esma European Securities and Markets Authority

Response form for the Consultation Paper on ESMA's Guidelines on position calculation under EMIR

15 November 2017

Responding to this paper

ESMA invites responses to the questions set out throughout this Consultation Paper. Responses are most helpful if they:

1. respond to the question stated;

2. contain a clear rationale; and

3. describe any alternatives ESMA should consider.

ESMA will consider all responses received by **15 January 2018**.

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:

4. Insert your responses to the questions in the Consultation Paper in the form "Response form_Consultation Paper Guidelines EMIR.docx", available on ESMA's website alongside the present Consultation Paper (**www.esma.europa.eu** → 'Your input – Open consultations' → 'Consultation on ESMA's Guidelines on position calculation under EMIR').

5. Please do not remove tags of the type <ESMA_QUESTION_EMIR_1>. Your response to each question has to be framed by the two tags corresponding to the question.

6. 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.

7. When you have drafted your response, name your response form according to the following convention: ESMA_ EMIR_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA_EMIR_ABCD_RESPONSEFORM.

8. Upload the form containing your responses, in Word format, to ESMA's website (www.esma.europa.eu under the heading 'Your input – Open consultations' → 'ESMA's Guidelines on position calculation under EMIR').

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly indicate by ticking the appropriate checkbox on the website submission page if you do not wish your contribution 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 heading 'Data protection'.

Who should read this Consultation Paper

This consultation paper may be specifically of interest to trade repositories (TRs), trade associations and relevant entities defined in Article 81(3) of Regulation (EU) No 648/2012.

General information about respondent

Name of the company / organisation	National Bank of Belgium
Activity	Government, Regulatory and Enforcement
Are you representing an association?	☐
Country/Region	Belgium

Introduction

Please make your introductory comments below, if any:

<ESMA_COMMENT_EMIR_1>
We welcome the effort done by ESMA to provide clarity on the definition and calculation of position level data. We would also like to thank you for giving us the opportunity to provide feedback on this Consultation Paper. Below we provide our overall view, whereas specific answers are provided to some of the individual questions later on.

1. In our view, the current guidelines leave too much room for interpretation and fall short of providing precise technical details that guarantee that TRs are able to make the position level data available to the relevant authorities in a fully consistent way. As a result, it is likely that the different TRs will apply divergent methodological assumptions when computing the position level data, leading to inconsistencies and lack of comparability of the position reports provided by the TRs. This in turn would reduce the usability of the position level data by authorities, affecting thereby their ability to fulfil their respective mandates.

2. Related to the previous point, we believe that the **relevant authorities should have access to all the derivatives contracts in the currency issued by the ESCB member** (e.g. EUR for ESCB members belonging to the Eurosystem). That is, **access should be granted at the raw transaction level** as well as to any derived data by the trade repositories such as “trade state” type of data. The Commission Delegated Regulation 151/2013 (and its subsequent amendment CDR (EU) 2017/1800) indicate that position data “should regard aggregate position data by underlying/product for individual counterparties”. Trade state reports provide information on the stock of all outstanding derivatives transactions of the different reporting institutions. As a result, trade state reports are, by definition, an aggregation of the information provided in the trade *activity* reports - the latter being the flow of derivatives contracts. In other words, trade state reports, in spite of containing individual trade level information, provide aggregated information that is consistent with the definition given in the afore mentioned Delegated Regulation.

3. It is worth stressing that granting access to all derivatives contracts at the transaction level in the currency issued by the ESCB member would be fully in line with the access level granted to SFTs foreseen in Regulation (EU) 2015/2365 (SFTR). The existence of close links between some SFTs and the transmission of monetary policy justified the need to grant the ESCB members a wide access to the transaction level data in the SFTR case. The same principle should apply to the EMIR case, for there are **very strong links between derivatives transactions and the transmission of shocks between financial institutions** both within and between countries, which affect the stability of individual institutions and of the financial system at large. Introducing different access levels for SFTs and derivatives transactions appears therefore to be subjective and unjustified.

