

# Prime Broker / Futures Commission Merchant (FCM)

**Profile Description:** Bank or broker dealer/FCM that settles and custodies client activity inclusive of asset servicing, life cycle events, and clearing services for Cash, Futures and Derivatives products.

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

## Key Considerations Related to Central Clearing



### Clearing Costs

If acting as a clearing intermediary for clients, may be sensitive to cost of posting margin, CCLF, and clearing agency fees.



### Jurisdiction of Clients

Prime brokerage clients tend to be from a wide-range of jurisdictions; FCMs tend to limit their clearing services to clients from jurisdictions with favorable netting opinions to minimize balance sheet impacts.



### Capacity for Client Intermediation

Dependent on services offered, cross-product access, client portfolio, firm risk appetite, and fee structure.



### Streamlined Operational Process

If acting as clearing intermediary for clients, may be sensitive to aligning Treasury clearing process to processes in place to support derivatives clearing.

## Recommended Access Model



## ACM

*Recommended based on feedback from similar firms evaluating their USTC requirements*

## Key Access Model Considerations

- If the Prime Broker/FCM is acting as a clearing intermediary for its clients, **ACM Access** provides:
  - “Done-away” clearing capabilities (which align with agent-type client services)
  - Future capabilities for client level cross-margining if client posts margin to clearing agency (as opposed to ACM)
  - “Light-touch” clearing agency onboarding process for clients
  - Access for clients, including those not from **FICC-approved jurisdictions**
- **Sponsored Access (Alternative):** If firm has a large Sponsored business, there may be clearing cost efficiencies to run the Prime Broker/FCM client activity through those Sponsoring Member Omnibus Accounts, depending on the amount of positional offset at the individual client level.

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