Collateral & Valuation Reporting Outreach

Industry Advisory Group
UAT and Production Planning.

The following information will be provided to our clients.

- General information about the need for the new OCODE and its structure.
- Product IDs required for the submission of collateral messages through SFTP.
- Additional OCODE on Portal to upload and view reports
- Super Users will need to login and permission their user base to have access to the Collateral OCODE
- Inform clients that they will need to contact connectivity to set up the destination for outbound collateral messages
- Setting Up UAT OCODE
- ETD – UAT environment moving from US data center to NL data center. Impact: UAT users will have to have login access to the NL data center
# Communication Status

<table>
<thead>
<tr>
<th>Message</th>
<th>Email Sent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email communication for clients regarding new O Code</td>
<td>Partial</td>
</tr>
<tr>
<td>Email communication for clients where they use sFTP</td>
<td>✓</td>
</tr>
<tr>
<td>Email communication for clients who don’t have a UAT account</td>
<td>X</td>
</tr>
<tr>
<td>Email Communication to general distribution informing them an email has gone to their SACs</td>
<td>X</td>
</tr>
</tbody>
</table>
# Collateral Onboarding - Milestones

<table>
<thead>
<tr>
<th>Collateral and Valuation Timeline</th>
<th>Start</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collateral and Valuations communication plan starts</td>
<td>1st June</td>
</tr>
<tr>
<td>GTR UAT Scripts Published</td>
<td>9th June</td>
</tr>
<tr>
<td>GTR UAT Calls Commence</td>
<td>10th June</td>
</tr>
<tr>
<td>Collateral O Code Provisioned for UAT</td>
<td>14th June</td>
</tr>
<tr>
<td>UAT Starts</td>
<td>16th June</td>
</tr>
<tr>
<td>Production Starts</td>
<td>2nd August</td>
</tr>
<tr>
<td>EMIR: Reporting Go-live for all products</td>
<td>11th August</td>
</tr>
</tbody>
</table>
Collateral and Valuation - Agenda

- Template Update
  - Collateral Template v 1.0 Revision 3
    Updated to reflect 1 currency per ESMA feedback
- Ocode Generation
- UAT Phasing
- Quick Refresh
  - Valuation Reporting
  - Collateral Reporting
- User guide References
- Q and A
O-Code Automation

• A new Ocode will be generated for the reporting of collateral. Trade Valuations will remain on existing OCodes

• Users will be assigned a 0 series Ocode (i.e: if you have 8CEG today, collateral will be 0CEG) Some users may be assigned an alternative code (we are finalizing the alternative code internally)

• If you do not already have any existing O-Codes, you will be allocated one and we will contact you separately.

• The UAT O-Code will be automatically generated over the weekend of 14/15 June and hence will be available for the start of UAT on the 16th June.

• Super Access Coordinators will need to login and permission your users to have access to the new collateral UAT O-Code as this step will not be automated. There will be no impact to Global IDs and users will be able to log in to their existing accounts through the existing portal.
### UAT Phasing

UAT testing will have 4 phases. Below are the details of the functionality available during each phase.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Scope</th>
<th>UAT</th>
<th>Prod</th>
</tr>
</thead>
</table>
| A     | • Collateral Link message ingestion and ack/nack reporting  
       |       |           | 17-Jun  |
|       | • Collateral message ingestion and ack/nack reporting | | 2-Aug   |
| B     | • OTC Lite and ETD updated positions, standalone valuation message ingestion, and ack/nack reporting | | 23-Jun  |
| C     | • ESMA Reports to include Collateral information  
       |       | 2-Jul     |         |
|       | • For independent and snapshot valuation messages, valuation date/time is conditionally required if trade value/ccy is provided across asset classes. | |         |
| D     | • Participant reports – extending existing position / submission reports for collateral and valuation data by asset class / ETD / Lite  
       |       |           | 7-Jul   |
|       | • New participant reports – warning reports by asset class / ETD / Lite and cross asset collateral valuation submission reports | | 2-Aug   |
Valuation Reporting

- EMIR Article 11(2) states that the trade valuations shall be reported on a daily basis by the following types of counterparty:
  - Financial counterparties
  - Non-financial counterparties referred to in EMIR Article 10. That is, a non-financial counterparty that has taken positions in OTC derivative contracts that exceed the clearing threshold. Non-Financial entities not referred to in EMIR Article 10 are exempt from this requirement.
- The latest valuation time will be considered the most recent update. If no valuation message has been received for that day, the GTR will report the most recent submission.
- Delegated reporting of valuation messages will follow the same rules as delegated reporting of trades but can be applied independently of the reporting of trades. A firm can delegate reporting of their trades but independently report the valuation of those trades or vice versa.
Valuation Reporting

