

European Market Infrastructure Regulation (EMIR)

The aim of the European Market Infrastructure Regulation (EMIR) is to control systemic risks in the European derivatives trading industry. Market participants are required to conduct their over-the-counter (OTC) standard derivatives transactions through central counterparties (CCP) and to report all derivative transactions to transaction registers (trade repositories). The European Securities and Market Authority (ESMA) is responsible to supervise and monitor these transaction registers.

General Information

Who is affected?

- **Financial counterparties** such as securities traders, insurance companies (Property & Life), reinsurance companies, investment funds under the OGAW Directive, pension funds and alternative investment funds in accordance with the AIFM Directive
- **Non- Financial counterparties** are trading parties of the Non-financial sector

What is the purpose?

- A clearing obligation applies to standardised OTC derivatives. This is binding on financial counterparties under the EU's supervision.
- For non-financial counterparties, this obligation is only binding if derivatives are not only used to hedge their own economic business risks (hedging the risks directly related to commercial activities or financing them through the Cross-owned treasury) and when exceeding certain clearing thresholds

- For derivatives transactions whose structures are not suitable for central clearing, trading partners must meet specific risk management requirements

Which financial instruments does the regulation apply to?

- Derivatives transactions on securities, currencies, interest rates/returns, other derivatives, financial indices or measures that can be effectively delivered or offset in cash
- Derivatives transactions on goods that can be delivered effectively or offset in cash
- Derivatives transactions for the transfer of credit risks
- Financial contracts for differences
- Derivatives transactions on climate variables, freight rates, emission rights, inflation rates and other economic statistics

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