

CCP HARMONISED FILE: FAQ DOCUMENT

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CC&G

A EURONEXT COMPANY

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QUESTIONS & ANSWERS

Q1. What reporting regime does this relate to?

A1. EMIR Article 9 position reporting of Exchange Traded Derivatives (ETDs).

Q2. What is the purpose of the CCP Harmonised File?

A2. Given the nature of ETDs (individual buy/sell trades compressed into an end-of-day position at the end of each business day) systemic risk for ETDs is best reflected and assessed at position level. To date, successful pairing & matching (reconciliation) rates for Position-level reporting remain very low. The primary reason for this is due to issues relating to the Position UTI (PUTI). For cleared trades, the CCP generates and disseminates the P-UTI to Clearing Members. Unfortunately no further guidance or requirements were placed on CCPs resulting in each CCP devising its own way to generate and send the PUTI to its members. This resulted in a multitude of methods being used (some CCPs provided the PUTI to Clearing Members in a file while others used a logic which they share with Clearing Members so the Clearing Member could generate the same unique P-UTI as the CCP). Clearing Members struggled to align their operational build in line with multiple CCPs using different methods to obtain the PUTI. To date, most Clearing Members have struggled to obtain and report the PUTI which means that the two sides of the position cannot be paired.

The FIA EMIR Reporting Working Group has a close working relationship with the EACH WG (European Association of CCP Clearing Houses). The original solution looked at the feasibility of creating an industry standard logic that could be used by CCPs and Clearing Members to generate the unique PUTI independently if one another. The industry was forced to abandon this solution following discussions with ESMA given the incorporation of CDE recommendations within EMIR Refit which requires the UTI (trade UTI and position UTI) to include the LEI of the generating party (the CCP). This made the logic solution unworkable. Clearing Members have worked with the EACH Working Group to agree on a Harmonised file which effectively means that the file (containing the PUTI) that a Clearing Member receives from Nasdaq will look the same as the file from Eurex, and ICE etc.

Q3. Is there a list of CCPs who have agreed to produce the Harmonised File?

A3. The following CCPs have agreed to deliver the Harmonised File:

CC&G; BME Clearing; Eurex Clearing*; ICE Clear Europe; LCH Ltd; LCH S.A; LME Clear; Nasdaq Clearing.

*Eurex Clearing does not include ECC Clearing EEX business.

Q4. When will the CCP HF go live?

A4. The Harmonised File is an industry solution aimed at improving an existing regulatory requirement. Following dialogue with ESMA relating to EMIR Article 9 reporting, ESMA highlighted that the pairing and matching of position-level reports went live in November 2017. The expectation is that all CCPs listed in Q.3 will disseminate the Harmonised File by the end of Q1 2021. CC&G will release it in production on the 5th July 2021. The readiness of Clearing Members to obtain and extract the information contained within the Harmonised File is TBD.

Q5. What data elements are included in the Harmonised File?

A5. Key data attributes include C.O.B Date; 1.2 Reporting Counterparty ID¹; 1.14 Counterparty side²; 1.17 Value of contract³; 1.18 Currency of the value⁴; 2.5 Product identification type⁵; 2.6 Product identification⁶; 2.12 Trade ID⁷; 2.15 Venue of execution⁸; 2.17 Price/rate⁹; 2.22 Quantity¹⁰; 2.78 Option type¹¹; 2.80 Strike price¹²; 2.94 Level¹³; Clearing Member Code¹⁴; Trading Member Code¹⁵; Exchange Account Code¹⁶; Position Account Owners¹⁷; Exchange Product Code¹⁸; Maturity Date¹⁹.

Q6. Will the data represent CCP side of the trade or will the data represent the Clearing Member's view?

A6. The CCP Harmonized File is not a mirror reflection. The File contains data which reflects the same records reported by the CCP in its EMIR reports, not from the Clearing Member view. For example, if the CCP reports Buyer (B) in its report, it will also report Buyer (B) in the Harmonised File.

¹ LEI-20 alphanumeric character code.

² Binary option - 'B' or 'S'

³ Up to 20 numerical characters including decimals. The decimal mark is not counted as a numerical character. If populated, it shall be represented with a full stop. The negative symbol, if populated, is not counted as a numerical character.

⁴ EUR

⁵ Single option - 'I'

⁶ ISIN-12 character alphanumeric code

⁷ 52 alphanumeric character code including four special characters

⁸ 4 alphanumeric characters

⁹ Up to 20 numerical characters including decimals.

¹⁰ Up to 20 numerical characters including decimals.

¹¹ Binary option - 'C' or 'P'

¹² Up to 20 numerical characters including decimals.

¹³ Single option - 'P'

¹⁴ This field will distinguish where a firm may have multiple clearing memberships with a CCP.

¹⁵ This field will include the firm's mnemonic where the firm is clearing client business in its own name or it may include the NCM's mnemonic is the firm is clearing for an NCM.

¹⁶ Code, generated and assigned by the CCP, to identify clearing accounts.

¹⁷ This field is a complementary field that help to identifies position account owners (It is optional field).

¹⁸ The product code, generated and used by exchanges, to identify contracts.

¹⁹ The date of expiry of the reported contract.

Q7. What should I do if data contained in the Harmonised File do not reconcile with my internal books and records?

A7. In the event of a mismatch, Clearing Members are encouraged to carry out an investigation to determine how the break has occurred. If an internal investigation threatens to result in a Clearing Member breaching the t+1 reporting timeframe, the practical solution is for the Clearing Member to submit a report which reflects the record as set out within the Harmonised File. The accuracy of reported data remains the sole responsibility of the reporting party. As such, firms should avoid relying solely on the Harmonised file.

Q8. Is the Harmonised File considered 'golden source'?

A8. Where Clearing Members have been encouraged to replicate data elements (for example, Maturity Date), the Harmonised File will contain the relevant information which can be relied upon by Clearing Members. As noted in Q.7, the Harmonised File aims to improve the reconciliation rates of position reports but the accuracy of reported data remains the sole responsibility of the reporting party.

Q9. As a Clearing Member, will I receive a daily file?

A9. Yes.

Q10. Does this impact the 'Clearing Member-Client' report?

A10. The Harmonised File aims to resolve existing issue when reconciling positions between the CCP and Clearing Member. The File should have no impact in the Clearing Member-Client relationship and any subsequent reporting between Clearing Member-Client.

Q11. Will EMIR Refit require an updated version of the Harmonised File?

A11. The FIA EMIR Reporting Working Group will continue to work with the EACH Working Group to assess the impacts of EMIR Refit in order to determine if changes are required. One area of improvement may relate to Valuations where the Clearing Members would benefit by daily data on Valuations.

Q12. How can counterparties download the CCP HF?

Q12.

- Interface: SFTP²⁰
- URL: sftp.icws.it

• ²⁰ Please consult the operation notice:
https://www.euronext.com/sites/default/files/notices/ccg/Operational-notice_SFTP_ENG.pdf