



ETD and Cleared OTC Margin Call Communication Standards and Settlement Processing

**SIFMA AMG/ISITC Margin & Collateral Working Group in
collaboration with Buy-side Firms and FCMs**



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Document History

Version #	Change Date	Description of Change	Page
1.0	01/08/17	First Draft	
1.1	1/16/18	First Draft plus Data Details in 2.1	
1.2	1/22/18	Second draft with 1/22 co-chair comments incorporated	
1.3	5/1/18	Removed Detailed Records until further review	
1.4	6/2/18	Add Governance Section	
1.41	6/7/18	Added logos, contributors, formatting changes, wording consistency	
1.42	10/9/18	Fixed some grammatical errors.	



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1.0 Background

Margin call volumes have increased across all collateralized products due to global regulation, and there is an increased need for streamlined processing and data standardization to manage liquidity and collateral efficiently. By standardizing the collateral call process, accompanying data, and settlement process, the ETD and OTC Cleared margin call process will benefit from improved operational, liquidity, and counterparty risk management.

1.1 Scope

The market practice will include margin call data standards and margin settlement workflows between FCMs and their clients. The initial version will include margin calls and recalls and settlements for both cash and securities. Future enhancements will include substitutions and an expanded scope of data included in the standardized statements.

1.2 Definitions

ETDs – Exchange Traded Derivatives, such as options and futures traded on an exchange.
 Cleared OTC – Cleared Over-the-Counter derivatives, such as swaps and forwards traded bilaterally and given up to a Central Clearing Party.

1.3 Actors and Roles

The actors and roles covered in this document are listed below with brief descriptions and equivalent names commonly used in the industry.

- **FCM** – Futures Clearing Merchant provides clearing guarantee for client to Central Counterparty/Clearing House. Processes margin on behalf of client to Central Counterparty or Clearing House.
- **Central Counterparty/Clearing House** – Central Counter Party or Exchange that faces FcomCM. Is the buyer to every seller; seller to every buyer.
- **Client** – Entity facing FCM.
- **Custodian** – Entity moving collateral on behalf of client.

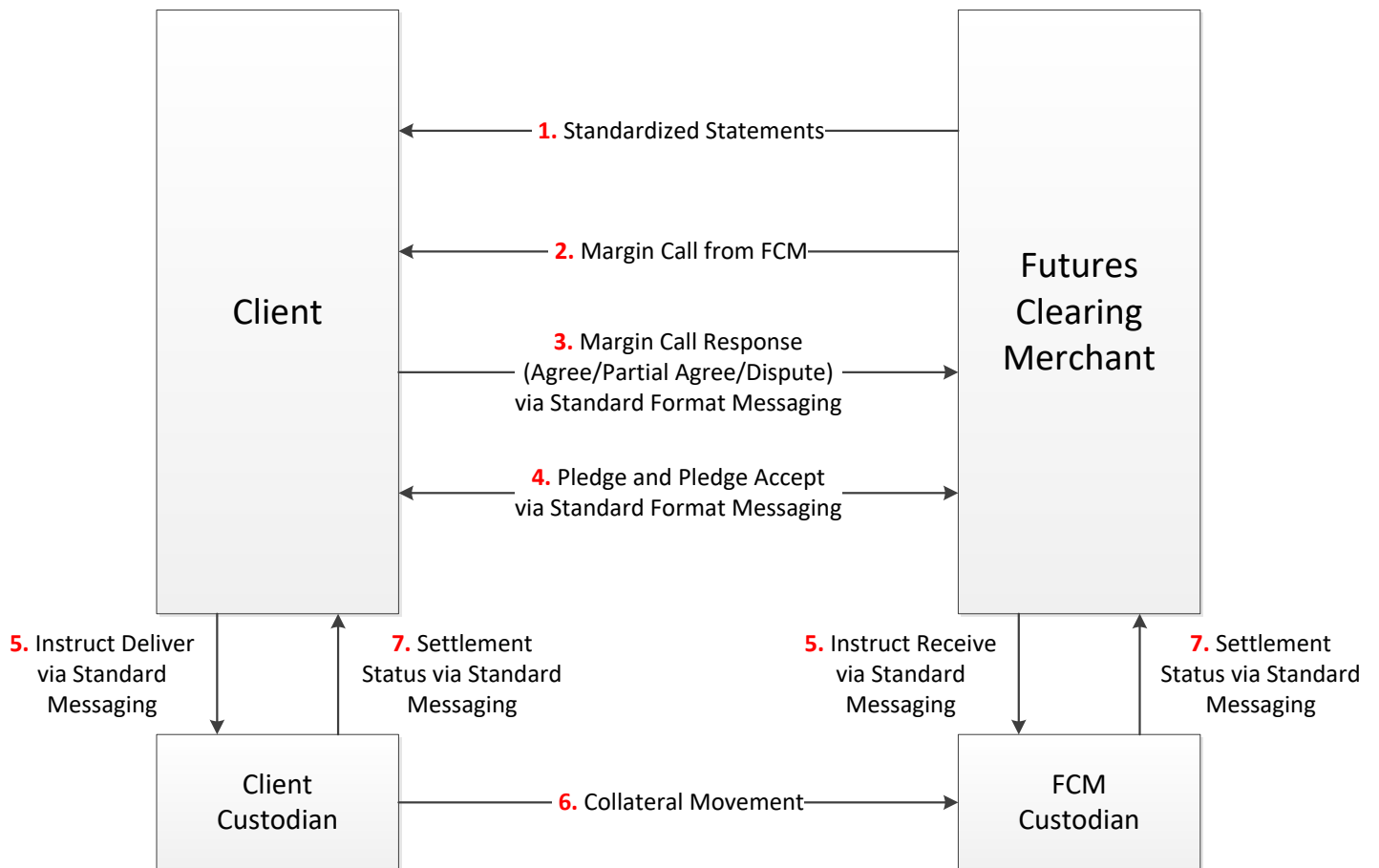
Settlement Instructing Party	Settlement Executing Party
Any Central Securities Depository participant, e.g. investment manager, custodian, broker, etc.	Central Securities Depository