4. A further argument to stress the need of having access to all transactions in the currency of issuance by the ESCB member, is that there are different ways in which a position can be calculated. Defining ex-ante the aggregation breakdowns beyond the trade state level, precludes the ESCB members from applying a definition of position that might differ from the ones provided in the current guidelines and that could better suit their analytical needs to fulfil their respective mandates. This is particularly relevant, in light of Article 81(3) of EMIR which provides that a trade repository shall ensure that the rele-

vant authorities have direct and immediate access to the details of derivatives contracts they need to **fulfil their respective responsibilities and mandates**.

5. The current guidelines implicitly rely on the assumption that the quality of the EMIR data is good, or good enough to allow for a high share of reconciled, paired and matched trades both within and between TRs. To this date however, the quality of the EMIR data is far from perfect and the percentage of matched, paired and reconciled trades across TRs is extremely low. This means that in practice, any aggregation that is higher than that provided by the raw trade state reports would seriously impede any meaningful interpretation and usability of the position level data provided by TRs. To provide an example, the most important measure of exposure between two counterparties is the market value net of collateral. In order to compute this exposure measure, TRs need to identify all the derivative trades that are covered by a collateral pool within one master agreement. As counterparties often use different TRs to report their trades, TRs would need to reconcile the information reported to the different TRs. The current guidelines provide no details on how this is reconciliation exercise will be performed. Therefore, we would welcome that ESMA, the NCAs and the TRs focus their efforts in improving the data quality so as to substantially increase the percentage of reconciled, paired and matched contracts both within and between repositories.

6. To conclude, we would like to stress that in elaborating the position level reports, TRs are likely to incur in significant additional costs. Granting access to all derivatives contracts at the transaction level in the currency issued by the ESCB member would be a considerably more cost efficient solution.

.<ESMA_COMMENT_EMIR_1>

1. : Are there any other definitions related to the reporting of derivatives under Article 9 of EMIR that need to be taken into account to ensure the guidelines are clear? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_1>
The members of the ESCB have wide range of tasks and mandates. Moreover, and as indicated in the introduction, there are different ways in which a position can be calculated that are relevant for the different ESCB members. Financial markets are highly dynamic. By, defining ex-ante the aggregation breakdowns beyond the trade state level, precludes the ESCB members from applying a definition of position that differs from the ones provided in chapters 6 and 7 of the consultation paper and that could better suit their analytical needs to fulfil their respective mandates. This is particularly relevant, in light of Article 81(3) of EMIR which provides that a trade repository shall ensure that the relevant authorities have direct and immediate access to the details of derivatives contracts they need to **fulfil their respective responsibilities and mandates**.

Furthermore, the EMIR legislation currently does not provide a definition of "underlying/product". As a result, without such definition in place, it is extremely difficult to define metrics for data aggregations, which would comply with ***any*** (currently unknown) future definition of “underlying/product”. Moreover, as the derivative market develops and new products arise, even if such definition were to exist, it is unlikely to instantly cover all different types of derivatives. Such aggregation would also incur future additional costs to the TRs to accommodate calculations, as the method(s) of aggregation would have to be re-evaluated as new products come about.
<ESMA_QUESTION_EMIR_1>

2. : Do you agree that using trade state reports is the most effective way of ensuring that the information used to aggregate derivatives is current and useful for authorities? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_2>
Positions should be calculated based on the trade state reports, as trade state reports contain the information of all outstanding derivatives contracts by the different reporting entities. Moreover, in computing positions, **no information should be dropped**, regardless of whether individual contracts have been reconciled, paired and matched.

The current guidelines implicitly assume that the quality of the data is good, or good enough to allow for a high share of matched and paired trades between and within TRs. To this date the quality of the EMIR is far from perfect and the percentage of matched and paired trades is extremely low. This means that in practice, any aggregation that is higher than that provided by the raw trade state reports would seriously impede any meaningful interpretation and usability of the position level data provided by TRs. To provide an example, point 44 of the consultation paper states that “A unique value should be calculated for each counterparty pair (E_i,E_j), where i ≠ j, and set of dimensions Z_k at time t, where t is a specific (business) day”. For this equality to hold, it is necessary that all trades between any two counterparties i and j are paired and matched, regardless of whether the two counterparties reported to the same or a different TR. In the presence of non-paired and non-matched trades, this equation does not hold by necessity. In light of the large percentage of non-matched and non-paired trades across repositories, it is very likely indeed that this equation will not hold in practice. Therefore, we would welcome that ESMA, the NCAs and the TRs focus their efforts in improving the data quality so as to achieve a substantially higher percentage of reconciled, paired and matched contracts both within and between repositories.
<ESMA_QUESTION_EMIR_2>

