

Buy-Side: Principal Trading Firms (PTF)

Profile Description: Specialized trading firms that utilize their own capital to act as market makers and liquidity providers. They buy and sell financial instruments for their own risk and do not manage funds for third parties.

Trading Activity: Equities, Fixed Income, Foreign Exchange and Commodities

Key Considerations Related to Central Clearing



Done-Away Support

Market making role necessitates transacting with entire range of clearing agency participants, not just with clearing intermediaries in a principal "done-with" fashion.



Cost of Margin

Sensitive to margin requirements as related to trading capital.



Access to Cross-Margining

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



Pricing

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

Recommended Access Model



ACM

Recommended based on feedback from similar firms evaluating their USTC requirements

Key Access Model Considerations

- If PTF acts as an indirect participant (i.e., client) in clearing, **ACM Access** provides:
 - "Done-away" execution capabilities
 - Net/Non-Seg margin option across client omnibus account if ACM posts margin to clearing agency (as opposed to the PTF)
 - Future capabilities for client level cross-margining if PTF posts margin to clearing agency (as opposed to the ACM)
 - "Light-touch" clearing agency onboarding process for PTF
 - Access for PTFs that are not from **FICC-approved jurisdictions**
- **Netting Membership - Direct Access (Alternative)** - May be of interest if PTF has the financial and operational capacity to interoperate with the clearing agency; provides access to cross-margining under current program with CME.

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