

Corporate & Financial Weekly Digest

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European Parliament Adopts EMIR

Following the February 9 announcement that the European Parliament Council and Commission had reached agreement on the European Market Infrastructure Regulation (EMIR) on over-the-counter (OTC) derivative transactions, central counterparties (CCPs) and trade repositories, as reported in the February 24, 2012, edition of [Corporate and Financial Weekly Digest](#), the European Parliament adopted EMIR on March 29.

The press release issued by the Parliament announcing EMIR's adoption is headlined "Clamping Down on the Derivatives Trade." It highlights areas where the Parliament considers that it influenced the final text of EMIR including:

- EMIR requires all derivative contracts (not only OTC derivatives) to be reported to trade repositories, which will publish aggregate position data by class of derivatives.
- The European Securities and Markets Authority (ESMA) will be able to block the authorization of CCPs, and there is a binding mediation procedure for disputes about CCP authorization.
- CCPs from third countries will only be recognized in the EU if the legal regime of the relevant third country provides for an effective equivalent system for reciprocal recognition.
- The European Commission will evaluate the implementation of EMIR by reporting to the Parliament and the Council of the EU within three years of EMIR coming into force. The report will in particular address the effectiveness of CCP supervision and ESMA's role in CCP authorization.
- A temporary exemption from the clearing obligation will apply to pension funds, initially for three years.

The text of EMIR has now been published together with FAQs. The FAQs indicate that ESMA will submit proposed technical standards to the Commission by September 30 and that the Commission should adopt standards by the end of 2012. CCPs will have to apply for authorization within six months of the standards being adopted. The date from

which reporting and clearing obligations will apply will be include in the technical standards when they are published.

The FAQs can be found [here](#)

The text of EMIR adopted by the Parliament can be found [here](#)

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