3. : Do you agree with Guideline 4 and the use of Effective date (T2F26) to determine which derivatives should be included in a calculation? Do you see there being an alternative approach to better ensure that relevant derivatives which are effective are those included in a calculation. Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_3>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EMIR_3>

4. : Do you agree that the proposed Guideline 6 and Guideline 7 will ensure consistent reports are made available by TRs? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_4>
No. The guidelines leave too much room for interpretation. It is unlikely that TRs will be able to provide position reports that are consistent and comparable across TRs. The guideline should provide exact formulas on how to compute positions, making reference to the specific variables reported under EMIR. Moreover, examples should be given to provide further clarity.

As indicated in the introduction, the most important measure of counterparty risk is the market value net of collateral. In order to compute this exposure measure, TRs need to identify all derivative trades that are covered by a collateral pool within the same master agreement. As counterparties often use different TRs to report their trades, TRs would need to reconcile the information reported to the different TRs. The current guidelines provide no details on how this is reconciliation exercise will be performed, so as to guarantee consistency in the position reports. Moreover, to this date the quality of the EMIR data is far from perfect and the percentage of reconciled trades across TRs is extremely low. This means that in practice, any aggregation that is higher than that provided by the raw trade state reports (contract level data) would seriously impede any meaningful interpretation and usability of the position level data provided by TRs. We would therefore welcome that ESMA, the NCAs and the TRs focus their efforts in improving the quality of the data so as to substantially increase the percentage of reconciled, paired and matched contracts both within and between repositories.
<ESMA_QUESTION_EMIR_4>

5. : Do you agree with the proposed frequency for updating position calculations and making them available to authorities? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_5>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EMIR_5>

6. : Do you agree with Guideline 9 and the use of the ISO 20022 XML template and these standards for TRs providing access to positions? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_6>
We welcome and strongly support the use of standardized ISO 20022 XML template for providing the position-level data. The XML format ensures high-level of harmonisation of data reported by different TRs and contributes to higher quality of transmitted information. The ISO 20022 format is already used for transmitting trade state and trade activity date, and hence both the TRs and the authorities have experience with this format and have already built dedicated infrastructure to handle XML files.
<ESMA_QUESTION_EMIR_6>

7. : Do you agree TRs making four reports available as described in Guideline 10 is the most effective way to ensure authorities receive information that can be used to achieve the objectives of position calculations? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_7>
As indicated in our introductory comments above, we believe that the position reports should be interpreted as synonym of trade state reports that cover all the derivative transactions in the currency issued by the member of the ESCB (e.g. EUR for ESCB members belonging to the Eurosystem).

<ESMA_QUESTION_EMIR_7>

8. : Please can you provide estimates of the potential monetary costs for a TR producing the sets, in accordance with all the specificities that are proposed in this paper? Please can you elaborate on the reasons for you answer.

<ESMA_QUESTION_EMIR_8>
Granting access to the trade state reports of transactions in currency issued by the different ESCB members would not lead to any significant additional costs for TRs, for they already produce trade state reports. On the contrary, the provision of additional position reports – that require the implementation of extensive new calculations/aggregations – will imply a significant increase in the costs of TRs (including for subsequent possible changes to these additional reports). Moreover, given that TRs are ultimately financed by counterparties reporting under EMIR, these costs will be an additional burden for the EU financial system more broadly. Hence, we believe that the proposal in our introductory comment would lead to significant cost reductions for TRs and thus for the EU financial system and the economy. Another benefit would be reduced costs for ESMA, which will have less reports and calculations/aggregations to supervise.
<ESMA_QUESTION_EMIR_8>

9. : Do you agree with the Guideline 11 for ensuring that historical errors are remediated in future? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_9>
In general, it would be extremely important to design a regular revision policy of EMIR data, so that the relevant authorities (incl. all members of the ESCB) receive **high quality historical trade state/position level** EMIR data. Such data would allow relevant authorities to conduct time-series analyses, thereby enabling a meaningful regular monitoring of the market developments.

