



PRESENTATION ON EMIR

Part 2: Legal Framework
ViiP Deelnetwerk 8
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AGENDA

Part 1: EMIR regulation by Wendy Fruytier of Towers Watson

- Introduction to EMIR
- Which entities are covered by the provisions of EMIR?
- Timelines EMIR

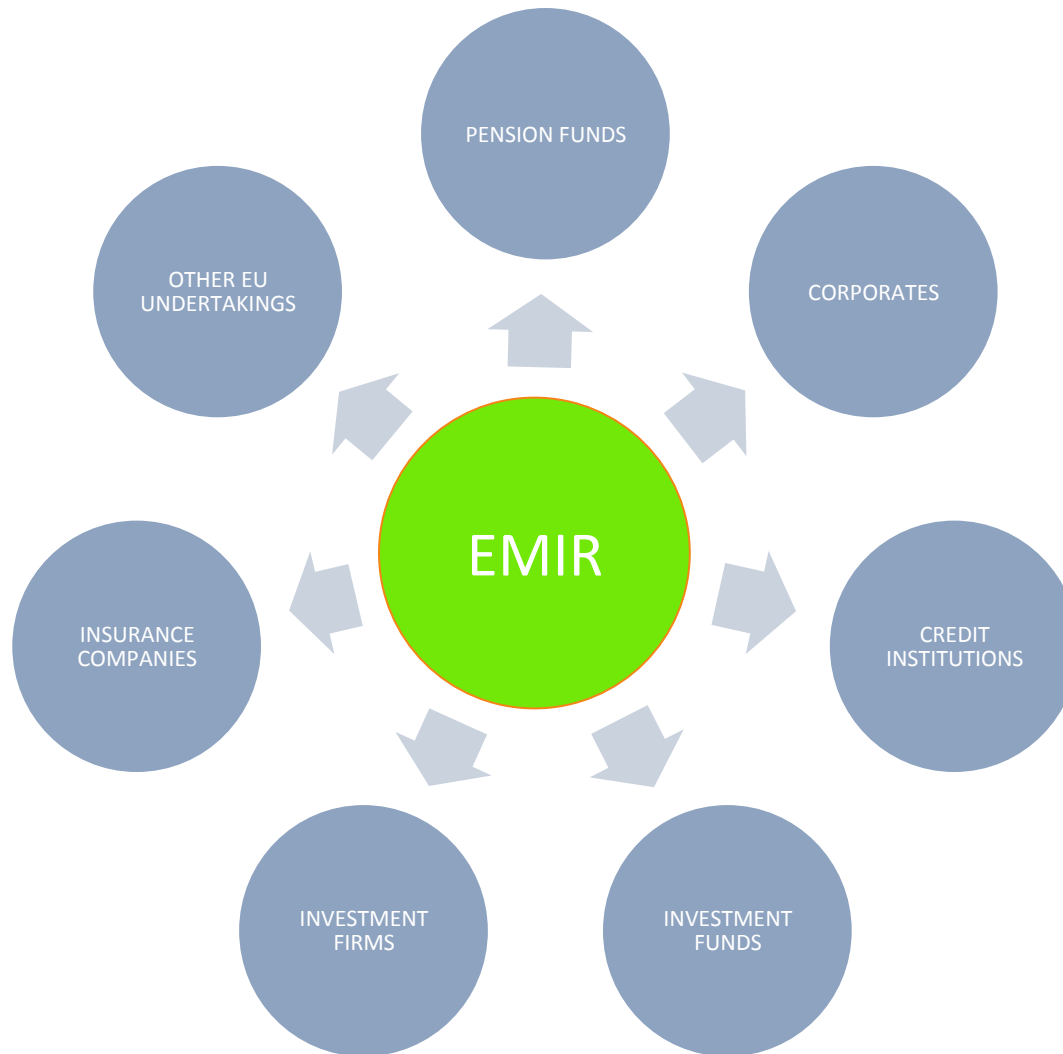
Part 2: Legal Framework by Nicole Batist of Keijzer & Cie advocaten

