

12 July 2024

EMIR Refit Survey - MFSA Issues Findings on Financial Entities' Preparedness for Enhanced Reporting Requirements

Due to the increasing reporting requirements of the EMIR REFIT, the MFSA issued a survey to assess financial entities' level of preparedness ahead of the changes coming into force, which will see the number of reporting fields increasing significantly from 129 to 203.

The EMIR REFIT, part of the EU's Regulatory Fitness Programme, aims to enhance transparency, standardisation, and data quality in over-the-counter (OTC) derivatives markets. EMIR traces its roots back to the 2008 financial crisis, which highlighted severe weaknesses in these markets. In response, the G20 leaders, during the 2009 Pittsburgh summit, committed to reforms aimed at improving market transparency, preventing abuse, and reducing systemic risks. The original EMIR framework, adopted by the EU in 2012, sought to increase transparency, mitigate credit risk, and reduce operational risk. EMIR REFIT, effective from 17 June 2019, simplifies and refines these regulations to ensure they deliver their intended benefits more efficiently.

"Truly achieving the aims of EMIR implies an ongoing effort by all the stakeholders involved to ensure that data quality remains at the top of the agenda. The risks associated with over-the-counter derivative trading can only be mitigated by ensuring that the data being reported by the relevant counterparties is both timely and correct", said Christopher P. Buttigieg, Chief Officer Supervision.

Based on the responses received, entities generally appeared to be adequately prepared for the reporting changes which came into force on 29 April 2024. However, the findings also alluded to the need for some respondents to improve their existing arrangements. As a result, the MFSA has issued a "[Dear CEO](#)" letter to Financial Counterparties, outlining the main findings of the questionnaire and the Authority's expectations going forward.

"The EU EMIR Refit addresses the challenges and inefficiencies identified in the original EMIR framework, with the hope of a more robust and efficient financial market infrastructure in the European Union. We, at the Authority, are committed to providing the necessary guidance and support to the market to ensure a smooth transition to the updated framework," commented Lorraine Vella, Head of Capital Markets Supervision.

“Since the coming into force of EMIR, the Authority has been in contact with various entities through different forms of supervisory engagements to ensure that they are compliant with the Regulation, including accurate and timely reporting. While such efforts have led to a more adherent market, there is still room for improvement. Hence, the Authority shall continue to engage with the relevant entities as part of a data-driven supervisory approach”, said Nathan Fenech, Deputy Head, Capital Markets Supervision.

The full letter can be accessed [here](#).

"Dear CEO" letters are a direct means by which the MFSA communicates with the management of its regulated entities, including the board of directors and CEOs. These letters typically follow various supervisory interactions, such as inspections, thematic reviews and mystery shopping exercises, and are [published on the MFSA website](#).

About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. In 2018, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Strategic Statement, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. The MFSA licenses over 2,000 entities to operate in the financial services sector.

