



DMIST

DERIVATIVES MARKET
INSTITUTE FOR STANDARDS

Consultation Paper: Standard Regarding Position Transfers

January 2025

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1. EXECUTIVE SUMMARY

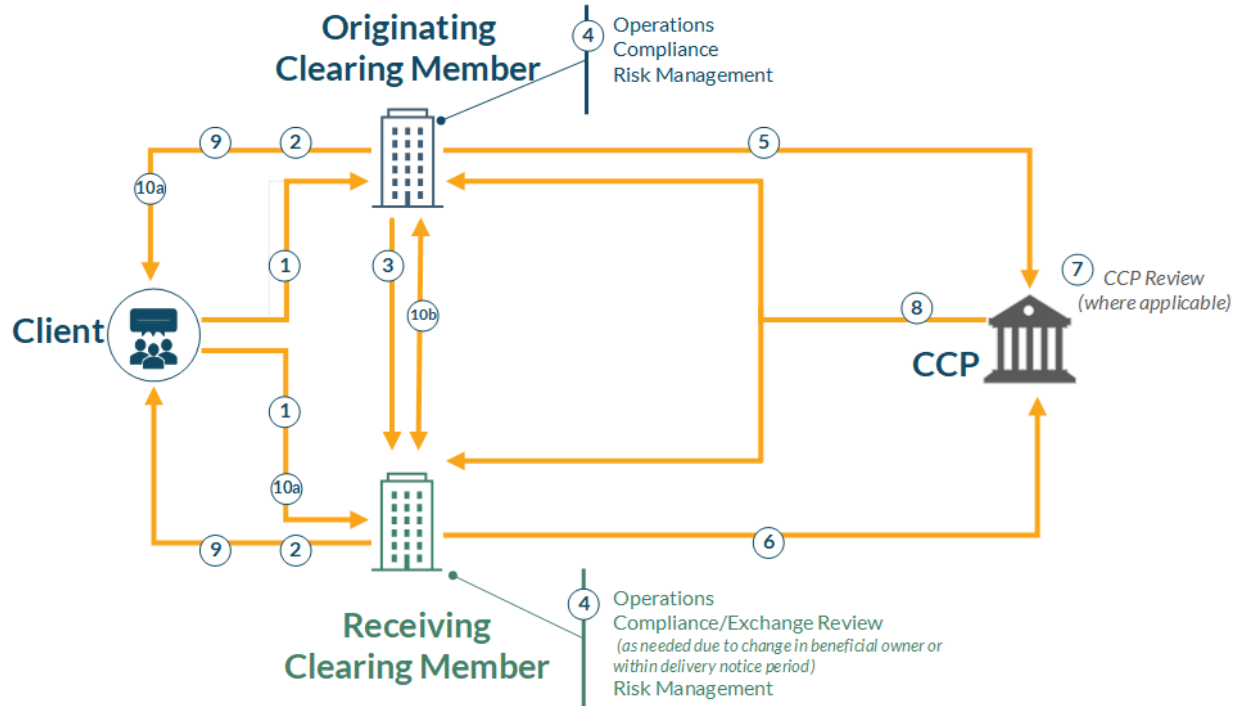
The Derivatives Market Institute for Standards (“DMIST”) was formed to encourage widespread adoption of standards in the exchange-traded derivatives industry that will help make markets more efficient, resilient, and competitive for all.

Position Transfers have proliferated over the last few years due to clients establishing multiple clearing relationships and to help manage risk and optimize margin across Clearing Members. Primarily a back-office administrative function, transfers help clearing brokers respond to client requests to move positions for a variety of reasons. In addition to managing risk and optimizing margin, Position Transfers are used to correct allocations, balance portfolios, address mergers and acquisitions, and change clearing relationships.

Today the process is almost completely manual and requires the cooperation of clearing, front office, risk and compliance departments. DMIST recommends standardizing aspects of the process to improve efficiency, enhance controls and reduce risk. Streamlining the process should help reduce the time needed to execute position transfers.

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Position Transfer Flow



- ① Client Requests Position Transfer to both Originating Clearing Member (CM) and Receiving Clearing Member (CM)
- ② Client & Clearing Members determine pre-funding requirements and pre-approval steps if multiple legs and packages are involved*
- ③ Originating CM confirms intent to Receiving CM
- ④ Originating and Receiving CM complete Internal Approvals
- ⑤ Originating CM uploads approved Position Transfer to the CCP
- ⑥ Receiving CM approves and accepts the Transfer
- ⑦ CCP Review where applicable
- ⑧ CCP confirms with Originating CM and Receiving CM transfer is approved
- ⑨ Originating and Receiving CMs confirm to client that position transfer is complete
- ⑩ Collateral is Transferred**
 - 10a Originating CM transfers excess collateral to Client; Client posts sufficient collateral at Receiving CM
 - OR
 - 10b Collateral transfers between Originating and Receiving CM

*Pre-approval may be required for multiple legs or packages and scope of the transfer before starting to initiate the transfer.