TRs should apply the corrections to previously reported erroneous data, also in historical reports. This should apply both trade state and position reports. Moreover, this process should be carried out in a fully transparent way. That is, it should be made clear what the error was, what precise calculations were affected and when it was corrected. This is to ensure continued faith in the integrity of the reports produced by the TRs. If, for example, a subset of the position data were used in some piece of analysis, it would be unfortunate for the data used in the analysis to be subsequently determined to be erroneous, thus rendering the analysis erroneous, without the knowledge of the individual(s) who carried it out.

Currently, the EMIR framework does not foresee a comprehensive mechanism to report corrections to the TRs and then subsequently to authorities. Reporting entities can send the corrected values using action type “R”, but they cannot specify the validity range. Also the TRs, apply the correction on in a forward-looking way, leaving the past erroneous data intact. In our view, EMIR should foresee a robust way to address the issue of corrections of the historical data along the full reporting chain (from reporting agents via TRs to authorities). While it may be impractical to provide the authorities with every past report that was modified, the TRs should still provide the log of corrected observations (with validity range) to the authorities, and make the corrected historical reports available on request. On the latter, the TR efforts to comply with the TRACE phase 2 regime could be leveraged.
<ESMA_QUESTION_EMIR_9>

10. : Do you see a need for any additional Guidelines to ensure that historical errors are remediated in future data made available by TRs? For example in relation to the maintenance by TRs of records of historical position sets.

<ESMA_QUESTION_EMIR_10>
See our reply to question 9.
<ESMA_QUESTION_EMIR_10>

11. : Do you agree with this method proposed in Guideline 12, designed to ensure that derivatives in different currencies do not lead to authorities receiving inconsistent data that is arduous to analyse. Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_11>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EMIR_11>

12. : Do you agree with the approach in Guideline 13 for how TRs should treat abnormal values in the derivative data they receive when producing calculations? Are there any potential methods you see as appropriate for detecting outliers in a consistent manner? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_12>
TRs should have a procedure in place for identifying abnormal values. Identifying outliers, however, is a delicate issue and the probability of wrongly detecting outliers is non-negligible; e.g. very high notional values could be the result of compression exercises. Whatever the method chosen to identify outliers, it should be transparent and available to everyone and ideally, ESMA should ensure that different trade repositories use the exact same algorithms and thresholds to guarantee that position reports from different repositories be directly comparable. Moreover, any method used to detect outliers should be based on a detailed assessment of data quality. To conclude, we believe that no information should be deleted from the position reports based on the identification of outliers, for this precludes the different ESCB members to independently decide whether to include or drop the flagged information. We refer again to our comment in the introduction on the need to grant access to the contract level trade state data in the currency issued by the different ESCB member states and to our comment that a stronger emphasis should be put on data quality.
<ESMA_QUESTION_EMIR_12>

13. : Do you agree that the approach described in Guideline 14 is the most effective way to make available useful information for authorities? Are there any alternative approaches for dealing with erroneous reports which you think could help produce useful calculations? Do you think that this approach is appropriate for derivatives reported before 1 December 2014? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_13>
As a general rule, no information should be dropped from the position reports. It is not advisable to drop the trades where one of the breakdowns is missing. Those trades should be included in the position set, with the respective breakdown equal to an empty string. To provide an example: in the current proposal, one of the variables is “Master agreement type”, which suffers from significant number of missing values in the reports produced currently. This variable is also not standardized in the legal text, and probably is not a high-priority point for ESMA and NCAs in their efforts to enhance data quality. The guideline, as it is drafted now, would lead to dropping a significant number of trades, while this variable will probably not be used in many use cases of authorities. In this way, the quality issues with this variable could significantly bias the analysis of the authorities, even if this variable is not included in their analysis.
<ESMA_QUESTION_EMIR_13>

14. : Do you agree with that the proposed Guideline 15 is the most effective way for ESMA to ensure that they can quickly access the procedures and relevant algorithms a TR follows to calculate positons? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_14>

The validity and coherence of the algorithms applied by the TRs is crucial for the usefulness of the position or any other reports. While access to procedures and relevant algorithms would be helpful in achieving this goal, we would propose to go two steps further. In our view, it is advisable that ESMA first develops detailed technical guidance on how to derive/calculate the required reports. Second, once such detailed technical guidance is developed, ESMA should receive the procedures and relevant algorithms from TRs and explicitly approve them, before they are applied by the TRs. The same approach should be taken for all changes in the procedures.

