

## European Market Infrastructure Regulation – Immediate Action Required

EMIR is a European Union regulation which introduces requirement to improve transparency and reduce the risks associated with the derivatives market. It applies to all types and sizes of EU entities that enter into any form of derivative contract, including entities that are not financial regulated.

### Classification

Under EMIR, EU entities which use derivatives are required to classify themselves into one of four classifications:

- (1) Financial Counterparties (“FC”),
  - (2) Non-Financial Counterparties with large aggregate derivative positions: above the clearing thresholds specified by the regulation (“NFC+”).
  - (3) Non-Financial counterparties with aggregate derivative positions below these thresholds (“NFC-”)
- Or
- (4) Public Sector, sovereigns, and individuals acting in a personal capacity that may be exempt entities

Please note that EMIR requires you to confirm your own classification.

If you ARE a “NFC-” as defined above, please agree this letter below.

If you are NOT a “NFC-”, please contact us by email ([admin@idealing.com](mailto:admin@idealing.com)) with the subject field “EMIR classification”, and stating your correct EMIR classification.

### Portfolio Reconciliation and Timely confirmations

EMIR requires all EU entities which use uncleared “over the counter” (OTC) derivatives, to reconcile their portfolios of outstanding trades with each of their counterparties. EMIR requires us to agree with you our arrangements for portfolio reconciliation. Our standard approach for reconciliation is:

- (1) We will send you a confirmation in the form of a contract note immediately after we have booked the transaction into our system.
- (2) We will provide to you, in most cases on a continuous basis, an online statement of your portfolio of outstanding derivative positions you have with us including the key terms relating to those positions.
- (3) If you believe that there is a discrepancy in the data we provide to you, you should contact us at [admin@idealing.com](mailto:admin@idealing.com).

If we have not heard from you within 10 business days, the portfolio will be considered to be reconciled on the terms we had provided you, as described above.

The above process does not affect any other rights you or we may have under any other contract between us, for example with respect to collateralisation.

### Portfolio Compression

This requirement only applies where there are 500 or more open (outstanding) uncleared OTC derivative contracts between us. We shall be in touch if we believe portfolio compression is appropriate.

### Dispute Resolution

EMIR requires that all counterparties have agreed procedures to identify, record and monitor disputes relating to the valuation of the contract or exchange of collateral, and to monitor and resolve disputes in a timely manner. To meet this requirement our standard approach is;

- (1) If one of us believes a dispute exists, it will send a notice to the other.
- (2) We will record and monitor the dispute
- (3) We will attempt to resolve the dispute in a timely manner, and
- (4) If the dispute is not resolved within 5 business days, we will ensure the matter has been referred to appropriate senior staff.

If you wish to notify us of a dispute, please do so at [admin@idealing.com](mailto:admin@idealing.com)

### Trade Reporting

Certain counterparties (described in article 9 of EMIR) are required to report their trades to a trade repository. Please note that if you are subject to trade reporting requirements, you are responsible for fulfilling those requirements; iDealing will *not* report your trade on your behalf.

Please Confirm your classification as non-financial counterparty NFC-, and your acceptance of the terms of this letter, by clicking “I Agree to EMIR Letter (NFC-)”