**Transfer collateral may not be required if Receiving CM has sufficient collateral or it will be covered by next day margin call.

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Benefits

Standardization would provide benefits to Clearing Members and their Clients, Exchanges and Clearinghouses by:

- a. Increasing operational efficiency and resiliency leading to greater capacity to support Position Transfers.
- b. Increasing the likelihood that the transfer will be fully completed within the expected timeframe, minimizing potential collateral impact.
- c. Enabling more portfolio optimization to reduce overall margin requirements.
- d. Reducing operational and regulatory risk by minimizing manual touch points, data manipulation, data transformation and manual entries between Clients and Clearing Members and Clearing Members and CCPs.
- e. Simplifying communication – Managing multiple templates from multiple brokers increases risk of errors for Clients. Any error increases the time it takes to effect a Position Transfer.

DMIST seeks comment on adopting an industry-standard template for clients to use when requesting a Position Transfer and a Functionality Table that specifies the order and naming convention of fields required by the CCP to effect a Position Transfer.

DMIST welcomes comments on this proposed standard from any member of the public. See Section 5 for instructions for submitting comments.

2. PROPOSED STANDARD

DMIST believes that achieving full operational efficiency for Position Transfers requires automating the process. Ideally, an automated process will take in the required information, distribute it to the risk, compliance and operations departments for approval, upload the information to exchanges, and provide status updates to the Client throughout the process.

DMIST recommends publishing a standard that 1) establishes a template clients can use to submit a Position Transfer Request to its Clearing Member(s) and a standard template for Clearing Members to more easily upload Position Transfer data to CCPs; and (2) a corresponding standard template for CCPs to adopt for receiving data from Clearing Members.

For the purpose of this standard, DMIST defines two types of Position Transfers: simple and complex.

Simple Position Transfers are partial Position Transfers with no change in beneficial ownership and no significant impact on open interest on a single CCP and where one receiving Clearing Member is involved.

Complex Position Transfers are partial Position Transfers that may require additional information and analysis. Triggers that require additional Clearing Member compliance and/or exchange review include full-account Position Transfers, change of beneficial owner, significant impact on open interest in spot period, pre-funding as determined by either transfer firm, and multiple Clearing Members and/or CCPs involved.

Generally, exchange approval is required when there has been a change in beneficial owner or a significant impact on open interest in spot month contracts. In addition, processing could be delayed based on the geographic location of the Client, the markets and clearing members involved in the transfer.

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Other factors affecting processing time include:

Multiple Receiving Clearing Members

- Requires more communication to set time transfer to occur;
- Requires additional Clearing Member approvals for each Clearing Member involved;
- Increases the level of internal Clearing Member coordination when multiple markets and jurisdictions are involved; and
- Increases reconciliation burden for Clearing Members to ensure that the right positions are transferring to the right Clearing Member.

Data Transformation

- Identifying product lifecycle status; and
- Transforming Client-provided identifiers, such as Bloomberg Codes, to Exchange Codes.

Multiple CCPs

- Managing different transfer rules, including rules for different products, i.e. pricing and date methodology and exchange approval requirements; and
- Managing clearing deadlines in different time zones.

CCP Upload Functionality (where the standard has not been adopted)

- Managing different formats for uploading transfer information; and
- Managing uploads to CCPs that do not offer GUIs.

Size can also impact complexity. Multiple contracts, positions and line items per position impact whether the position transfer is simple or complex. Data transformation and position checking can lengthen the approval process depending on the number of line items that need to be addressed. The more formatting the clearing member needs to prepare data for upload to the CCP, the more time it will take to process the transfer. As size increases, the number of clearing members and CCPs involved further complicates processing.

The proposed standard is designed to alleviate many of the factors listed above, improving operational efficiency and speeding up processing.

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Standard Client Request Form

A standard Client Request Form would have the following advantages:

- Clients would have one template to use to submit transfer requests to any clearing firm in the industry; and
- A completed template would speed up approval, reviews and transfer processing, since all information required to effect the transfer would be available and consistently presented to the clearing firms.

The Client Request Form would include two parts:

1. The information needed by the Clearing Members for review and approvals; and
2. The information needed by the Clearing Members to submit for processing at the CCPs.

