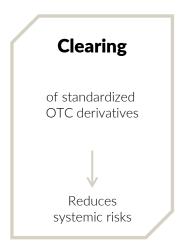


EMIR vs. REMIT

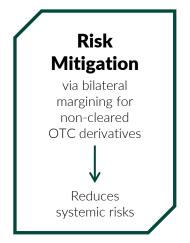
A Comparison



European Market Infrastructure Regulation







REMIT

Regulation on wholesale Energy Market Integrity and Transparency



> Key Elements: Who is affected? What are the differences?



Key Elements

Clearing

of standardized OTC derivatives

Reduces systemic risks

Reporting

of derivative trades to ESMA via transaction registers

Brings market transparency

Risk Mitigation

via bilateral margining for non-cleared OTC derivatives

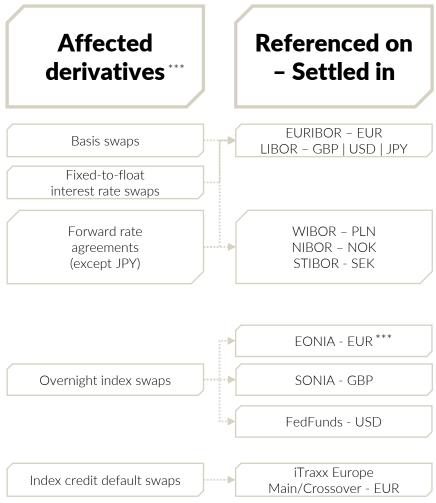
Reduces systemic risks



Clearing



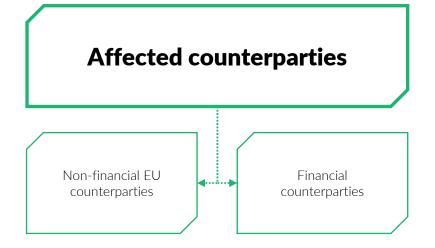
Affected counterparties Non-EU counterparties Two financial which are subject to counterparties* the clearing obligation** A financial and a non-Two non-financial financial counterparty counterparties exceeding the exceeding the threshold threshold Threshold: Average of aggregated month-end positions in the last twelve months for all OTC derivative contracts split into these asset classes: **ESMA** Credit € 1bn proposes to Equity € 1bn increase the € 3bn Interest rates commodity FΧ € 3bn bucket up to Commodities & Others € 4bn € 4bn



^{*} Emir Refit: A financial counterparty gets subject to a clearing obligation for all asset classes if a threshold in at least one asset class is exceeded

^{***} There are consultations whether OIS trades referencing on IBOR successors (risk free rates) with liquid maturities will be subject to the clearing obligation in future (such as SONIA OIS trades with maturities beyond three years)

Reporting





Affected derivatives Derivative instruments for transfer of credit Derivative contracts risk relating to securities, currencies, derivative instruments, financial Derivative instruments indices or measures for transfer of credit risk Derivative contracts relating Derivative contracts to commodities, that relating to climatic variables, freight rates, Must be settled in cash emission allowance or Can be settled physically inflation rates, or other on a regulated economic statistics, market/MTF assets, rights, obligations, Can be settled physically indices and other not for commercial measures purposes



Risk Mitigation

Initial /
Variation Margin
requirements
apply



Affected counterparties

Financial counterparties

Non-financial counterparties exceeding clearing thresholds

Threshold: Average of aggregated month-end positions in the last twelve months for all OTC derivative contracts split into these asset classes:

€ 1bn

€ 1bn

€ 3bn

€ 3bn

€ 4bn

- Credit
- Equity
- Interest rates
- FX
- Commodities & Others

ESMA proposes to increase the commodity bucket up to € 4bn

Affected derivatives: Non-cleared OTC derivatives apart from initial Margin for

1 year shift due to

Principal amount of cross

currency swaps

Physically settled FX forwards

Physically settled FX swaps

Risk Mitigation

via bilateral margining for non-cleared OTC derivatives

Reduces systemic risks



Respective Aggregate Average Notional Amount

REMIT

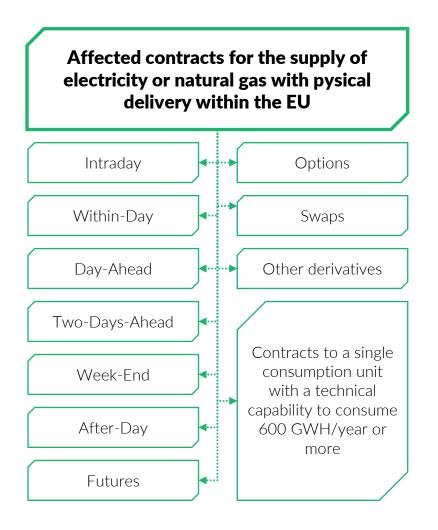
Key Element



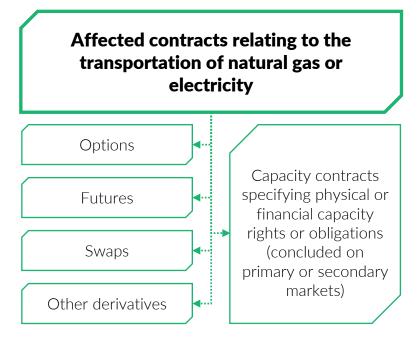


REMIT

Reporting











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