
Are you prepared for EMIR Refit?

With an estimated 40% of firms in scope for EMIR Refit yet to start preparing for the new standard*, will they be ready for implementation? What challenges do they face? And how can they alleviate the burden?

Find out how working with a trusted regulatory reporting partner can streamline your EMIR Refit preparations...

As the European Commission continues to look at simplifying EU legislation and reducing unnecessary regulatory burdens through its regulatory fitness and performance programme (Refit), on 07 October 2022, it published the EMIR Refit Standard in the Official Journal starting the 18 months implementation period. The reporting go-live date will be the 29 April 2024.

In the UK, the Financial Conduct Authority (FCA) and Bank of England are looking to ensure their changes are similar to the reporting framework being introduced by the European Securities and Markets Authority (ESMA), while also taking into consideration feedback from UK counterparties and Trade Repositories. The FCA made a public statement on 24 February 2023 announcing the start of the 18 month UK EMIR Refit implementation period, leading to UK EMIR reporting going live on 30 September 2024.

*UnaVista Client Survey, 2021

Time to prepare

The compliance deadline for firms operating in the EU is 29 April 2024, with firms operating in the UK set to go live on 30 September 2024. However, our market research suggests that a significant 40% of firms have not yet started their implementation preparations for the new standard.

So, do firms have enough time for the implementation and transition period?

The ongoing challenges of preparing for EMIR Refit

1. Regulatory divergence

Major challenges exist for firms needing to manage the regulatory differences between the UK and EU. Given the divergence between the UK's FCA and ESMA in the EU, subtle differences will require firms to have to run two programmes and build two solutions with different go-live dates as part of their EMIR Refit preparations.

2. Tolerances likely to be impacted

Although the rules have yet to be finalised, they are expected to affect reconciliation tolerances. Tailoring to each set of requirements will not only drain resources and budgets – it will also stretch internal compliance teams and processes.

3. Overlapping deadlines

Regulatory reform in other jurisdictions is not slowing down either. The risk of deadlines that overlap with other regime changes, such as CFTC and MAS, may further add to the complexity of getting ready for EMIR Refit. With a number of regulatory 'unknowns', market participants face uncertainty over what the new validation rules will be, how to manage reconciliation tolerances, and how to source and format new reference data.

40% of firms have not yet started their implementation preparations for the new standard.

4. Dealing with false-negatives

Effectively managing and navigating the transition period to 2024 will require a significant amount of resource and time spent re-reporting and resolving false-negative results. For example, all outstanding contracts will need to be re-reported in the new format, which includes new fields, and these blanks will need to be filled retrospectively. The reconciliation process will, in many cases, attempt to reconcile old formats against the new ones, which will always return reconciliation breaks. This will cause severe disruption to workflows, as managing reconciliation exceptions can create many false-negative results that are returned to clients.

5. Converting CSV/XLSX files

Issues associated with technology and automation may also arise under EMIR Refit when it comes to providing XML files to improve data quality. By changing CSV/XLSX files to a machine-readable format, a high level of technical knowledge and resource is required to build a new end-to-end conversion process. It is estimated that 40% of firms think they will need help when undergoing the conversion process*.

Given the multitude of challenges, what can be done to help alleviate the strains of firms' EMIR Refit compliance processes?

Start preparing for EMIR Refit today with UnaVista

UnaVista is an established provider of regulatory reporting solutions, with years of experience in guiding clients through complex regulatory change.

Part of London Stock Exchange Group (LSEG), our trusted solutions help simplify compliance with multiple UK and EU regulations, including EMIR and UKMIR, and deliver significant operational efficiencies that allow firms to free up resources. For example, our operations in both the EU and UK prevent client workflows from being affected by divergences between EU and UK regulations, as each entity is equipped to deal with its own jurisdiction's unique regulatory requirements.

We're actively engaging with ESMA and the FCA to represent the objectives and concerns of our clients. This includes our active participation in ESMA working groups and consultation papers, as well as our push for as few variances across the UK and EU as possible to help avoid unnecessary regulatory friction. Additionally, we're advocating for a flow of more regular information on 'unknown' requirements, and a deadline that doesn't coincide with any other significant regulatory milestones – preventing resource allocation from interfering with a firm's preparations.

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As an international markets infrastructure business, we're also committed to providing the breadth and depth of financial data and best-in-class analytics for market participants, while driving data innovation. This will quicken the time to market for businesses to meet new validation rules, manage reconciliation tolerances, and source and format new reference data.

Furthermore, our solutions help unblock resource bottlenecks through automated workflows and easy onboarding. This includes offering an EMIR Refit ISO 20022 XML Converter tool, which will allow UnaVista clients to report and manage EMIR Refit transactions in Excel/CSV instead of having to build to the XML schema. The new tool will be made available in UAT in April 2023.

Reframe regulatory reporting with UnaVista



Proactive regulatory reporting



Data insights



Efficient workflows



Help free up resources



Trusted LSEG infrastructure

Get in touch with UnaVista

Preparing for EMIR Refit doesn't require drastic change from day one. It's important to make sure that you have a firm understanding of the impact the regulation will have on your business. We'd recommend that you:

- **Join**

Our EMIR working groups by [registering your interest here](#)

- **Sign-up**

For our [EMIR Refit training course](#), designed to provide Operations and Compliance stakeholders with a thorough grounding in the EMIR reporting requirements

- **Watch**

[Our Road to Refit webinars](#) as we move through the transition period. We'll be equipping you with practical advice on where you should be on the journey and how to tackle key challenges