Timing for Simple Position Transfers

Simple Position Transfers that are requested via a fully completed Client Request Form five (5) hours ahead of the market clearing close should be completed on the day of the transfer request. The Client Request Form should be sent simultaneously to both the Originating and Receiving Clearing Members.

The size of the transfer may impact the ability to complete the transfer the same day.

Timing for Complex Position Transfers

Complex Position Transfers requested via a fully completed Client Request Form at least 24 hours in advance of the nearest market clearing close on the intended transfer date should be completed on the next business day.

When exchange approval is required, a Position Transfer that is requested via a fully completed Client Request Form 48 hours ahead of the nearest market clearing close on the intended transfer date should be completed in two business days. The Client Request Form should be sent simultaneously to both the Originating and Receiving Clearing Members.

Notifying Clearing Members of intent to transfer in advance of submitting the actual Client Request Form may help speed up processing.

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Type of Transfer	Request Deadline	Completion Deadline	Example: Day of the week=Tuesday
Simple Position Transfer	5 hours before clearing market close	Same Day by local clearing market close	20:00 Tuesday: Clearing Market Close 15:00 Tuesday: Request deadline 20:00 Tuesday: Transfer completed
Complex Position Transfer	24 hours before local clearing market close	Next business day before nearest local clearing market close	20:00 Tuesday: Nearest Clearing Market Close 20:00 Tuesday: Request deadline 20:00 Wednesday: Transfer completed
Complex Position Transfer requiring exchange approval	48 hours before local clearing market close	Two business days before nearest local clearing market close	20:00 Tuesday: Nearest Clearing Market Close 20:00 Tuesday: Request deadline 20:00 Thursday: Transfer completed

Communication

The Client Request Form should be sent to both Originating and Receiving Clearing Members simultaneously when information is disclosable to both parties.

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Figure 2: CLIENT REQUEST FORM TEMPLATE

#	Field	Clearing Member Information	Notes
	Template Part 1		
1	Transfer Business Date		Enter date transfer is requested to occur
2	Reason for Transfer	[Dropdown Options] Correcting clearing errors Margin optimization Change in clearing firm Transfer between accounts with identical beneficial owners Merger or Acquisition Liquidation or Consolidation Other	-Correcting clearing errors including mis-clears or clerical errors -Liquidation or offset of a trade that cleared at the wrong CM due to clerical error
3	Transfer Type	Internal External Outgoing External Incoming	- Internal Position Transfer: transfers between accounts within the same clearing firm - External Outgoing: Position Transfer Clearing Member expects to send - External Incoming: Position Transfer Clearing Member expects to receive
4	Transfer – Full or Partial	Full Portfolio Partial Portfolio	-Full Portfolio: The Client requests transfer of its entire portfolio from one Clearing Member to another -Partial Portfolio: The Client requests only part of its portfolio transfer from one Clearing Member to another
5	Will this transfer result in a change in beneficial ownership?	Y/N	Note that a change in beneficial owner requires compliance review and exchange approval
6	Impact on Open Interest Will this transfer result in a change in open interest?	Y/N	Note that any impact to open interest requires compliance review and may require exchange approval

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#	Field	Clearing Member Information	Notes
7	Originating Clearing Member	Firm Name Contact Name Contact Email Contact Phone	- Originating Clearing Member: Clearing Member where positions are transferring from
8	Originating Clearing Member Accounts	List or Upload	Client account number(s) where positions are transferring from
9	Receiving Clearing Member	Firm Name Contact Name Contact Email Contact Phone	- Receiving Clearing Member: Clearing Member where positions are transferring to
10	Receiving Clearing Member Accounts	List or Upload	Client account number(s) where positions are transferring to
11	Futures Trade Date Methodology	[Dropdown Options] Original Trade Date Transfer Date Transfer Date -1 Other (subject to exchange rules)	The method for populating the trade date of the futures positions for transfer, as allowed under exchange rules
12	Options Trade Date Methodology	[Dropdown Options] Original Trade Date Transfer Date Transfer Date -1 Other (subject to exchange rules)	The method for populating the trade date of the options positions for transfer, as allowed under exchange rules
13	Futures Price Methodology	[Dropdown Options] Original Price Current Day Settlement Price Previous Day Settlement Price Other (subject to exchange rules)	The method for populating the trade price of the futures positions for transfer, as allowed under exchange rules
14	Options Price Methodology	[Dropdown Options] Zero Price Original Price Current Day Settlement Price Previous Day Settlement Price Other (subject to exchange rules)	The method for populating the trade price of the options positions for transfer, as allowed under exchange rules

