

IDCG Platform Enhancements-June 2011

On June 10, 2011 IDCG self-certified numerous enhancements to its clearing platform. These upgrades include the way margin is collected by the clearinghouse for client accounts, the calculation of Initial Margin levels, an improved OTC product suite to better protect clearing members and clients, and the removal of a restrictive collateral protocol between clearing members and clients. The changes are:

- **Client Initial Margin will now be collected on a “Gross Omnibus” basis for OTC products**

What this means: Issues surrounding the segregation and delivery of client margin are being hotly debated. IDCG’s recent enhancement ensures it is able to give the greatest protection to clients under the current legal and regulatory framework. Gross Omnibus will give clients a higher level of certainty of position and collateral portability in the case of a default as the clearinghouse will hold client margin on a gross rather than net basis from its clearing members.

- **Initial Margin will be calculated assuming a 5 day cure period with a 2 year look back**

What this means: This change brings IDCG further in line with client expectations for OTC Initial Margin calculations, continues to significantly exceed proposed minimum standards, demonstrates the firm’s commitment to a prudent approach to risk management, and its flexibility in meeting the needs of the shifting landscape in the OTC markets.

- **The product specifications for IDCG’s OTC Interest Rate Swaps and Forward Rate Agreements have been fine tuned to widen the scope of acceptable parameters and further protect clearing member and clients**

What this means: Through the inclusion of FRAs and multiple indices, IDCG offers for clearing the richest suite of OTC products of any clearinghouse in the USD Interest Rate Derivative market. Changes recently made to the acceptable trade parameters ensure greater pricing and margining accuracy.

- **A rule restricting clearing members to only accept from clients forms of collateral accepted by IDCG has been removed**

What this means: The removal of this restriction allows for a wider range of collateral to be posted by a client to its clearing member. It also allows the clearing member to provide asset transformation services and is the first step towards allowing portfolio margining at the clearing member level.



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