

# Summary Member Impact April 2016

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## 1.1 Netting on Account Level for OTC Rates

Support for manual netting of swaps and TM FRAs will be added. A pre-requisite for manual netting is Trade Division where NASDAQ will be the technical counterparty for all novated trade reports.

### 1.1.1 Trade Division

#### 1.1.1.1 Markit Wire Identifiers

The OTC\_IRS\_TRADE\_REPORT and OTC\_FRA\_TRADE\_REPORT structs will be extended with two new fields for external trade report identifiers. The two new fields will be used for Markit Wire's Alpha and Beta Identifiers. The Markit Wire Identifiers will no longer be distributed in the passthrough\_s field in the OTC\_BASE\_TRADE\_REPORT struct.

#### 1.1.1.2 Changes to Fields with Counterparty Information

The party\_pay struct in the IRS\_MEMBER\_PAY, IRS\_COUNTERPARTY\_PAY and SIM\_OTC\_IRS\_CASH\_FLOW structs will be removed since they contain redundant information. The name of the struct specifies if the member or counterparty will pay.

The party struct in the OTC\_IRS\_CASH\_FLOW struct will be replaced by a field (otc\_payer\_c) which specifies if the cash flow will be received and paid.

The party\_account struct in the NETTING\_SWAP and NETTING\_FRA structs shall be removed since the counterparty will not be considered when doing the payment netting.

The NETTING\_FX struct is currently never returned, thus the struct shall be removed.

#### 1.1.1.3 Hide Counterparty Information for Novated Trade Reports

The following are not technical changes to the OMnet API, but the information included in some field will be changed:

1. The party\_trade\_report\_nbr\_q field (which contains the counterparty trade report number) in broadcasts and answers to queries will only be set for swaps and TM FRA trade reports that have not yet been novated. As soon as a trade report has been novated (trade\_report\_state\_c = Novated (6)), the party\_trade\_report\_nbr\_q field will not be set.
2. The party struct (which contains the counterparty information) in broadcasts and answers to queries will only be set for swaps and TM FRA trade reports that have not yet been novated. As soon as a trade report has been novated, the party struct will be set to SE OMMM.

The party\_trade\_report\_nbr\_q field is included in:

- OTC\_TRADE\_REPORT\_DATA
- OTC\_TRADE\_OPERATION
- ANSWER\_INVALID\_SETTLE\_DATES

The party struct is included in:

- OTC\_BASE\_TRADE\_REPORT
- ANSWER\_INVALID\_SETTLE\_DATES

Note for KQ1 and KQ5: It is currently possible to query for trade reports (KQ1) and trade report terminations (KQ5) using the party struct which contains the counterparty information. It will still be possible to query using the party struct, but since the counterparty information will be hidden for novated trades there will be fewer hits.

#### 1.1.1.4 Affected Messages

The changes described in the previous subchapters will affect the following messages:

- CQ105 Invalid Settlement Date Query
- CQ106 Settlement Accumulation Query
- KB1 Directed OTC Trade Report
- KB10 OTC Trade Operation on Hold
- KB14 Directed OTC Give Up
- KC1 Rectify OTC Trade Report
- KO1 Enter OTC Trade Report
- KQ1 OTC Trade Report Query
- KQ2 OTC Trade Report Query
- KQ3 OTC Trade Report Version Query
- KQ4 Query Simulate OTC Cash Flow
- KQ5 Swap Termination Query
- KQ9 OTC Cash Flow Data Query
- KQ10 Query OTC Trade Operation, External
- KQ14 OTC Give Up Request Query

#### 1.1.2 Manual Netting

The `termination_state_c` field will be extended with a new valid value used for netting. The field is included in the `OTC_IRS_DATA`, `OTC_IRS_CASH_FLOW_DATA` and `OTC_TERMINATION_STATE` structs.

The `otc_residual_trade_report_c` field will be extended with a new valid value used for netting. The field is included in the `OTC_IRS_DATA` struct.

The changes affect the following messages:

- KB1 Directed OTC Trade Report
- KB14 Directed OTC Give Up
- KQ1 OTC Trade Report Query
- KQ2 OTC Trade Report Query
- KQ3 OTC Trade Report Version Query
- KQ5 Swap Termination Query
- KQ9 OTC Cash Flow Data Query
- KQ14 OTC Give Up Request Query

The following new messages will be added:

- KQXX - Query Simulate OTC Trade Report Netting Request
- KCYY - OTC Trade Report Netting Request
- KQYY - Query OTC Netting Request

## 1.2 Improved Instrument Data

The instrument series queries shall be extended with new informational data fields to make it easier to identify and categorize instrument series. The additional informational data will contain information about expiry type and delivery period. The fields are for informational use, i.e. the fields do not control any logic.

The new fields will be implemented as new structs in variable answers, which means that to use the new fields is optional (not mandatory).

The following queries are in scope:

- DQ124 Delta Instrument Series QUERY
- DQ125 Delta Instrument Series for Back Office QUERY

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