 January deadline for membership commitment
 4. 7 February – JWG RegTech conference
 5. 13 February – go/no go
 6. 3rd March – 2020 launchMembers were encouraged to contact pj@jwg-it.eu if they require any further support.

Next agenda

RRDS 20: EMIR Refit – DRR project plan

Date: 9 January 16:00-17:30

Host: Goldman Sachs, details to be provided upon confirmation in January

Agenda:

16:00 Introductions

16:10 RTC status update

16:20 Project recap and member views

17:00 Plan, key milestones and deliverables

17:15 Next steps

17:30 End