Reply form

on the Consultation Paper on position calculation under EMIR

Responding to this paper

ESMA invites comments on all matters in the Consultation Paper and in particular on the specific questions in this reply form. Comments are most helpful if they:

- respond to the question stated;

- indicate the specific question to which the comment relates;

- contain a clear rationale; and

- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **9 May 2023.**

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

- Insert your responses to the questions in the Consultation Paper in this reply form.

- Please do not remove tags of the type <ESMA_QUESTION_POSC_1>. Your response to each question has to be framed by the two tags corresponding to the question.

- If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.

- When you have drafted your responses, save the reply form according to the following convention: ESMA_CP_position_calculation_EMIR _nameofrespondent.

  For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA_CP_position_calculation_EMIR _ABCD.

- Upload the Word reply form containing your responses to ESMA's website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the headings 'Legal notice' and heading 'Data protection'..

1. General information about respondent

Name of the company / organisation	Finance Denmark
Activity	Banking sector
Are you representing an association?	☒
Country/Region	Denmark

2. Questions

Question 1.   Based on the field relationship analysis, please list any critical issues that might prevent TRs from calculating positions using pre- and post-EMIR Refit data during the transition period?

<ESMA_QUESTION_POSC_1>
No comments
<ESMA_QUESTION_POSC_1>

Question 2.   Based on the format relationship analysis, please list any critical issues that might prevent TRs from calculating positions using pre- and post-EMIR Refit data during the transition period?

<ESMA_QUESTION_POSC_2>
No comments
<ESMA_QUESTION_POSC_2>

Question 3.   For aggregating metrics as 'Buyer' or 'Seller' positions, do you agree with the overall logic to be used for determining such grouping? If not, please explain why and propose an alternative approach.

<ESMA_QUESTION_POSC_3>
Buyer / seller should be based on the specific products in Final Guidelines table 14, for those that should be buyer/seller and make/take for the others, and afterwards the rules in ITS draft article 4 to determine if it is buyer or seller.
<ESMA_QUESTION_POSC_3>

Question 4.   Do you agree having an alphabetical order logic to determine Leg 1 and Leg 2 for FX and Cross-Currency Swaps? If not, please explain why and propose an alternative approach.

<ESMA_QUESTION_POSC_4>
Yes, we agree and support the use of alphabetic order logic.
<ESMA_QUESTION_POSC_4>

Question 5.   Following the logic described under use case 1 for determining the 'Buyer' and 'Seller' positions, do you agree with the approach on how aggregation of notional values should be performed? If not, please explain why and propose an alternative approach.

<ESMA_QUESTION_POSC_5>
Agree
<ESMA_QUESTION_POSC_5>

Question 6.   Should position aggregation of field 'Notional of leg 2' only be applicable after the transition period to account for the fact that it is a new field that will only start to be reported as of the go-live?

<ESMA_QUESTION_POSC_6>
Make sence to only bring it in after the transition period.
<ESMA_QUESTION_POSC_6>

Question 7.   Which of the two alternatives for dealing with negative notional values is the preferred one? Are there other alternatives that could be used?

<ESMA_QUESTION_POSC_7>
The last alternative, to leave out all negative values.
<ESMA_QUESTION_POSC_7>

Question 8.   Do you believe field 'Delta' could be used to calculate the delta weighted average notional amounts for options and swaptions in an efficient and reliable manner by TRs? Would this information be useful to include in the position calculation report using the proposed methodology? If so, would you prefer having the metrics expressed as "netted" or in "absolute" terms?

<ESMA_QUESTION_POSC_8>

No comments
<ESMA_QUESTION_POSC_8>

Question 9.   Do you consider the information reported under field 'Other payment amount' useful to include in the position calculation report? Do you agree with the proposed methodology or is it perceived as too complex and cumbersome to compute?

<ESMA_QUESTION_POSC_9>
It make good sense to include other payment amounts, but also agree that it can be complex and cumbersome to compute.
<ESMA_QUESTION_POSC_9>

Question 10. Do you agree that position calculation for commodities should consider field 'Further sub-products' for providing additional granularity as proposed under amended guideline 29 in section 4.5 of this consultation paper?

<ESMA_QUESTION_POSC_10>
No comments
<ESMA_QUESTION_POSC_10>

Question 11. Do you agree that initial and variation margin data, referring to post-haircut, should be included in the position calculation report as proposed under amended guideline 21 in section 4.5 of this consultation paper?

<ESMA_QUESTION_POSC_11>
No comments
<ESMA_QUESTION_POSC_11>

Question 12. Are there other new EMIR Refit fields not mentioned in the above table that should be included as well, if so, please explain and provide examples how to best incorporate such fields?

<ESMA_QUESTION_POSC_12>
No further fields.
<ESMA_QUESTION_POSC_12>

Question 13. Do you agree with the proposed amendments? If not, please elaborate on the reasons for your answer.

<ESMA_QUESTION_POSC_13>
Agree
<ESMA_QUESTION_POSC_13>

Question 14. Which of the three alternatives are you most in favour of? Please explain in detail.

<ESMA_QUESTION_POSC_14>
Alternative C. makes the most sense and sends the least amount of wrong signals and indications.
<ESMA_QUESTION_POSC_14>

Question 15. Do you see other potential alternatives as a way forward during the transition period? Please explain in detail.

<ESMA_QUESTION_POSC_15>
Alternative B. could make some sense so at least some information is out there, it is not the full picture. It makes no sense for the TRs to spend ressource on alternative A. and develop a temperary solution, that still does not give a correct picture.
<ESMA_QUESTION_POSC_15>

Question 16. If applicable, to what extent is the position report being used by your organisation? Would it have minimum, medium, or maximum impact if such report would not be provided during the 6-month transition period by the TRs?

<ESMA_QUESTION_POSC_16>
We do not use the position report, and it would therefore not have an impact if it is not being provided for a 6-month period.
<ESMA_QUESTION_POSC_16>

Question 17. Do you agree with the amendments proposed for Table 1-3 included in Annex I?

<ESMA_QUESTION_POSC_17>
Agree
<ESMA_QUESTION_POSC_17>

Question 18. Are there any other clarifications required with regards to the calculation of positions under EMIR Refit?

<ESMA_QUESTION_POSC_18>
No
<ESMA_QUESTION_POSC_18>