Account Structure

Document Title	EMIR* Article	RTS** Article	Document Class
Account Structure	48		Document required by FMA for EMIR authorisation

*EMIR = Regulation (EU) 648/2012;   ** RTS = del. Regulation (EU) 153/2013

Document Information

Document Owner	Chief Risk Officer
Document Reviewer	Operations Team
Document Approver	General Management

Document Review Cycle

on occasion

Change Log[1]

Version	Effective Date	Change Description
V1.0	06.06.2014	Initial Document
V1.1	08.07.2014	Adaptions regarding protection level in omnibus and individual client segregation
V1.2	06.02.2017	Adaptions with regards to the migration of the settlement of CCP.A transactions to the T2S platform and the introduction of services of Payment Agents
V1.3	02.04.2021	Review, small editorial changes and adoption of the new document layout
V1.4	20.07.2023	Correction of missing reference sources, grammatical errors and minor layout adjustments

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[1] The change log is only kept for finally valid versions; CCP.A internal coordination in the creation or change process are not contained.

Contents

1.   Introduction

According to EMIR Art. 48, CCP.A's clearing model allows for high flexibility in managing member's clearing positions and collateral accounts in different granularity for

- position registration,
- risk management,
- collateral management and
- settlement of transactions.

All clearing accounts are held on a net position basis.

Two forms of account aggregation are being used in the clearing process. Traditionally, omnibus account aggregation is utilised for Clearing Members' positions and the positions of their Clients. With the advent of EMIR, CCP.A introduced the concept of 'Registered Clients', allowing for separated individual clearing accounts of specifically recognised individual Clients.

The structure and interlinkage of the account model fully reflect the various options of participation in the clearing process. General Clearing Members (GCMs), Direct Clearing Members (DCMs) and Non-Clearing Members (NCM) as well as Registered Clients (RCs) and Clearing Agents[2] (CAs) are supported.

2.   Account Types

In the account model CCP.A utilises <u>functional accounts</u>, i.e., position accounts and margin accounts, held in the clearing system as well as <u>physical accounts</u>, e.g., settlement accounts, held by the Clearing Member, or if necessary, through the use of a Payment Agent, with the Settlement Bank and collateral accounts held with Collateral Custodians.

All clearing accounts of the clearing participants carry positions, assets, etc. related to transactions of a specific business clientele, which is either proprietary business (P) or agency business (A) or business of Registered Clients (RC).

Account Types			
Business Category		Segregation Type	Portability[3]
Proprietary	P	Omnibus	optional*
Client	A	Omnibus	yes, if certain conditions are fulfilled
Registered Client	RC	Single	yes

)* except P accounts of defaulting DCMs and GCMs

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[2] In CCP.A's clearing model 'Clearing Agents' are clearing service providers supporting Clearing Members in their clearing activities. CAs technically manage clearing accounts on behalf of clearing members.

[3] The Portability of accounts in case of a member's default requires a specific legal arrangement ('Transfer Agreement' with CCP.A) allowing for unconditional transfer of positions and assets of Clients and NCMs in a defaulting event (without consent of the defaulting Clearing Member).

The standard setup for clearing accounts of clearing participants (GCMs, DCMs, and NCMs) comprises at minimum two omnibus accounts (A and P) for each participant. On request by a Clearing Member additional clearing accounts can be set up (A1, RC, …).

