

Buy-Side: Alternative Asset Manager

Profile Description: Actively managed funds who focus on various trading strategies, including Basis Trading, Relative Value (levered), Macro Strategy (long term, directional), Multi-strategy.

Trading Activity: Trading products can include Equities, Fixed Income, Futures Swaps and FX.

Key Considerations Related to Central Clearing



Access to Cross-Margining

Utilize cross-margining arrangements where possible with prime brokers as well as among clearing agencies to optimize margin requirements.



Done-Away Support

Need for margin optimization for intermediated activity likely to necessitate “done-away” clearing support by intermediaries.



Cost of Margin and Margin Transparency

Margin cost, frequency, and eligible collateral allowed to post; need to have tools to calculate margin that could be collected for cleared activity.



Pricing

Sensitive to cost of clearing (e.g., clearing agency fees, intermediary fees, CCLF) as related to trading capital.

**Recommended
Access Model**



Sponsored

Recommended based on feedback from similar firms evaluating their USTC requirements

Key Access Model Considerations

- If Alternative Asset Manager acts as an indirect participant (i.e., client) in clearing, **Sponsored Access** provides:
 - Balance sheet capacity due to netting capabilities
 - “Done-away” execution capabilities
 - Future capabilities for client level cross-margining if Alternative Asset Manager posts margin to clearing agency (as opposed to Sponsoring Member)
 - Legal relationship with the clearing agency
- **ACM Access (Alternative)** – May be of interest for “done-away” activity due to “light-touch” clearing agency onboarding for Alternative Asset Manager and/or for Alternative Asset Managers not from **FICC-approved jurisdictions**.
- **Direct Access (Alternative)** – May be of interest if Alternative Asset Manager has the financial and operational capacity to interoperate with clearing agency; provides access to cross-margining under current program with CME.

Learn More