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#	Field	Clearing Member Information	Notes
	Template Part 2		
15	Trade Date	YYYYMMDD	Provide date in line with the Trade Date Methodology that was selected above
16	Product Exchange		Exchange Name
17	Exch Contract Code		Exchange contract code, in lieu of RIC, Bloomberg or other third-party code
18	Contract Period	YYYYMM (OR YYYYMMDD if applicable for prompt date)	
19	P/C	[Dropdown Options] P C Blank	P=Put Option C=Call Option Blank = Future
20	Strike Price		
21	Side	[Dropdown Option] B S	B=Buy or Long Position S=Sell or Short Position
22	Qty		Absolute quantity
23	Price		Provide price in line with the Price Methodology that was selected above
24	Originating Firm		Clearing Firm Mnemonic or name
25	Originating Account		Account reference holding the position
26	Receiving Firm		Receiving Firm Mnemonic or name
27	Receiving Account		Account reference holding the position

STANDARD CCP UPLOAD FUNCTIONALITY

This proposed standard calls for CCPs to support a standard upload template with common headings in the order displayed below. This standard upload template would enable Clearing Members to provide the same data in the same format to all CCPs, improving efficiency and accelerating the transfer process.

In addition, CCPs should provide at least upload capabilities, ideally API connectivity, to support bulk transfer processing. This would pave the way for automating the process in the future.

Figure 3: CCP UPLOAD FUNCTIONALITY TABLE

Field/Header	Format
Trade Date	YYYYMMDD
Product Exchange	
Exch Contract Code	
Contract Period	YYYYMM (or YYYYMMDD if applicable for prompt date)
P/C	P=Put Option C=Call Option Blank = Future
Strike Price	
Side	B=Buy or Long Position S=Sell or Short Position
Qty	
Price	
Originating Firm	
Originating Account	
Receiving Firm	
Receiving Account	
Reason for Transfer (optional)	
Other Information Unique to CCP (list below)	

Note: Fields should be displayed in the order listed above with these headers.

3. CONSULTATION QUESTIONS

Questions for Clients

1. Do you believe an industry standard Client Request Form Template (Figure 2) will help facilitate Position Transfers?
2. Are you able to provide all of the information on the Client Request Form Template (Figure 2), such as the Exchange Contract Code? If not, please explain. Do you need further clarification on what is requested? If so, indicate which field(s) needs further clarification.
3. Is the processing time outlined for simple transfers appropriate? If not, please detail the challenges and suggest an alternative timeframe.
4. Is the processing time outlined for complex transfers appropriate? If not, please detail the challenges and suggest an alternative timeframe.
5. If the law or regulation permits, should the standard contemplate the possibility of a request for a position to be transferred more than once in a single business day?

Questions for Clearing Members

1. Are any data points that you require missing from the Client Request Form template (Figure 2)?
2. Do you believe an industry standard Client Request Form Template will reduce the time it takes your firm to complete a Position Transfer?
3. Do you believe an industry standard CCP Upload Functionality Template (Figure 3) will reduce the time it takes your firm to complete a Position Transfer?
4. Is the processing time outlined for simple transfers appropriate? If not, please detail the challenges and suggest an alternative timeframe.
5. Is the processing time outlined for complex transfers appropriate? If not, please detail the challenges and suggest an alternative timeframe.

Questions for Exchanges

1. Should DMIST create a standard form for Clearing Members to request Exchange approval for Position Transfers involving a change in beneficial ownership?

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Questions for Clearinghouses

1. Is the CCP Upload Functionality Template (Figure 3) missing information needed to complete a Position Transfer?
2. Are there roadblocks that would prevent a CCP from conforming to headers according to the recommended format listed in Figure 3?
3. Please share any recommendations, changes or challenges you would have in conforming to the data formats outlined in Figure 3.
4. Do roadblocks exist that would prevent a CCP from accepting the data in the order in which it is listed in Figure 3?

Questions for All

1. Are there benefits of transfer standardization for exchanges, CCPs, Clearing Members or Clients that are not already identified in the proposed standard?
2. What additional standards may be helpful to support or facilitate this proposed standard?
3. What impediments exist to meet the proposed standard?
4. Should DMIST develop a standard for cleared swaps positions transfers/porting?

Additional Comments

DMIST welcomes any comments that you may have that were not covered in the above consultation questions.

5. GLOSSARY

“CCP” – A central counterparty is a financial institution that interposes itself between counterparties to trades that have been executed at an Exchange. It becomes the buyer to every seller and the seller to every buyer, takes on the counterparty risk and provides clearing and settlement services to its customers/members.

