



BRIEFING PAPER

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European Market Infrastructure Regulation

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Summary

Like many other current legislative initiatives EMIR is the child of the financial crisis. Derivative contracts played a crucial role in some of the worst instability seen in the crisis. That so many contracts were traded and held outside of registered exchanges - the OTC market - meant that the impact of a failure of a single counter-party was difficult for the market, or regulators, to assess. The main feature of the Regulation is to improve the openness of the market by requiring trades to be on recognised exchanges and their security.

1. EMIR

1.1 Introduction

This note brings together resources on the European Market Infrastructure Regulation (EMIR).

Like many other current legislative initiatives EMIR is the child of the financial crisis. Derivative contracts played a crucial role in some of the worst instability seen in the crisis. That so many contracts were traded and held outside of registered exchanges - the OTC market - meant that the impact of a failure of a single counter-party was difficult for the market, or regulators, to assess. This in itself contributed to further rounds of instability.

1.2 The Regulation

The amended Regulation can be found [here](#). An FAQ page on the Regulation published by the EU Commission, can be found [here](#).

The main feature of the Regulation is to improve the openness of the market by requiring trades to be on recognised exchanges and their security. There has been a phased implementation of the Regulation due to the fact that many measures required technical standards to be agreed subsequent to agreement on the main Regulation. Much of it came into force in 2013.

On 9 February 2012, the European Parliament and the Council reached an important agreement on a Regulation for more stability, transparency and efficiency in derivatives markets. It was a key step in the effort to establish a safer and sounder regulatory framework for European financial markets.

On 4 July 2012, the Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as "EMIR" - European Market Infrastructure Regulation) was adopted and entered into force on 16 August 2012. . This was a major development which enables the European Union to deliver the G20 commitments on OTC derivatives agreed in Pittsburgh in September 2009.

The Regulation ensures that information on all European derivative transactions will be reported to trade repositories and be accessible to supervisory authorities, including the European Securities and Markets Authority (ESMA), to give policy makers and supervisors a clear overview of what is going on in the markets.

The European Commission web page for the legislative history of this measure can be found [here](#). The body responsible for implementing the Regulation is the Financial Conduct Authority. Its web pages explaining the implementation of the Regulation can be found [here](#).

A useful guide to the definitions used in the Regulation can be found [here](#). The scope of the Regulation has been extended beyond the EU by way of a series of 'equivalence decisions'. The full list can be found

[here](#), however, many countries are on it including Japan, the United States and Singapore.

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