Margin Call Sender	Margin Call Recipient
FCM Client (In excess)	FCM
FCM	FCM Client (In deficit)

1.4 Margin Call Communication and Settlement Workflow

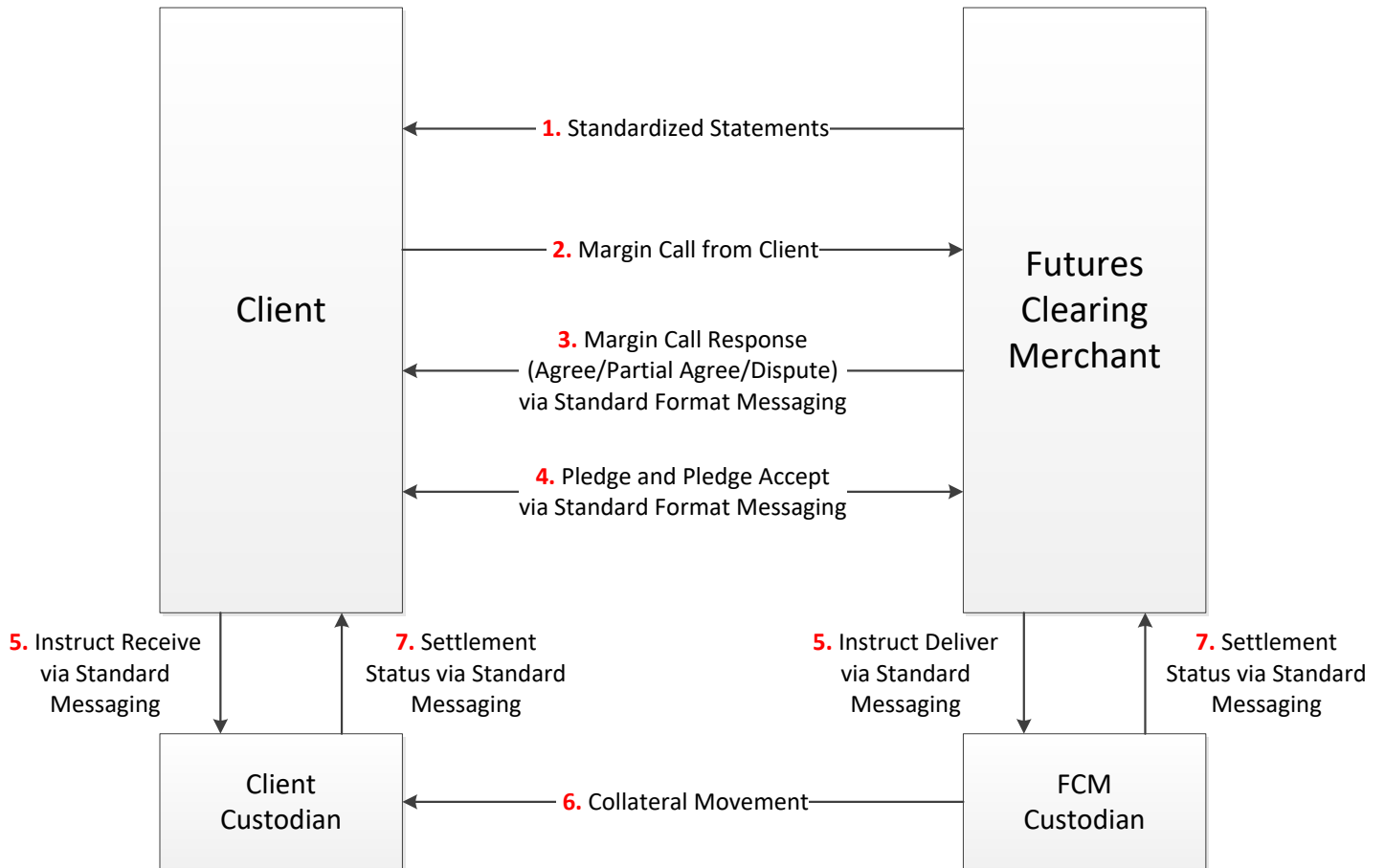
1.4.1 Deficit Balances

If the client's account has a deficit balance at the FCM the FCM sends a margin call to the client in addition to the daily statement information. The diagram below shows the steps in the process.



1.4.2 Excess Balance

If the client's account has an excess balance at the FCM the client then decides if they want to recall the all or a portion of the excess balance. The FCM still sends the statement information from which the client can make the decision to recall excess. The diagram below shows the steps in the process.





2.0 Business Definition

2.1 Business Data Requirements

This section describes the data requirements for:

2.2 Margin call communication

2.2.1 Issuance (Client Excess)

2.2.2 Response (Client Deficit)

2.3 Cleared Statements – FCM statements that provides details to support the margin call

2.3.1 Balance Summary

2.3.2 Sleeve Breakdown

2.2 Margin Call Communication

2.2.1 Margin Call Issuance

A margin call can occur if:

1. Account has an excess balance at the FCM and the client decides to recall the excess
2. Account has deficit balance at the FCM and the FCM sends a margin call to the client to cover the deficit.

If the client decides to recall the excess and they have multiple collateral assets at the FCM, the client should be able to specify which assets (and in what quantities) they want to recall.

CSV Field	Required	Max Size	Description
Account			
Clearing Broker	Y	100	Name of Clearing Broker (FCM/DCM)
Account Name	Y	100	Name of Client (fund name or number)
Account ID	Y	100	Account ID at the Clearing Broker
Agreement ID	Y	100	Clearing Broker's unique identifier for the agreement with the client.
Valuation Date	Y	10	Date from which the close of business positions and prices are calculated (ISO 8601).
Call Type	Y	25	Whether the call is for initial margin, variation margin or netted
Currency	Y	3	Currency of the margin call. Valid values are ISO currency codes (ISO 4217).
Total Call Amount	Y	18	Amount of the margin call
Exposure Amount	Y	18	The total margin requirement
Collateral Value	Y	18	The total collateral balance