“Clearing Member” – A firm meeting the requirements of, and approved for, Clearing Membership at the Exchange.

“Client” – An individual or organization, typically an end-user, asset manager, proprietary trading firm or similar party, that initiates an order to buy or sell a product in the Exchange-traded market.

“Complex Position Transfers” - partial Position Transfers that may require additional information and analysis. Triggers that require additional Clearing Member compliance and/or exchange review include full-account Position Transfers, change of beneficial owner, significant impact on open interest in spot period, pre-funding as determined by either transfer firms, and multiple Clearing Members and/or CCPs involved.

“Exchange” – A financial exchange where participants can trade (buy/sell) standardized products as defined and listed at the exchange. An exchange will have a relationship with a CCP to facilitate the clearing and settlement of the trades.

“Originating Clearing Member” - Clearing Member where positions are transferring from.

“Position Transfer” - The process of moving an open position from one account to another. The transfer can take place within the same Clearing Member firm or between different Clearing Member firms. Some Position Transfers may require exchange approval; all Position Transfers must be reported to the appropriate clearinghouse.

“Receiving Clearing Member” - Clearing Member where positions are transferring to.

“Simple Position Transfers” - partial Position Transfers with no change in beneficial ownership and no significant impact on open interest on a

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single CCP and where only one receiving clearing member is involved.

6. SUBMITTING A COMMENT

Please submit comments on or before March 21, 2025. Any member of the public may submit a comment by sending a PDF, Word document or substantive email to info@dmist-standards.org. DMIST will make all comments publicly available following submission. DMIST will not review comments for personal, confidential, proprietary, sensitive or otherwise protected information before making such comments publicly available. By submitting a comment to DMIST, the submitting party consents to such public posting. DMIST reserves the right, without obligation, to review, redact and/or remove any comment that it considers inappropriate, offensive or improper, in its sole discretion. By submitting a comment to DMIST, the submitting party agrees to abide by and be bound by the Terms of Submission available [here](#), which will constitute a binding legal agreement between you and DMIST.

7. QUESTIONS/FURTHER INFORMATION

If you have questions about this proposed standard, wish to know more about DMIST or have an interest in joining the initiative, please visit the [DMIST website](#). You may also contact Don Byron at dbyron@fia.org or Staci Parrish sparrish@fia.org.

7. Appendix

DMIST Overview

DMIST was formed as an outgrowth of industry conversations following high volume and volatility in February and March 2020, at the onset of the COVID-19 pandemic. DMIST's ultimate goal is to encourage widespread adoption of standards in the Exchange-traded derivatives industry that will help make markets more efficient, resilient, and competitive for all.

There are two levels of participation in DMIST: (1) the Sponsor Board members who consider and approve standards; and (2) the Ambassador level members, including technology vendors, who are subject matter experts and who help identify, develop and calibrate standards for the Sponsor Board's approval. For more information on participating in DMIST, please visit our website.

For more information regarding the history and development of DMIST, please see *Modernizing the Listed Derivatives Workflow: A Blueprint for Change* (November 2021) and DMIST's 2023 Annual Progress Report.

DMIST Standard Process

The process that DMIST follows for a proposal to become a standard is:

Step One: Proposed standard is received from any member of the public (including, but not limited to, Sponsor Board Members or Ambassadors).

Step Two: Sponsor Board determines whether the initial proposal meets certain required criteria (e.g., the submission contains sufficient requisite information, the proposed standard addresses a topic that is considered in scope for DMIST's consideration, the proposed standard relates to a topic that would significantly benefit the industry to standardize).

Step Three: DMIST forms Ambassador Working Group(s) for review and consideration of the proposed standard.

Step Four: Sponsor Board meets to consider the feedback of the Ambassador Working Group(s) and votes to publish proposed standard for public comment.

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Step Five: DMIST issues the proposed standard for public comment.

Step Six: At the end of the comment period, the Ambassador Working Group(s) used to vet the standard as initially proposed will meet to review and consider the comments.

Step Seven: Sponsor Board votes to approve the standard based upon feedback and recommendations from the Ambassador Working Group(s). If approved, the standard is considered final and is published.

Step Eight: The success of DMIST requires commitment to transparency with regards to adoption and implementation of standards. Each final, approved standard will specify transparency expectations for Sponsor Board Members regarding whether or not they have chosen to adopt or implement such a standard. Each final approved standard must also specify metrics, to be measured on an ongoing basis, related to implementation, adoption, usage, and/or effectiveness.

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