- The impact of EMIR
- Key obligations under EMIR
- How will Clearing change OTC Derivatives Trading?
- How does netting work?
- Typical OTC Derivatives Documentation in a bilateral situation
- Principal to principal model (Europe)
- Agency Model
- Points to consider in legal documentation process
- Questions

Part 3: Impact of EMIR on risks and liquidity management by Wendy Fruytier of Towers Watson

- Central clearing
- Segregation
- Portability
- Margin requirements
- Liquidity management
- Questions

THE IMPACT OF EMIR

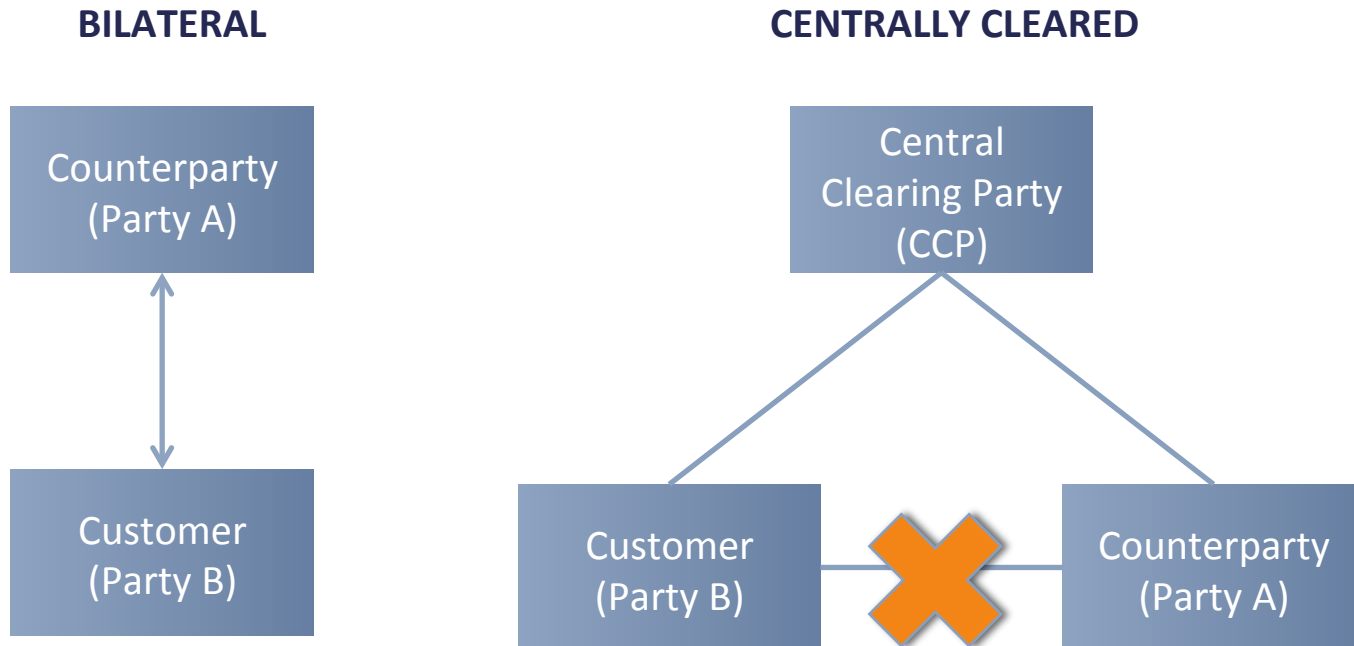


KEY OBLIGATIONS UNDER EMIR

- Clearing through CCP, unless exemption
- Mandatory bilateral margining for non-clearable derivatives
- Reporting to a regulated trade repository of all (OTC and on exchange traded) derivatives trades
- Risk mitigation

