

The road to refit

Are we nearly there yet?

Overview

As firms gear up for big changes under EMIR and UKMIR Refit in April and September 2024 respectively, we discuss the issues and challenges that need to be addressed to ensure they're ready and able to comply with the new standards required by these reporting regulations and assess how much progress has been made to date.

With EMIR Refit coming into effect just six months from now, and UKMIR hot on its heels in less than a year, we're now on — or approaching, at least — the last leg of what has been a long and challenging journey for many firms. But have they made sufficient progress and are they 'Refit-ready'?



What's keeping firms up at night? And what are they asking regulators?

ESMA recently published an update to its [EMIR Refit validation](#) rules, which focus on the harmonisation and standardisation of reporting data to ensure it is of the quality required for effectively monitoring systemic risk.

It's encouraging to see that, as we reported in our previous blog ([EMIR Refit Webinar highlights I](#)) on the industry's readiness for Refit, firms have come a long way in their preparations over the course of 2023. One indicator of this is the questions they are asking in our Refit working group sessions, which are becoming increasingly specific — for example, regarding the new data format, specific fields and sourcing reference data.

The standardised format required by ESMA will eliminate the risk of discrepancies due to inconsistent data, with end-to-end reporting in ISO 20022 XML expected to enhance data quality. However, the majority of firms are not yet ready to convert their files from CSV to XML.

The number of reportable fields is set to rise under EMIR Refit, which will also introduce mandatory unique product identifiers (UPIs) and unique trade identifiers (UTIs). This will significantly increase the volume of reference data reporting firms will need to manage to remain compliant. But without the right connection in place, sourcing, maintaining and assigning UPIs to derivatives contracts will be a huge challenge, as it will require a full set of data attributes to make the identifier unique.

Firms also have questions about notifications of reporting errors and omissions to the national competent authorities (NCAs). Although ESMA has provided guidance on this topic, there are still queries about how to apply the calculations for errors, when to notify NCAs — particularly when there is delegated reporting: when is the entity responsible for reporting notified? Which party notifies the NCA?

How we can help?

As the end of the road to Refit comes over the horizon, firms will need to remain focused, and any stragglers will need to pick up the pace. But there's help at hand and we have been expanding our EMIR services to support customers preparing for the regulatory changes coming into effect.

This includes the development of a UPI enrichment service and Global derivative reference data files, and the launch of our new EMIR Refit XML Converter tool, which helps reduce the build and maintenance costs of complying with EMIR Refit requirements.

To learn more about how we can help you prepare for EMIR and UKMIR Refit, please visit our website and get in touch via the contact form [here](#).

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