We would like to reiterate our introductory comment, however, in which we indicate that a better option would be to grant access to the derivative transactions in the currency issued by the member of the ESCB (e.g. EUR for ESCB members belonging to the Eurosystem).
<ESMA_QUESTION_EMIR_14>

15. : Do you foresee any difficulties with complying with these guidelines in line with the H2 2018 implementation timeframe? Please provide rationale to support and explain your answer by detailing the specific aspects of the implementation process that would impact the total implementation timeline.

<ESMA_QUESTION_EMIR_15>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EMIR_15>

16. : Do you agree that the metrics included in Guideline 16 are the most appropriate for quantifying the exposures of the different derivatives? Do you consider necessary and essential for the accurate assessment of exposures between counterparties to include separate metrics for positive and for negative values of fields Notional and Values of contract? Are there any other more efficient, still accurate ways to represent this? Would the dimension "Master agreement type (T2F30) be relevant in this case? Please can you elaborate on the reasons for your answers.

<ESMA_QUESTION_EMIR_16>
No. We would like to reiterate our introductory comments above.
<ESMA_QUESTION_EMIR_16>

17. : Do you consider that the inclusion of the field Intragroup (T2F38) is required as an additional dimension? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_17>
Yes. We consider this field to be very important as an additional dimension. The reason is that such information is necessary to derive consolidated (group) exposures, which are relevant for certain types of analyses (e.g. for financial stability purposes). In the lack of an entity reference database with sufficient coverage, we suggest to include this variable as an additional dimension.

At the same time, regarding the dimensions listed under Guideline 17, we would like to flag that fields (c) Master agreement type (T2F30), (d) Master agreement version (T2F31), (f) Collateral portfolio code (T1F23), and (g) Cleared (T2F35) are, in our experience, quite unreliable in the information they provide. We would therefore ask that greater effort be put into increasing the quality of these very useful fields. To provide a simple example, it is not uncommon to find one of the counterparty IDs to contain the LEI of a CCP, yet the Cleared field is either empty or states 'N' when this is clearly not the case.

Additionally, we think that it is crucial to leverage on the work done now in the context of MiFIR rules, which require use of ISIN code for some OTC derivatives, and on the forthcoming implementation of the UPI. In our view, product classification and identification (where ISIN and UPI are supposed to be used)

are very important for the position-level analysis, and therefore, we suggest to add the following fields to the breakdowns determining the position set: Product classification type (T2F3), Product classification (T2F4), Product identification type (T2F5), Product identification (T2F6).
<ESMA_QUESTION_EMIR_17>

18. : Would a further aggregation of derivatives with position sets created using the dimensions in Guideline 18 and Guideline 19 allow authorities to achieve a useful overview of potential systemic risks that may arise in financial markets? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_18>
In general, we would like to reiterate our introductory comments above that any higher aggregation of the data from trade state reports impedes their usability, e.g. for the purpose of identification of risks both at the system wide level and at the level of individual institutions.
<ESMA_QUESTION_EMIR_18>

19. : Do you believe that the approach included in Guideline 20 for grouping derivatives with similar times to maturity is appropriate? Do you think that a more granular approach to the grouping of derivatives with similar time to maturity would be more useful? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_19>
In general, we would like to reiterate our introductory comments above that any higher aggregation of the data from trade state reports impedes their usability. For instance, in the context of our analysis of potential impact of Brexit, it is important to single out trades which mature before and after a particular date (in this case e.g. 29 March 2019). Therefore, a more granular approach would be more useful.

In addition, we would like to comment on the method of calculation of maturity brackets in the table included in guideline 20. Calendar 30/360 should be used only for allocating the differences that do not fall into full years, i.e. 360 should not be used as a multiplication factor for number of days in a year. In this way, some ambiguity and imprecision will be introduced into the dataset (e.g. derivative with remaining maturity 49 years and 4 month would be classified as “> 50 years”). Thus, for the brackets that extend over 1 year, it should be the actual number of years taken into calculations.
<ESMA_QUESTION_EMIR_19>

20. : Do you agree that the dimensions included in Guideline 17 to Guideline 20 are the most appropriate for grouping derivatives into reports for analysis by authorities? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_20>
We would like to reiterate our introductory comments above that any higher aggregation of the data from trade state reports impedes their usability.
<ESMA_QUESTION_EMIR_20>

21. : Do you believe that Guideline 21 which defines an additional dimension for grouping IRS derivatives is appropriate? Do you believe there is an alternative way to group similar IRS? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_21>
We would like to reiterate our introductory comments above that any higher aggregation of the data from trade state reports impedes their usability. In particular, since the risks embedded in the contracts differ by

the type of benchmark rate, the relevant authorities often analyse the data by the type of benchmark interest rate. As an example, see ESRB Occasional Paper nr. 11 that singles out IRS on 6-month Euribor.

