

Please find below the response of PGGM to the consultation

Review of the technical standards on reporting under Article 9 of EMIR

Q1: Do you envisage any difficulties with removing the 'other' category from derivative class and type descriptions in Articles 4(3)(a) and 4(3)(b) of ITS 1247/2012? If so, what additional derivative class(es) and type(s) would need to be included? Please elaborate.

Response PGGM:

Yes, the market is evolving continuously, especially in the derivatives space. We believe that a category "other" needs to remain to be able to report new type of derivatives, as reporting requirements and regulation does not change in the same pace as the market does.

*Q2: Do you think the clarifications introduced in this section adequately reflect the derivatives market and will help improve the data quality of reports? **Yes**
Will the proposed changes cause significant new difficulties? **No** Please elaborate.*

Q3: What difficulties do you anticipate with the approaches for the population of the mark to market valuation described in paragraphs 21 or 19 respectively? Please elaborate and specify for each type of contract what would be the most practical and industry consistent way to populate this field in line with either of the approaches set out in paragraphs 21 and 23.

Response PGGM:

We foresee no difficulties with the current approach. The replacement cost approach for all derivative contracts would mean a change in our valuation approach of all derivative contracts, of which PGGM is not in favor. We would prefer to make a distinction between variation margin en initial margin, where initial margin is currently only required for listed futures and options and cleared trades. If and when initial margin requirements are also becoming mandatory for bilateral OTC derivatives, the reporting of the current variation margin for bilateral OTC derivatives can then be extended to include the initial margin for these positions.

*Q4: Do you think the adaptations illustrated in this section adequately reflect the derivatives market and will help improve the data quality of reports? **Yes**
Will the proposed changes cause significant new difficulties? **No** Please elaborate.*

*Q5: Do you think the introduction of new values and fields adequately reflect the derivatives market and will help improve the data quality of reports? **No**
Will the proposed changes cause significant new difficulties? **No** Please elaborate.*

Response PGGM:

Related to article 55 parties need more clarification of ESMA which reporting entity is responsible for setting up and transmission of the UTI, especially for all the fx derivative trades. This has been highlighted on numerous occasions and by different parties to ESMA. There is still no clear workable rule in place that has been adopted by the whole market and its participants.

Q6: In your view, which of the reportable fields should permit for negative values as per paragraph 40? Please explain.

Response PGGM:

Market to market valuation fields.

Q7: Do you anticipate any difficulties with populating the corporate sector of the reporting counterparty field for non-financials as described in paragraph 42? Please elaborate.

Response PGGM:

No.

Q8: Do you envisage any difficulties with the approach described in paragraph 45 for the identification of indices and baskets? Please elaborate and specify what would be the most practical and industry consistent way to identify indices and baskets.

Response PGGM:

No.

Q9: Do you think the introduction of the dedicated section on Credit Derivatives will allow to adequately reflect details of the relevant contracts? Please elaborate.

Response PGGM:

Yes.

Q10: The current approach to reporting means that strategies such as straddles cannot usually be reported on a single report but instead have to be decomposed and reported as multiple derivative contracts. This is believed to cause difficulties reconciling the reports with firms' internal systems and also difficulties in reporting valuations where the market price may reflect the strategy rather than the individual components. Would it be valuable to allow for strategies to be reported directly as single reports? If so, how should this be achieved? For example, would additional values in the Option Type field (Current Table 2 Field 55) achieve this or would other changes also be needed? What sorts of strategies could and should be identified in this sort of way?

Response PGGM:

Yes. By using additional values in the option type field

Q11: Do you think that clarifying notional in the following way would add clarity and would be sufficient to report the main types of derivatives:

60. In the case of swaps, futures and forwards traded in monetary units, original notional shall be defined as the reference amount from which contractual payments are determined in derivatives markets;

61. In the case of options, contracts for difference and commodity derivatives designated in units such as barrels or tons, original notional shall be defined as the resulting amount of the derivative's underlying assets at the applicable price at the date of conclusion of the contract;

62. In the case of contracts where the notional is calculated using the price of the underlying asset and the price will only be available at the time of settlement, the original notional shall be defined by using the end of day settlement price of the underlying asset at the date of conclusion of the contract;

63. In the case of contracts where the notional, due to the characteristics of the contract, varies over time, the original notional shall be the one valid on the date of conclusion of the contract.

Please elaborate.

Response PGGM:

Yes.