2.1. Functional Clearing Accounts - Position and Margin Accounts

Level of Granularity			
Clearing Accounts	**held with**	**Standard Granularity**	**Optional Segregation**
Position Account	Clear. System	A, P, RC*	same
Margin Account	Clear. System	A, P, RC*	same
Collateral Account	Settl. Bank	accumulated, RC*	A, P, RC
Settlement Account (cash)	Settl. Bank	accumulated	A, P, RC
Settlement Account (securities)	Settl. Bank	accumulated	A, P, RC

)* Registered Client concept reflects the individual client segregation,
which is as such optional and only applicable if chosen

The functional clearing accounts (position and margin accounts) of the clearing participants are held in the clearing system and carry respective positions and margin requirements of the participants.
Positions as well as margin requirements are mandatorily kept on separate accounts, distinguishing A, P and RC positions.
On the position accounts CCP.A keeps records of all net positions resulting from participant transactions.
The respective linked margin accounts (see section 3) showing the A, P, RC margin requirements comprise the required netted margin amounts of the Clients.
The determination of the margin requirements is based on the exchange transactions and the open positions of the Clearing Member (always separated for proprietary and client business) and (if applicable) of the positions of Non-Clearing Members (also separated for proprietary and agency transactions) and of the positions of Registered Clients.

2.2. Physical Clearing Accounts - Collateral and Settlement Accounts

Each Clearing Member shall maintain cash and securities accounts for the clearing and collateralisation of transactions within the Clearing Facilities and, if applicable, through a Clearing Agent. .
In case of standard collateral accounts (pooling A + P collateral, see section 3) the share of A and P contribution to the respective collateral pool is defined by the ratio of the linked margin accounts of the two groups, therefore allowing a clear distinction of the agent and proprietary contributions in the pool – value-based segregation.
The granularity of the physical accounts held at the Settlement Bank is optional. The accounts can either be run separately for the respective business category or accumulated (see section 3) On request additional physical accounts can be integrated in the account model setup (A1, RC, …).

3. Standard Clearing Account Scenarios

The following examples describe different standard scenarios for setting up clearing accounts for clearing participants.

3.1. Clearing Account Setup for DCMs - Omnibus Client Segregation

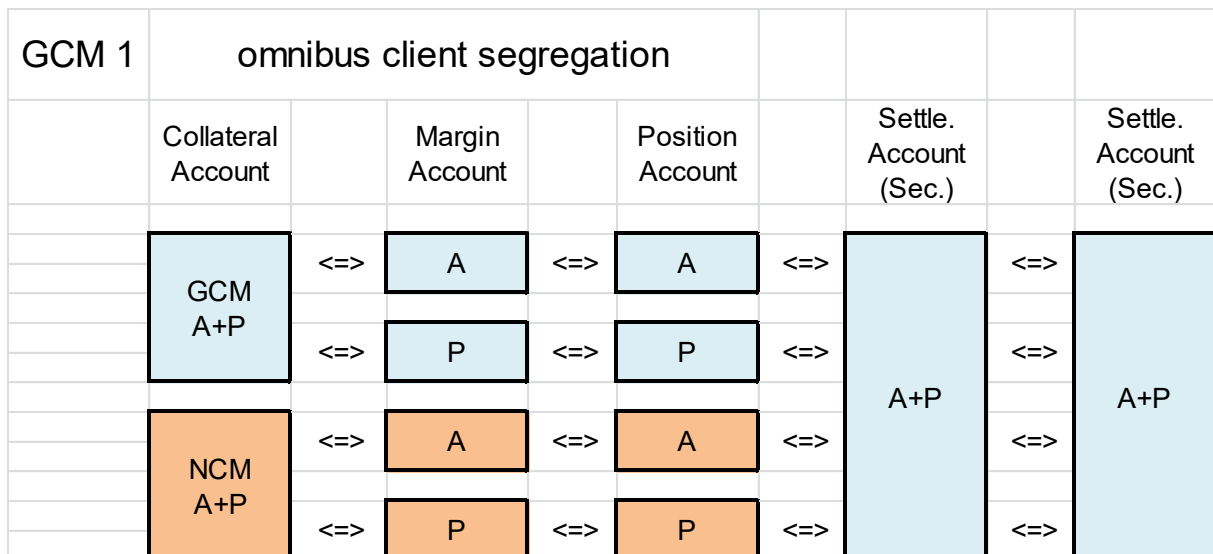| DCM 1	omnibus client segregation								
	Collateral Account		Margin Account		Position Account		Settle. Account (Sec.)		Settl. Account (Cash)
	A+P	<=>	A	<=>	A	<=>	A+P	<=>	A+P
		<=>	P	<=>	P	<=>		<=>	
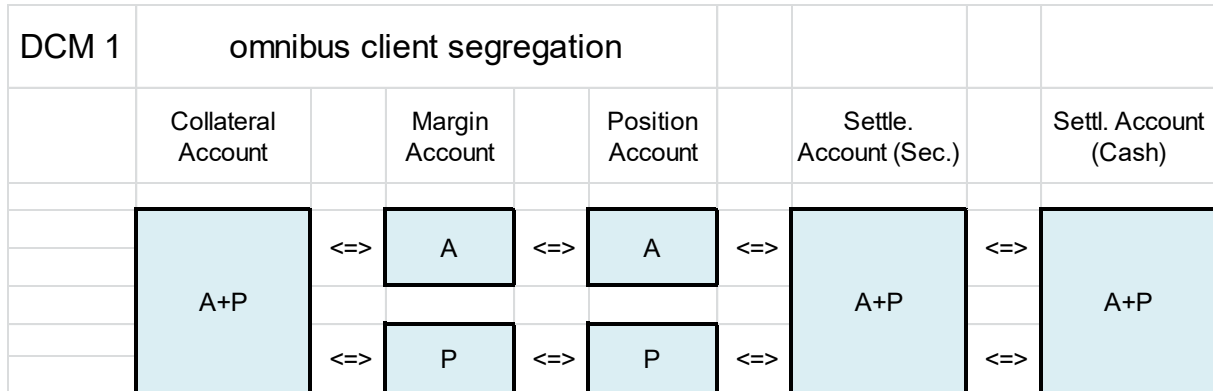
Clearing Member DCM1 has chosen the standard setup for maintenance of his proprietary positions (P) and the agency positions (A).