In addition, we find the classification methods in Guideline 21 not to be wholly sufficient. For example, in determining the IRS type *FIX-BLANK*, it may also be useful to check the field containing the fixed rate of leg 2, and not only that attributed to leg 1. So, in the table provided under Guideline 21, the first row containing the PBBB marking (Populated-Blank-Blank-Blank for Fixed rate of leg1-Fixed rate of leg 2-Floating rate of leg 1-Floating rate of leg2) could be complemented with BPBB. In the same vein, the determination of *FIX-BLANK* could also include BBBP.
<ESMA_QUESTION_EMIR_21>

22. : Would an aggregation of credit derivatives with position sets created using the dimensions in Guideline 22 allow authorities to achieve a useful overview of potential systemic risks that may arise in financial markets? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_22>
We would like to reiterate our introductory comments above that any higher aggregation of the data from trade state reports impedes their usability.
<ESMA_QUESTION_EMIR_22>

23. : Do you agree that the additional dimension for grouping commodity derivatives included in Guideline 23 will create more useful information for authorities? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_23>
We would like to reiterate our introductory comments above that any higher aggregation of the data from trade state reports impedes their usability.

At the same time, regarding the breakdowns in Guideline 23, we would like to highlight that they are useful for our purposes and should be maintained as a minimum (if less granular information is not available). For instance, for monetary and financial stability purposes, it is important to track the development in oil products.
<ESMA_QUESTION_EMIR_23>

24. : Do you agree that the method described in Guideline 25 is the most effective way of determining a useful indicator when collateralisation of derivatives is performed on a portfolio basis? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_24>
We believe that in addition to this high-level guidance, ESMA should develop a detailed technical guidance for TRs on how to derive the collateral sets. For instance, paragraph 111 states that "this calculation aims […] to provide the necessary information to link this information to the information available in the position set, so that authorities can infer the net credit risk among different counterparties". We consider this information of utmost importance but it is fully unclear how/in which form TRs should provide such information. In addition, we would like to reiterate our introductory comments above about the collateral reconciliation exercise, which is needed in order to derive market values net of collateral.
<ESMA_QUESTION_EMIR_24>

25. : Do you agree that the aggregation of these values in line with Guideline 26 is the most appropriate way to provide authorities with a view of collateral positions? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_25>

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<ESMA_QUESTION_EMIR_25>

26. : Do you agree with the proposed Guideline 28 for aggregating collateral sets and representing the data for authorities? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_26>
We would like to reiterate our introductory comments above. For our purposes, it is of utmost importance to receive information on market values net of collateral, which we understand is not covered by the current guideline. Irrespective of whether or not the collateralisation is done on a portfolio basis, current granularity of the collateral report prevents the authorities from linking the position set to corresponding collateral that covers the position set in question. This would significantly limit the usefulness of the position report.
<ESMA_QUESTION_EMIR_26>

27. : For the calculation of positions, is it more appropriate that the currency of the collateral is the same as the currency of the field Value of the Contract (T1F17)? In case they are not, should they all be converted to the same currency, e.g. EUR? Should, alternatively the currency of the Value of the contract and the collateral be always the currency of the notional of the derivatives? Please can you elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_27>
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<ESMA_QUESTION_EMIR_27>

28. : Do you agree with the proposal to use the dimensions and metrics included in Guideline 29 and Guideline 31 to aggregate derivatives to provide information on specific currencies to central banks of issue? Please elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_28>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EMIR_28>

29. : Do you agree that Guideline 32 includes the appropriate metrics and dimensions for calculating collateral held in specific currencies for derivatives? Please elaborate on the reasons for your answer.

<ESMA_QUESTION_EMIR_29>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_EMIR_29>