CSV Field	Required	Max Size	Description
Recall Items			
Security ID Type	O	50	The Security ID type of the security. Examples: CASH, CUSIP, ISIN, SEDOL.
Security ID	O	50	Security ID for a particular asset class. If Cash, this field would populate with Currency.
FX Currency	O	3	The currency of the collateral asset in its local currency. Valid values are ISO currency codes (ISO 4217).
Segregation Type	O	15	Indicates whether the collateral covers initial or variation margin.
Quantity	O	18	Amount of the specified asset at the end of the day. <ul style="list-style-type: none"> • Cash – Amount in the local currency. • Fixed Income – Par value of the bonds. • Equity – Number of shares.
Price	O	15	Market price of the specific asset.
Current Market Value	O	18	Value of the collateral asset at the market price.
FX Rate	O	15	The foreign currency exchange rate of the collateral asset. It is the rate used to convert the value of collateral asset from its local currency to the base currency of the margin call.
Haircut	O	15	Percentage discount collateral is given to create collateral value.
Adjusted Collateral Value	O	18	Value of the collateral asset after applying the haircut and fx rate (in account base currency).



2.2.2 Pledging Margin Calls

In pledging margin calls you need to provide details on the asset being moved, whether cash or securities, the quantity and value of the asset.

CSV Field	Required	Max Size	Description
Account			
Clearing Broker	Y	100	Name of Clearing Broker (FCM/DCM).
Account Name	Y	100	Name of Client (fund name or number).
Account ID	Y	100	Account ID at the Clearing Broker.
Agreement	Y	100	Clearing Broker's unique identifier for the agreement with the client.
Base CCY	Y	3	The base currency of the client's account. Valid values are ISO currency codes (ISO 4217).
Margin Call ID	Y	50	Identifier for the margin call being pledged.
Collateral Description			
Valuation Date	Y	10	Date from which the close of business positions and prices are calculated (ISO 8601).
Security ID Type	Y	50	The Security ID type of the security. Examples: CASH, CUSIP, ISIN, SEDOL.
Security ID	Y	50	Security ID for a particular asset class. If Cash, this field would populate with valid currency code (ISO 4217).
FX Currency	Y	3	The currency of the collateral asset in its local currency. Valid values are ISO currency codes (ISO 4217).
Segregation Type	Y	15	Indicates whether the collateral covers initial or variation margin.
Collateral Pledge Details			
Quantity	Y	18	Amount of the specified asset at the end of the day. <ul style="list-style-type: none"> • Cash – Amount in the local currency. • Fixed Income – Par value of the bonds. • Equity – Number of shares.
Price	O	15	Market price of the specific asset.
Current Market Value	Y	18	Value of the collateral asset at the market price.
FX Rate	O	15	The foreign currency exchange rate of the collateral asset. It is the rate used to convert the value of collateral asset from its local currency to the base currency of the margin call.
Haircut	O	15	Percentage discount collateral is given to create collateral value.
Adjusted Collateral Value	Y	18	Value of the collateral asset after applying the haircut and fx rate in account base currency.
Adjusted Collateral Value	O	18	Value of the collateral asset after applying the haircut and fx rate in account base currency.



2.3 Cleared Statements

Cleared Statements are provided by the FCM to the buy-side client to summarize on account's activity, positions, balances and margin requirements. This supports the excess/deficit amounts that lead to a margin call. To support margin call processing the statement should supply:

1. **Summary Balance** – Margin requirements, balances, fees and other adjustments in the account's base currency.
2. **Sleeve Balance** – A breakdown of the margin requirements, balances, fees and other adjustments by:
 - a. Currency
 - b. Clearing House
 - c. Product

2.3.1 Summary Balances

Summary balance records present total amounts in the account base currency. The summary balance provides a breakdown of:

- Margin – initial, variation, and more
- Balances – cash and non-cash broken down by initial and variation
- Settlement Adjustments – commissions, fees, interest, PAI, etc

CSV Field	Required	Max Size	Description
Account			
Clearing Broker	Y	100	Name of Clearing Broker (FCM/DCM).
Clearing Broker LEI	O	20	Legal Entity Identifier for the clearing broker.
Account Name	Y	100	Name of Client (fund name or number).
Account ID	Y	100	Account ID at the Clearing Broker.
Account LEI	O	20	Legal Entity Identifier for the account.
Agreement	Y	100	Clearing Broker's unique identifier for the agreement with the client.
Account Base CCY	Y	3	The base currency of the client's account. Valid values are ISO currency codes (ISO 4217).
Report			
Statement Date	Y	28	Date and time the statement was created (ISO 8601).
Valuation Date	Y	10	Date from which the close of business positions and prices are calculated (ISO 8601).
Statement ID	O	50	Clearing broker's unique identifier for the statement.
Statement CCY	Y	3	Currency the statement amounts are in.
Initial Margin			
Clearing House IM Requirement	Y	18	Initial Margin required by the clearing house at COB as of the valuation date.
Additional IM Requirement CH	Y	18	Additional Initial Margin required by the clearing house at COB.



