

FMIA – Prepare for reporting

Reporting obligation for Swiss entities classified as NFC

Finance and Treasury Management



KPMG's Finance and Treasury Management team assists you in the implementation of your FMIA reporting obligation to the trade repository.

What is the FMIA reporting obligation?

While FMIA obligations for self-classification and risk mitigation requirements are already in place, the reporting obligation for NFC- becomes effective on 1 January 2024.

In other words, if Swiss NFC- entities trade with Swiss counterparties there is no reporting obligation for the Swiss NFC-. But if the counterparty is a non-Swiss FC or NFC+, the reporting obligation falls back to the Swiss NFC-. In this case, the Swiss entity has the obligation to report any newly concluded derivative transaction to a trade repository.

What does the reporting obligation entail?

Two trade repositories are accepted by the Swiss Financial Market Supervisory Authority (FINMA): SIX and REGIS-TR.

Both repositories have different specifications, administrative requirements and pricing structures. Setting up the new reporting structure may take several weeks or months, therefore choosing the repository is a task that needs to be anticipated to ensure compliance by January 2024.

The repositories will provide documents as to what data need to be provided in the reporting. There are up to 90 data entries per derivative that need to be disclosed (e.g. default values, irrelevant values, transaction data values, etc.). It is

required that all data be available in the ERP or Treasury Management system and need to be mapped accordingly for transmission to the trade repository.

Since derivatives have to be reported at the latest one day after they were executed or modified, companies need to set up a standardized reporting process including a control mechanism to ensure that the data were filed and submitted correctly. In most cases Treasury Management systems are capable to monitor and facilitate this end-of-day task.

The accurate mapping and population of the data, the successful reporting to the trade repositories and the accuracy of the process and controls will be subject to the annual FMIA audit.

The reporting obligation can also be delegated to the financial counterparty. However, many European financial counterparties have already stated that they will not provide this service as they have implemented the EMIR reporting (European Market Infrastructure Regulation), the European counterpart to FMIA.

The good news is that most Treasury Management systems already provide solutions for EMIR reporting which can be leveraged for FMIA purposes.

How can KPMG help?

KPMG can support you on your journey to be ready for the FMIA reporting obligation in January 2024 by assisting you with the following:

- Selection of the right trade repository (SIX or REGIS-TR) based on an individual cost/benefit assessment
- Extraction and mapping of the necessary data fields from the Treasury Management and/or ERP system
- Support discussions with the vendor of the Treasury Management system to design possible reporting solutions
- Onboarding and training of the affected department(s) on the new processes and latest developments
- Implementation of a sound reporting solution
- Testing of the new reporting process to ensure readiness on Day 1 and a smooth data transmission
- Preparation to pass the annual FMIA audit

If your company only has a few deals per year, KPMG also offers an Excel-based FMIA upload tool. This tool has been developed by our specialists as a semi-automated solution

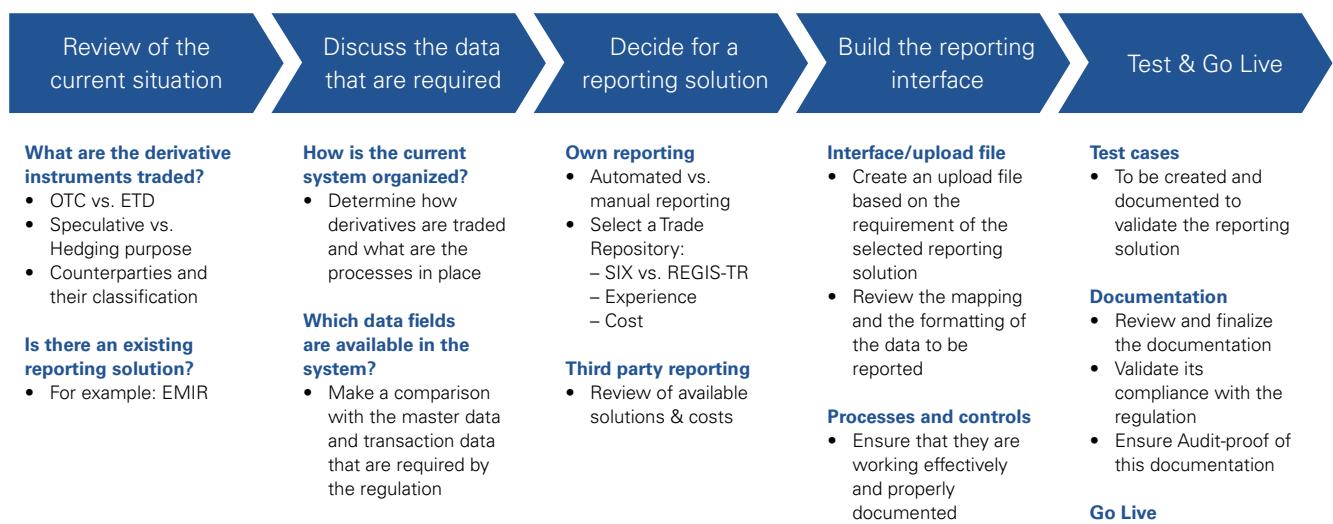
which can serve as a basis to implement a FMIA reporting solution where no support by a Treasury Management system is available. The tool reduces the manual entries to a minimum, which significantly lowers administrative efforts.

KPMG's service offering in a nutshell

KPMG's dedicated Finance & Treasury team has already conducted financial market regulation assurance and implementation projects for various clients. The team also has longstanding experience with derivative reporting according to EMIR, that came into force in 2014.

- Hands-on experience with the Swiss trade repositories and their specifications
- Extensive knowledge of the required reporting data fields and their corresponding data in the ERP or Treasury Management system
- Know-how regarding the mandatory regulatory reporting deadlines and requirements to ensure timely compliance
- Flexible and powerful reporting solution with a self-developed upload tool tested and used in the market

KPMG's approach



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