



THE SPECIALIST IN TRADING & INVESTMENT

# BRIEF

## EMIR

## Trade Reporting



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## 1. REPORTING OBLIGATION

EMIR requires all corporate counterparties (financial and non-financial) to report details of any derivatives contract to an EU approved "Trade Repository". The reporting duty covers all derivatives trades both OTC and exchange traded as well as cleared and non-cleared.

As defined in EMIR Level2 regulations<sup>1</sup> the reporting obligation starts 90 days after the registration of a trade repository for a particular derivative class. As ESMA authorised the first trade repositories on 7 November 2013 the reporting start date for all derivatives, including exchange traded derivatives, is 12 February 2014.

## 2. REPORTING SOLUTION

Saxo Bank (**hereafter: "us"/"we"**) have chosen "REGIS-TR" as trade repository. REGIS-TR is a joint venture between two well-known European security depositories; Clearstream and Iberclear. REGIS-TR offers a scalable and reliable system which covers all asset classes required by EMIR.

EMIR requires that all derivatives trades between us and our corporate clients (**hereafter: "you"**) must be reported. Unless you instruct us otherwise, we will report both sides of the trades made between us and you to REGIS-TR. In order to see and verify the reported trades we encourage you to contact REGIS-TR and acquire a "read access" to your trades as reported by us. REGIS-TR charges a set-up fee of EUR 500 and a monthly access fee of EUR 100 for this service.

In accordance with EMIR each trade must have a unique trade ID ("UTI"). The responsibility of creating a UTI lies with the counterparties. Saxo Bank will assign a UTI to all trades between you and Saxo Bank.

## 3. LEGAL ENTITY IDENTIFIER (LEI)

EMIR requires relevant counterparties to have a "Legal Entity Identifier", commonly referred to as a "LEI", when trading derivatives. The LEI is a unique identifier associated with a legal person or structure which enables consistent and unambiguous identification of the parties to financial transactions.

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<sup>1</sup> Art. 5 of Regulation (EU) No 1247/2012 of 19 December 2012 laying down implementing technical standards with regard to the format and frequency of trade reports to trade repositories according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories.



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The LEI-system is currently not fully developed and instead EMIR requires counterparties to obtain a “pre-LEI” for identifying themselves and their counterparties when reporting trades (the pre-LEI will automatically become a LEI once the LEI-system takes effect). A pre-LEI can be obtained from any of the endorsed pre-LOUs (Local Operating Units) of the Global Legal Entity Identifier System. The list of endorsed pre-LOUs is available at: [http://www.lei.org/publications/gls/lou\\_20131003\\_2.pdf](http://www.lei.org/publications/gls/lou_20131003_2.pdf).

Saxo Bank has registered a pre-LEI with the endorsed pre-LOU “WM Datenservice” through a simple 4-step registration procedure. Saxo Bank has no experiences from any other pre-LOUs. You must send the pre-LEI to us at [servicecenter@saxobank.com](mailto:servicecenter@saxobank.com) as soon as possible and **no later than 1 February 2014**.

#### 4. COUNTERPARTY CLASSIFICATION

A trade report must state the counterparty classification of both counterparties. This applies whether the reporting is single sided or done by one counterparty on behalf of both of them. EMIR defines 3 classes of counterparties which are (1) CCPs, (2) financial counterparties and (3) all other counterparties that are not physical individuals.

A financial counterparty includes authorised financial institutions within the EEA such as banks, insurers, investment firms, UCITS funds (and, where appropriate, their management companies) occupational pension schemes and alternative investment funds (i.e. hedge funds and other non-UCITS funds).

Based on the information available to us, we have classified your company as a “non-financial counterparty”. If this classification is NOT correct, or if your classification should change, kindly revert to Saxo Bank immediately with this information.

#### 5. PORTFOLIO COMPRESSION

All counterparties with 500 or more uncleared OTC derivative contracts outstanding with a single counterparty are required to analyse the possibility of portfolio compression at least twice a year and perform such a compression where appropriate. We do not believe that portfolio compression will be relevant in the relationship between you and us.