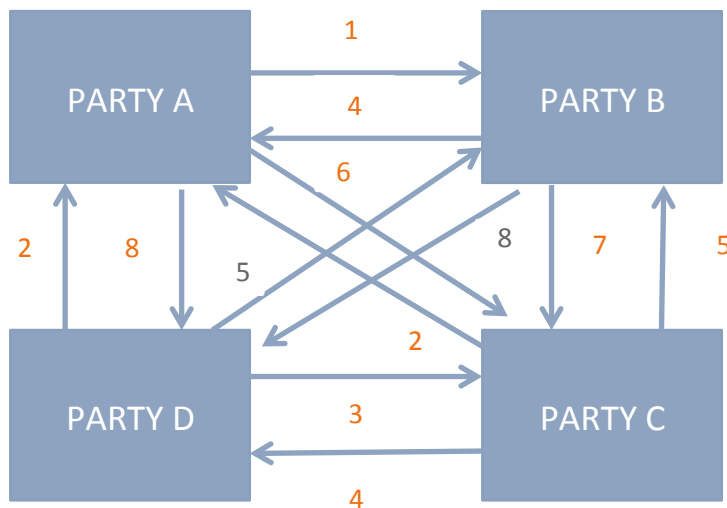


HOW WILL CLEARING CHANGE OTC DERIVATIVES TRADING?

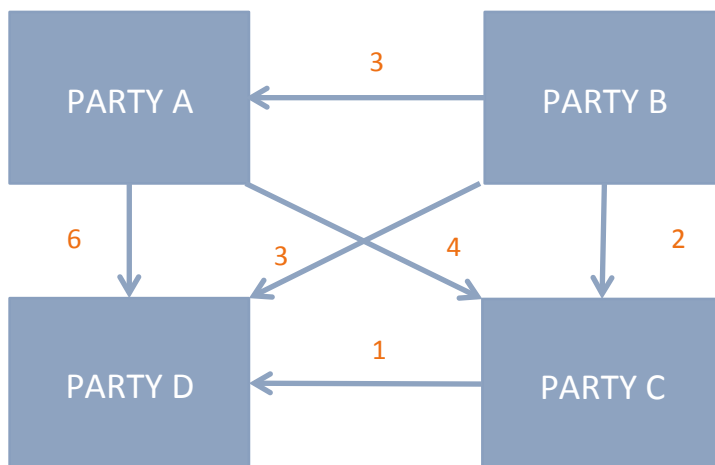


HOW DOES NETTING WORK?