The collateral and settlement accounts are held (owned) by the respective Clearing Member. The assets in the standard collateral account (A+P) are accumulating (collateral pool) the collateral required for proprietary and for Client positions (without netting or offsetting A and P margin requirements).

To identify the contribution of clients and proprietary positions in the collateral pool CCP.A determines daily the respective margin requirements for the two groups (see also section 4) – value-based segregation.

The standard clearing account setup of a DCM consists of one collateral account, segregated functional accounts and two settlement accounts for cash and securities.

3.2. Clearing Account Setup for GCMs - Omnibus Client Segregation

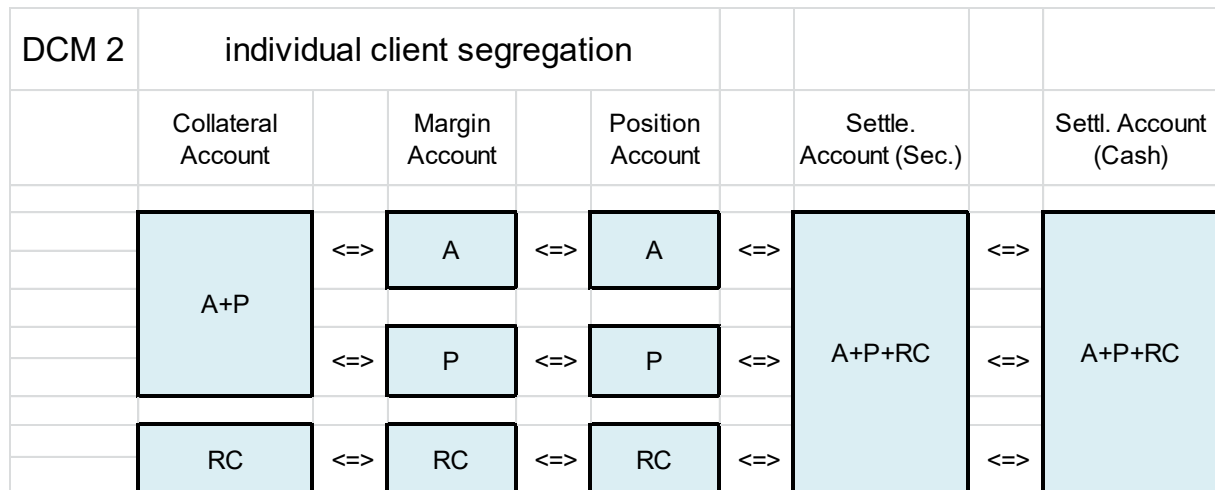| GCM 1	omnibus client segregation								
	Collateral Account		Margin Account		Position Account		Settle. Account (Sec.)		Settle. Account (Sec.)
	GCM A+P	<=>	A	<=>	A	<=>	A+P	<=>	A+P
		<=>	P	<=>	P	<=>		<=>	
	NCM A+P	<=>	A	<=>	A	<=>		<=>	
		<=>	P	<=>	P	<=>		<=>	