CSV Field	Required	Max Size	Description
Additional IM Requirement CB	O	18	Additional Initial Margin required by the clearing broker at COB.
Total Requirement – IM	Y	18	Total Initial Margin at COB as of the valuation date.
Cash Balance – IM	Y	18	Total Initial Margin in Cash at COB as of the valuation date.
Non Cash Balance –IM	Y	18	Total Initial Margin in Non-Cash at COB as of the valuation date.
Pending Cash – IM	Y	18	Cash Initial Margin currently pending settlement .
Pending Non Cash – IM	Y	18	Non-Cash Initial Margin currently pending settlement .
Total Balance – IM	Y	18	Total IM Cash and Non-Cash Balance including pending.
IM Excess/Deficit	Y	18	Difference between Total IM Requirement and Account Total IM Balance.
Variation Margin			
Total Requirement – VM	Y	18	Variation Margin required at COB as of the valuation date.
MTM Exposure – VM	Y	18	MTM Exposure at COB as of the valuation date.
Previous MTM Exposure – VM	O	18	Previous day’s MTM Exposure.
Balance – VM	Y	18	VM Balance at COB as of the valuation date.
Pending Movements - VM	Y	18	VM Balances yet to settle.
Total Balance – VM	Y	18	Total VM Balance at COB as of the valuation date.
VM Excess/Deficit	Y	18	The difference between VM Current MTM Exposure and VM Total Balance including pending.
Adjustments and Fees			
Interest Payment	Y	18	Interest on IM and excess cash margin balances payment amount.
Daily PAI Amount	Y	18	Daily PAI Amount. Reported when netted against margin.



CSV Field	Required	Max Size	Description
Total Coupon Payment Amount	Y	18	Coupon payment amount. Coupons are listed on settlement date.
Total Upfront Fee	Y	18	Total of trade upfront fees.
Total Executing Broker Commission	Y	18	Total of execution broker commissions.
Total Clearing Broker Fee	Y	18	Total of clearing broker fees.
Total Clearing House Fee	Y	18	Total of clearing house fees.
Total Clearing Broker Commission	Y	18	.Clearing Broker Commission
Total NFA Fees	Y	18	Total of National Futures Association fees for the trades.
Total Option Premiums	Y	18	Total of premiums paid on option trades.
Other Fees	Y	18	Any additional fees not covered in the above categories.
Total Settlement Adjustment	O	18	Total of all adjustments and fees.
Combined Margin			
Total Cash Balance	O	18	Total combined cash balance for IM & VM.
Total Non-Cash Balance	O	18	Total combined non-cash balance for IM & VM.
Total Balance	O	18	Total Balance (cash & non-cash) for IM & VM.
Total Margin Requirement	O	18	Total requirement for IM & VM.
Total Excess/Deficit	O	18	Total margin call for IM & VM.



2.3.2 Sleeve Balances

A Sleeve Balance statement provides a breakdown of the Summary Balance statement by currency, clearinghouse and product. Its structure is similar to the Summary Balance with additional fields to identify the breakdown including Local currency, FX rate, clearinghouse and product type and the identification of the Sleeve type the sleeve belongs to. Additional fields are specified and defined below.