BILATERAL TRANSACTIONS WITHOUT NETTING ARRANGEMENTS

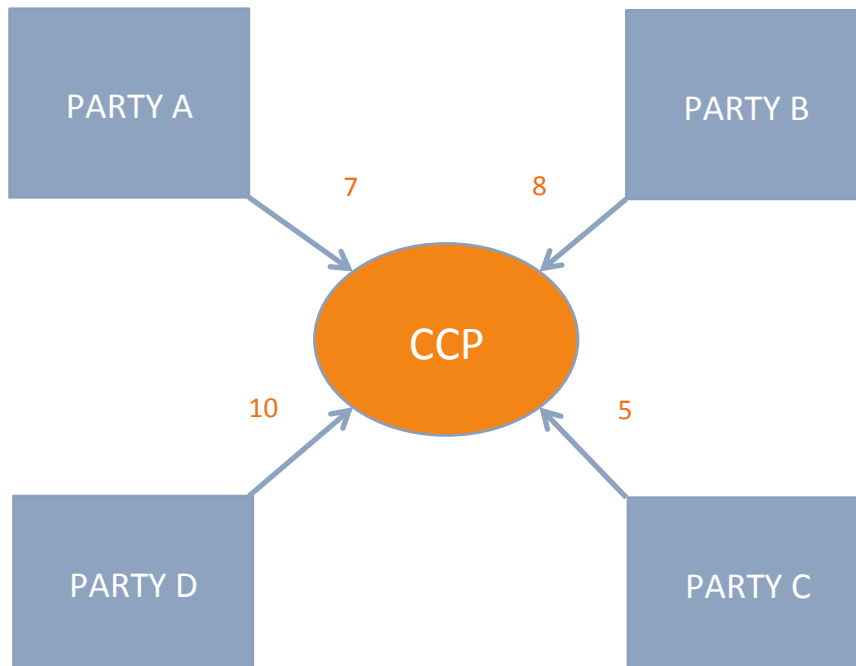


BILATERAL TRANSACTIONS WITH NETTING ARRANGEMENTS

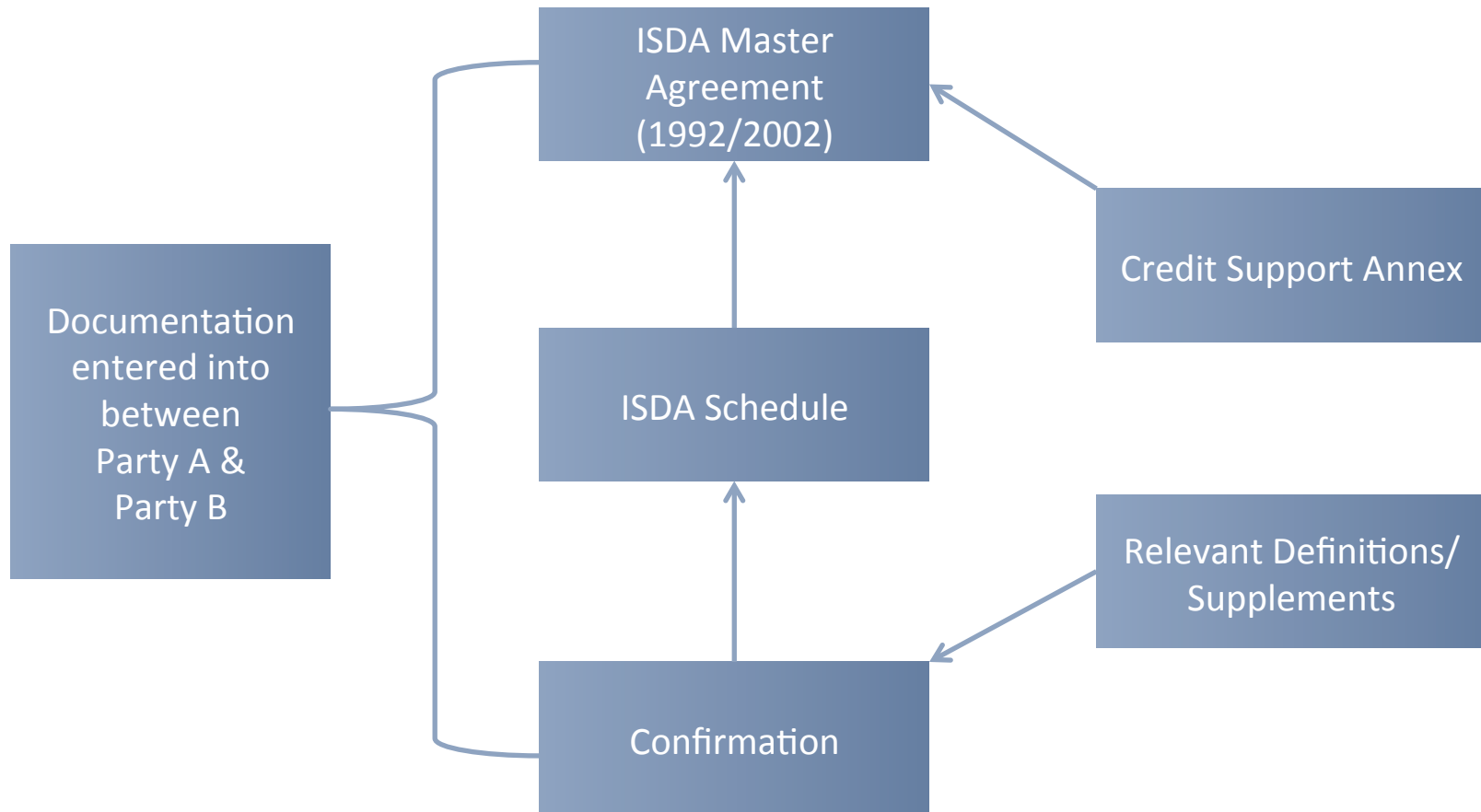


HOW DOES NETTING WORK (CONT'D)?