Clearing Member GCM1 has chosen the standard Setup for maintenance of his proprietary positions (P) and his client positions (A). The GCM serves one NCM, whereas the NCM positions (A + P / light orange) must be setup separately from the GCMs accounts (and for each additional NCM). Settlement accounts may be run accumulated for GCM and NCMs.

The standard clearing account setup of a GCM with one NCM comprises two collateral accounts, fully segregated functional accounts, and two settlement accounts for cash and securities.

3.3. Clearing Account Setup for DCMs - Individual Client Segregation

The individual client segregation scenario differs from the standard setup for DCMs (sec. above) only by an additional set of clearing accounts for Registered Clients.

The Individual Client Segregation model is an extension of the Omnibus Client Segregation model (described in section 3.1).

DCM 2	individual client segregation							
	Collateral Account		Margin Account		Position Account		Settle. Account (Sec.)		Settl. Account (Cash)
	A+P	<=>	A	<=>	A	<=>	A+P+RC	<=>	A+P+RC
		<=>	P	<=>	P	<=>		<=>	
	RC	<=>	RC	<=>	RC	<=>		<=>	

On request[4] of a Client (who becomes a Registered Client by request) a separate set of clearing accounts will be set up for the client.

The RC account setup consists of separate functional accounts as well as a separate collateral account for the individual client. The RC accounts are individually segregated accounts with Transfer Agreement and come as such with Enhanced Security features (see section 4.2).

The settlement accounts for RCs can optionally be separated from the member's settlement accounts as well.

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[4] The request includes the conclusion of a 'Transfer Agreement' with CCP.A (compare section 4).

3.4. Clearing Account Setup for GCMs - Individual Client Segregation

GCM 2	omnibus and individual client segregation							
	Collateral Account		Margin Account		Position Account		Settle. Account (Sec.)		Settle. Account (Sec.)
	GCM A+P	<=>	A	<=>	A	<=>		<=>	
		<=>	P	<=>	P	<=>		<=>	
	RC1	<=>	RC	<=>	RC	<=>		<=>	
	NCM A+P	<=>	A	<=>	A	<=>	A+P+RC	<=>	A+P+RC
		<=>	P	<=>	P	<=>		<=>	
	RC2	<=>	RC	<=>	RC	<=>		<=>	

In this example the Clearing Member GCM2 has a Registered Client (RC1) of his own and a second Registered Client (RC2), which in this example is a client of the NCM.

The RC1-2 accounts are individually segregated accounts and come as such with Enhanced Security features (see section 4.2).

The GCM (A+P) and NCM (A+P) account sets are accounts with standard omnibus client segregation (i.e., without Transfer Agreement) and have as such a Standard Security Level (see section 4.1).

3.5. Clearing Account Setting – Maximum Segregation

If clearing members chose for higher levels of account granularity, then the segregation may also be extended to the settlement accounts as well.