- Trade valuations must be submitted to GTR daily. Submissions can be made to GTR intra-day or at the end of day.
- No calculation will be performed on valuations and the latest report, based on the as of date time, will be considered the current valuation for that day.
- Valuation data can be submitted using any of the following messages:
  - Valuation message (available to all OTC classes and all jurisdictions, OTC Lite and ETD services for ESMA reporting only)
  - Snapshot message (available to all OTC classes and all jurisdictions)
  - Position message (available to OTC Lite and ETD services for ESMA reporting only. If reporting ETD transaction the valuation must be provided using the separate valuation message.)
- For cleared trades, valuations should be reported on a daily basis at position level, as maintained and valued by the CCP.
Collateral Link

- The GTR provides two methods for linking collateral portfolios to trades.
  - Using trade messages
    - Collateral portfolio codes can be specified on trade submissions
  - Using a Collateral Link message
- The collateral portfolio code and the collateralization type can be submitted on the existing trade messages.
  - PET message (available to all OTC asset classes and all jurisdictions)
  - Confirm message (available to all OTC asset classes and all jurisdictions)
  - Pet-Confirm message (available to all OTC asset classes and all jurisdictions)
  - Snapshot message (available to all OTC asset classes and all jurisdictions)
  - Position message (OTC Lite and ETD services for ESMA reporting only)
  - Transaction message (ETD services for ESMA reporting only)
- A new Collateral Link Message can be submitted to link each trade to be associated with a collateral portfolio.
  - The trade should be identified using a UTI, USI or Trade Party Transaction Id (or any combination thereof).
Collateral Link

- Reporting of collateral will be based upon the open trade population and not the collateral portfolios.
- If a collateral portfolio code exists on an open trade the information held on the trade will be used to extract collateral valuation data. The collateral value will be identified using:
  - Trade Party 1 Value / Trade Party 2 Value
  - Execution Agent Party 1 / Execution Agent Party 2
  - Collateral Portfolio Code Party 1 / Collateral Portfolio Code Party 2
- All three fields must match exactly between the trade and the collateral value.
- If the collateral portfolio code does not exist on the trade message GTR will look for a collateral link message. The collateral link message will be identified using:
  - A trade identifier
    - If UTI matches the UTI will be used
    - If no match is found on UTI the USI will be used
    - If no match is found using UTI or USI the Trade Party 1 Transaction Id will be used
  - Trade Party 1 Value / Trade Party 2 Value
  - Execution Agent Party 1 / Execution Agent Party 2
- Once a collateral link message is identified GTR will look for the collateral value using:
  - Trade Party 1 Value / Trade Party 2 Value
  - Execution Agent Party 1 / Execution Agent Party 2
  - Collateral Portfolio Code Party 1 / Collateral Portfolio Code Party 2 extracted from the link message
- All three fields must match exactly between the trade and the collateral value.
• Message submission scenarios:
  – 3.3 Valuation Messages
    • 3.3.1 ETD
    • 3.3.2 OTC Lite
    • 3.3.3 OTC Core
  – 4.5 Collateral Message
    • 4.5.1.3 Message Submissions
• Reports
  – Section 5
Q and A
DTCC GTR Support Channels

For Account Onboarding & O-Code Activation:
E-mail support : gtronboarding@dtcc.com
Telephone Support :  +44 (0) 20.7136.6328 (Option 2 and 2)

For OTC Lite submitters:
E-mail support for UAT (Testing): otcliteuat@dtcc.com
E-mail support for Production: otclitesupport@dtcc.com

OTC Lite Working Group Call – Thursday at 13:00 BST.


For ETD & CORE submitters:
E-mail support for UAT (Testing): derivservuat@dtcc.com
E-mail support for Production: GTR_Operations@dtcc.com

ETD Working Group Call – Tuesday at 13:30 BST

Cross Asset Technical Working Group (CORE) Call – Tuesday & Thursday at 15:00 BST

Webinars:

Templates and Business Requirement documents:

Click on Trading CounterParty, then DTCCGTR as login and SDRmem2012 as password..