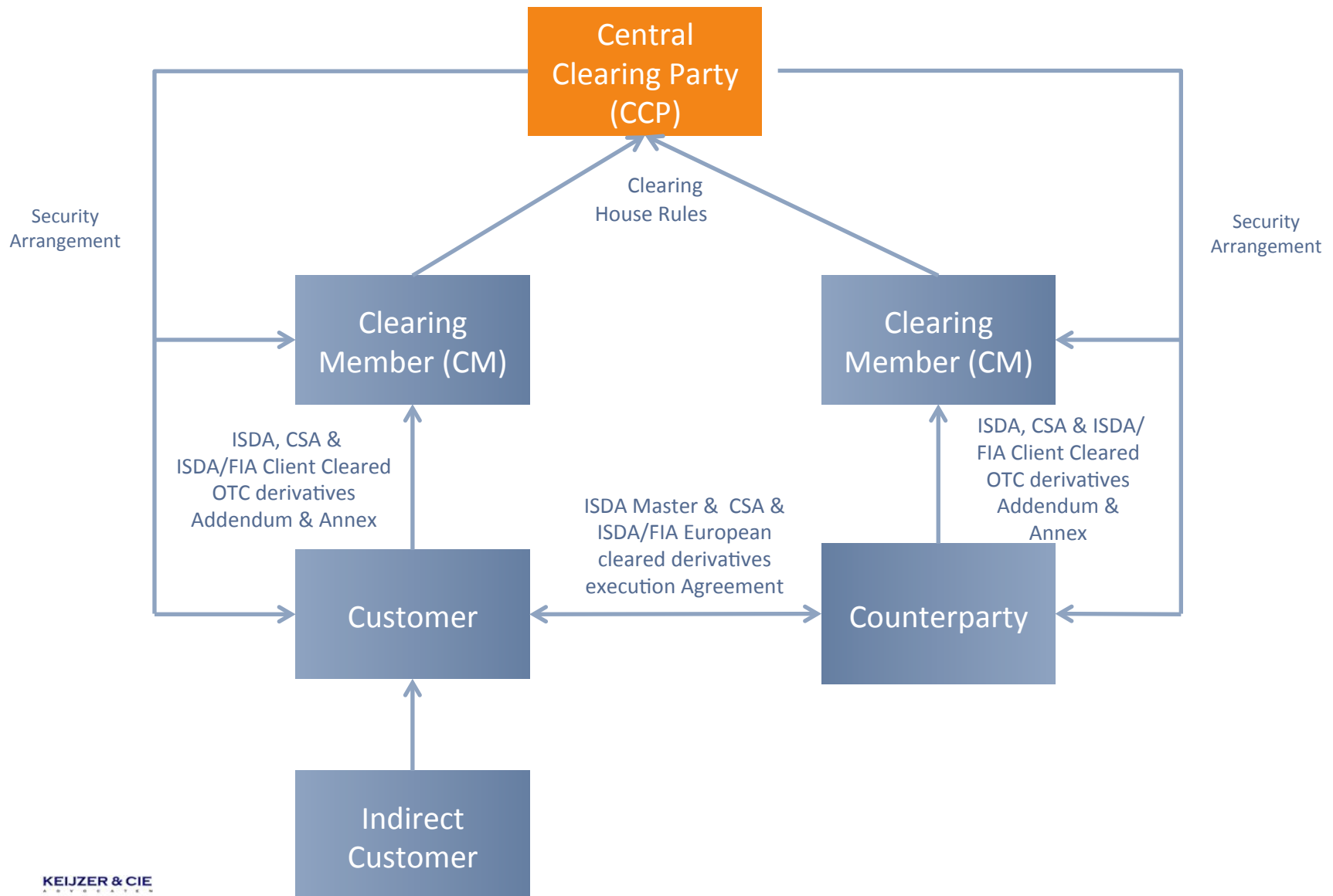
MULTILATERAL NETTING THROUGH CCP



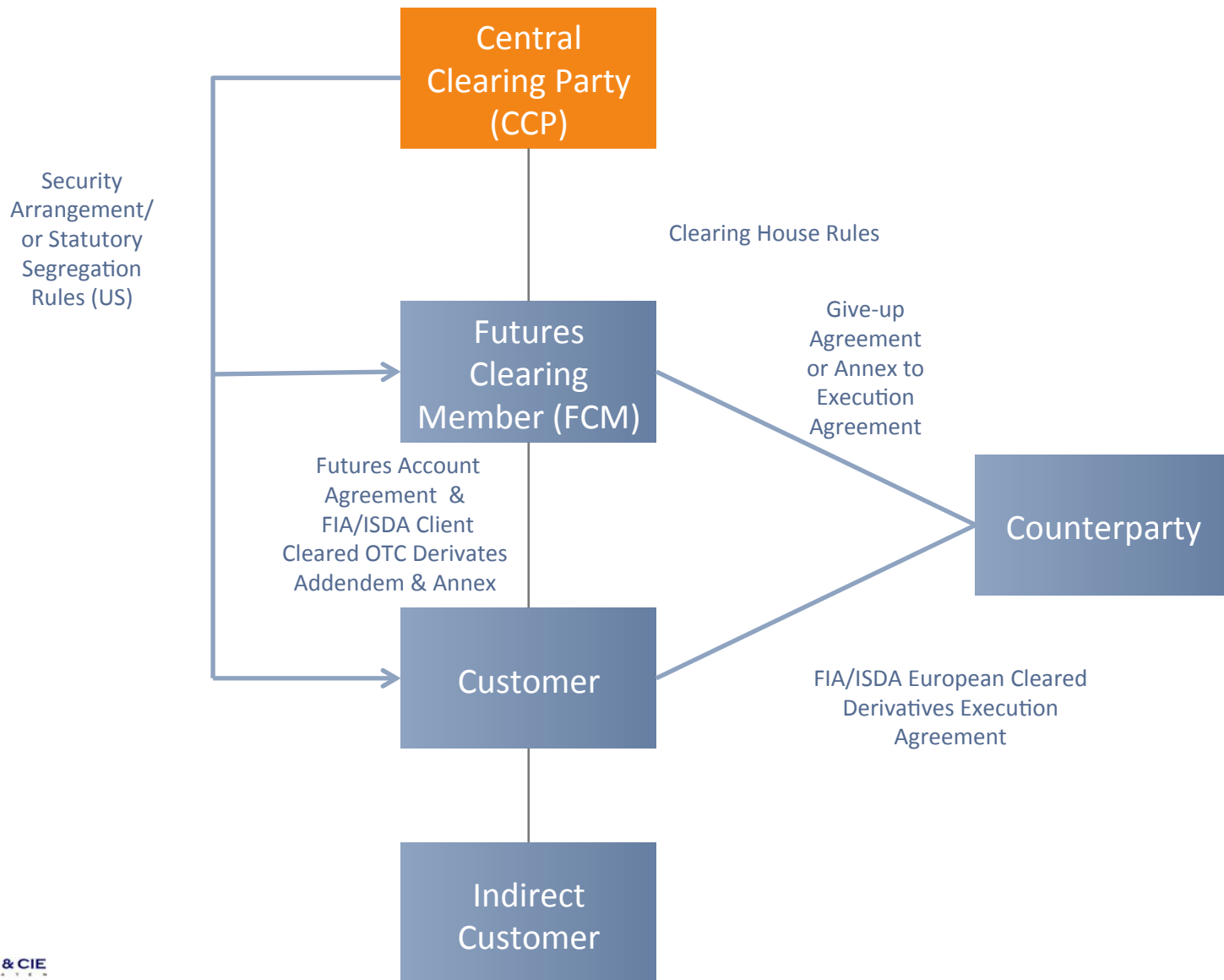
TYPICAL OTC DERIVATIVES DOCUMENTATION IN A BILATERAL SITUATION



PRINCIPAL TO PRINCIPAL MODEL (EUROPE)



AGENCY MODEL



POINTS TO CONSIDER IN LEGAL DOCUMENTATION PROCESS



- Is the Clearing Member a member of the relevant CCP;
- The clearing rules should be included in the contractual agreement between Clearing Member and Customer;
- Creditworthiness of the Clearing Member;
- Creditworthiness of Customers of the Clearing Member (if possible);
- Margin requirements/ excess margin requirements of the Clearing Member;

POINTS TO CONSIDER IN LEGAL DOCUMENTATION PROCESS (CONT'D)



- Legal status of excess margin/collateral;
- Asset segregation of the Clearing Member (separate account/ omnibus account);
- Asset segregation of the CCP for the indirect Client of the CCP (separate account/ omnibus account);
- Information process to the Client;
- Porting process;



MORE INFORMATION :

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