DCM 3	maximum account segregation								
	Collateral Account		Margin Account		Position Account		Settle. Account (Sec.)		Settl. Account (Cash)
	A	<=>	A	<=>	A	<=>	A	<=>	A
	P	<=>	P	<=>	P	<=>	P	<=>	P
	RC	<=>	RC	<=>	RC	<=>	RC	<=>	RC

In this example DCM3 (with one RC) has segregated all settlement accounts as well as the collateral accounts.

4. Security Features of Account Models in Case of Default

The granularity in CCP.A's account models supports the highest degree of security and portability of Client positions and assets in case of default.
CCP.A offers with its account model the choice between two levels of security and asset protection.

4.1. Standard Protection Level (Omnibus Client Segregation)

The standard level of protection is set out by the systemic segregation of positions and assets between the Clearing Member (P) and the Clients (A), allowing for a separate realisation of positions and collateral.
In the omnibus client segregation model the net client positions (A) are built from transactions executed on behalf of different clients. Also, the collateralisation of these positions takes place together on an omnibus level. The clients in this case are not familiar to CCP.A - this is the main difference between the Registered Client Model.
In case of a trigger event (e.g., default of Clearing Member) CCP.A will initiate the procedure to transfer the open positions and the assets of the Clients (A) to a non-defaulting Clearing Member designated by a joint representative of the Clients and without the consent of the defaulting Clearing Member concerned. The transfer can be successfully performed, if
   a)   the according accounts are furnished with sufficient collateral,
   b)   all clients have appointed a joint representative and this joint representative request the transfer of positions and assets and
   c)   the accepting Clearing Member contractually declares its consent to accept the assets and open positions of Clients.
If one of the above-mentioned conditions is not met, then a transfer is not possible.
After the portability procedure has been followed eventually remaining positions and assets of the clients may be transferred later on in the course of the resolution of the default.

In case of the standard collateral accounts (pooling A + P collateral, see section 3) the A and P contributions (as defined in by the respective ratio of A and P margin accounts) will be used only to close out their respective obligations (A for A and P for P).

4.2. Enhanced Protection Level (Individual Client Segregation)

The negative impacts of a default on customers (assets and positions) can significantly be minimised by choosing for the enhanced level in security by explicitly charging CCP.A (by means of a specific Transfer Agreement) to transfer respective positions and assets to a backup Clearing Member once a default has been declared.

In the best case the Transfer Agreement has to be concluded prior to the event (involving all relevant parties and including an appointed backup clearing member). The forms for the Transfer Agreement can be found on www.ccpa.at.

The following picture shows an example of a Clearing Member (GCM) who has concluded Transfer Agreements with CCP.A for four sets of clearing accounts and choosing the Enhanced Protection Level for these accounts.

In case of a potential default the four account sets (GCM (RC), NCM (A), NCM (P), NCM (RC)) would be transferred by CCP.A to a respective backup Clearing Member. Due to the high level of segregation there is no netting between positions NCM (A), NCM (P) and NCM (RC) and no offset takes place in the margin calculation. Also, the collateral is held on segregated accounts which are assigned 1:1 to the corresponding margin and positions accounts.

The assets and positions related to GCM (A+P) remain in the example in the Standard Protection Level. They will be closed out according to the rules set out in the default procedure and eventually left open for further handling through the administrator of the GCM.

GCM	mixed segregation					
	Collateral Account		Margin Account		Position Account	
	GCM A+P	<=>	A	<=>	A	**Standard Level** *(w/o Transfer Agreement)*
		<=>	P	<=>	P	
	GCM RC	<=>	RC	<=>	RC	**Enhanced Level** *(with Transfer Agreement)*
	NCM A	<=>	A	<=>	A	
	NCM P	<=>	P	<=>	P	
	NCM RC	<=>	RC	<=>	RC	