



AFM statement on EMIR 1 March 2017 variation margin deadline

The AFM welcomes the statements by the European Supervisory Authorities (ESAs) and the International Organization of Securities Commissions (IOSCO) of 23 February 2017. The new regime for variation margin exchange requires a number of significant changes for many institutions in terms of documentation and operational processes. We understand that some institutions may not be in a position to fully comply with the variation margin requirements in accordance with the Regulatory Technical Standards by 1 March 2017.

AFM expectations regarding variation margin

In monitoring institutions' progress we will take a risk-based approach, taking into account the position in the market of particular institutions and the feasibility of the plans they have made.

Institutions that have not achieved full compliance by the deadline must be able to demonstrate that they have made every effort to do so, and must explain how they intend to achieve compliance as soon as practicable for all in-scope transactions entered into from 1 March 2017. We expect them to have detailed and realistic plans in place, which we may request to see at any time. We expect institutions to achieve full compliance by 1 September 2017 at the latest.

More specifically we expect the following:

- Institutions must be able to show that they have done their utmost to achieve compliance as soon as possible. The larger the institution, the more effort we expect.
- New counterparties should be on-boarded only under compliant documentation.
- Existing counterparties are allowed to trade under existing documentation - at least in order to be able to hedge their positions.
- Institutions must provide monthly update reports on their progress.
- Institutions must inform us of any counterparties that are not cooperating, so that this can be discussed with the AFM.

Should you have any questions, please contact your account supervisor.