CSV Field	Required	Max Size	Description
Account/Report			
Agreement	Y	100	Clearing Broker's unique identifier for the agreement with the client.
Statement Date	Y	28	Date the statement was created (ISO 8601).
Valuation Date	Y	10	Date from which the close of business positions and prices are calculated (ISO 8601).
Statement ID	O	50	Clearing broker's unique identifier for the statement.
Product Type	Y	50	Product Category of the Trade (e.g. CDS, IRS, Equity, Future, Option). ALL is accepted if either Clearing House or Local CCY are populated.
Clearing House	Y	50	Name/code of the clearing house that holds the trade. ALL is accepted if either Product Type or Local CCY include valid entries other than ALL.
Local CCY	Y	3	Local currency code of the trades/collateral held at the clearing house. Valid values are ISO currency codes (ISO 4217).
FX Rate	C	18	Currency exchange rate used to convert from the local currency to the base currency.
Initial Margin			
Clearing House IM Requirement	O	18	Initial Margin required by the clearing house at COB as of the valuation date.
Additional IM Requirement CH	Y	18	Additional Initial Margin required by the clearing house at COB.
Additional IM Requirement CB	Y	18	Additional Initial Margin required by the clearing broker at COB.
Total Requirement – IM	Y	18	Total Initial Margin at COB as of the valuation date.
Cash Balance – IM	Y	18	Total Initial Margin in Cash at COB as of the valuation date.
Non Cash Balance –IM	Y	18	Total Initial Margin in Non-Cash at COB as of the valuation date.
Pending Cash – IM	Y	18	Cash Initial Margin currently pending settlement.
Pending Non Cash – IM	Y	18	Non-Cash Initial Margin currently pending settlement.



CSV Field	Required	Max Size	Description
Total Balance – IM	Y	18	Total IM Cash and Non-cash Balance including Pending.
IM Excess/Deficit	Y	18	Difference between Total IM Requirement and Account Total IM Balance.
Variation Margin			
Total Requirement – VM	Y	18	Variation Margin required at COB as of the valuation date.
MTM Exposure – VM	Y	18	MTM Exposure at COB as of the valuation date.
Previous MTM Exposure – VM	O	18	Previous day’s MTM Exposure.
Balance – VM			VM Balance at COB as of the valuation date.
Pending Movements - VM			VM Balances yet to settle.
Total Balance – VM	Y	18	Total VM Balance at COB as of the valuation date.
Call – VM	Y	18	The difference between VM Current MTM Exposure and VM Total Balance including pending.
Adjustments and Fees			
Interest Payment	Y	18	Interest on IM and excess cash margin balances payment amount.
Daily PAI Amount	Y	18	Daily PAI Amount. Reported when netted against margin.
Total Coupon Payment Amount	Y	18	Coupon Payment Amount: Coupons are listed on settlement date.
Total Upfront Fee	Y	18	Total of trade upfront fees.
Total Executing Broker Commission	Y	18	Total of execution broker commissions.
Total Clearing Broker Fee	Y	18	Total of clearing broker fees.
Total Clearing House Fee	Y	18	Total of clearing house fees.
Clearing Broker Commission	Y	18	Clearing broker commission.
Total NFA Fees	Y	18	Total of National Futures Association fees for the trades.



CSV Field	Required	Max Size	Description
Total Option Premiums	Y	18	Total of premiums paid on option trades.
Other Fees	Y	18	Any additional fees not covered in the above categories.
Total Settlement Adjustment	O	18	Total of all adjustments and fees.
Combined Margin			
Total Cash Balance	O	18	Total combined cash balance for IM & VM.
Total Non-Cash Balance	O	18	Total combined non-cash balance for IM & VM.
Total Balance	O	18	Total Balance (cash & non-cash) for IM & VM.
Total Margin Requirement	O	18	Total requirement for IM & VM.
Total Excess/Deficit	O	18	Total margin call for IM & VM.

3.0 Governance

3.1 Documentation Updates

The Governance of the document and its implementation is a combined effort of members from the FIA, ISITC, and SIFMA AMG T+1 ETD and OTC Cleared Working Group.

Initial approval and material changes going forward must be agreed to by a majority of the members from the three trade organizations. Each firm's operating unit (custodian, dealer, buy-side, outsourcer, vendor, etc.) will have one vote – even if members of more than one trade organization.

Voting shall be coordinated using an online survey tool; if a firm cannot access the survey tool due to a firewall issue, that firm's vote may be sent via email to one of the co-chairs of the Working Group.

The document will be housed with ISITC going forward, and it will be maintained to conform with SWIFT standards. Members of FIA, ISITC, or SIFMA AMG may raise any business case changes to the Working Group for future amendments and revisions.