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FIA Operations Americas Division Response to DMIST Position Transfer Consultation Paper

FIA Operations Americas Division (“Division”) appreciates the opportunity to comment on the DMIST Position Transfer Consultation Paper. The FIA Operations Americas Division, with input from FIA’s European and Asian Operations Committees, submitted a proposal to the DMIST Sponsor Board in May 2024 to standardize Position Transfers. The Division is pleased to see that much of the proposal was adopted and commends the DMIST Working Group for their work in enriching the proposal.

Division comments are focused primarily on areas that were modified or were not included in the original proposal:

- Definitions of Simple and Complex position transfers
- Timing of simple and complex position transfers
- New fields in the Client Request Form and the Clearinghouse Upload Functionality Table

The Division also commented on “Questions for All”, “Questions for Clearing Members” and commented on the first “Questions for Exchanges” and the Position Transfer Flowchart.

The FIA Operations Americas Division membership includes representatives from FCMs, exchanges and clearinghouses, industry service providers, technology vendors and law firms. The Division convened a committee of Division clearing members who work with customers daily to execute position transfers and representatives from U.S. clearinghouses. Several members of the Division Position Transfer Committee are also active members of DMIST.

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?**

The Division agrees with the benefits listed in the consultation paper with the following recommendations:

- Revise “d” to read: Reducing operational and regulatory risk by *creating a framework* to minimize manual touch points. It also reduces the need for data manipulation, data transformation and manual entries between Clients and Clearing Members and Clearing Members and CCPs.

The Division agrees, as noted in the consultation paper, that the true benefit will be realized with future automation.

2. What additional standards may be helpful to support or facilitate this proposed standard?

Although collateral is outside the scope of this standard, the Division recommends considering a future standard that would ask the CCP to move collateral with the position transfer in order to reduce the need to double-fund transfers.

As the DMIST project to establish Persistent Client Tracer IDs moves forward, the form should be updated to include these unique trade identifiers.

3. What impediments exist to meet the proposed standard?

The Division believes the proposed standard will go a long way in improving the position transfer process but reluctance to change processes, budget constraints and technology resources could hamper adoption. The industry needs to work together to incentivize CCPs to build or adjust an existing system to meet the standard. Clearing Members need to encourage clients to use the Standard Request Form and be willing to adjust internal systems.

4. Should DMIST develop a standard for cleared swaps positions transfers/porting?

The Division believes that if cleared swaps continue growing, a position transfer standard could be beneficial.

Questions for Clearing Members

1. Are any data points that you require missing from the Client Request Form template (Figure 2)?

The Division has the following comments on the Client Request Form Template:

1. The Division understands that the “Notes” column will not be part of the form but a legend or definition document separate from the form.
2. Row 4: The Division suggests relabeling the Transfer-Full or Partial “Portfolio Type.”
3. Row 5: Although we recommend removing the “Notes” column from the actual template, the Division recommends including the note that “a change in beneficial owner requires compliance review and exchange approval” on the form.
4. Row 6: The Division also recommends leaving the note with the Open Interest field: “any impact to open interest requires compliance review and may require exchange approval.”

5. NEW: Although Legal Entity Identifiers (LEIs) are not the only data point clearing members rely on with respect to changes in beneficial ownership, it is key to analysis of whether a change has occurred. The Division recommends adding a field to the Client Request Form for LEI “if available.”

In the CCP Upload part of the Client Request Form, the Division recommends:

1. Row 15: Change “Transfer Business Date” to “Original Trade Date”.
2. Row 23: Regarding “Price,” the Division recommends that DMIST define the prices and standardize the default price.
 1. Original Trade Price—price at which trade is executed.
 2. Settlement Price—the end-of-day price the CCP uses for mark-to-market.
 3. Default Price
 - For futures, if left blank the CCP will use the prior day settlement price.
 - For options, if left blank, the CCP will use zero (“0”).

2. Do you believe an industry standard Client Request Form Template will reduce the time it takes your firm to complete a Position Transfer?

The Division believes that if adopted, the industry standard Client Request Form could significantly reduce the time it takes to complete a Position Transfer. A fully completed form would:

- Increase the likelihood that the transfer will be fully completed within the expected timeframe, minimizing potential collateral impact.
- A fully completed template would speed up the process, since all information required to effect the transfer would be available to both the originating and the receiving clearing firms at the same time.
- It would be more readily apparent if the position was ineligible for 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?

The Division believes this is a significant benefit of the proposed standard. It will encourage CCPs where the process is completely manual to make upload capability available and promote uniformity across CCPs.

As previously stated, it would reduce operational and regulatory risk by *creating a framework* to minimize manual touch points. It also reduces the need for data manipulation, data transformation and manual entries between Clients and Clearing Members and Clearing Members and CCPs.

4. Is the processing time outlined for simple transfers appropriate? If not, please detail the challenges and suggest an alternative timeframe.

The Division agrees with the consultation paper’s definitions of simple and complex position transfers but recommends including “full” transfer. Since a full transfer requires more effort and may have additional funding requirements, the Division believes it should be considered a Complex

transfer. The Division also recommends adding “when a long date needs to be maintained, the transfer should be considered complex.”

5. Is the processing time outlined for complex transfers appropriate? If not, please detail the challenges and suggest an alternative timeframe.

- Simple Transfers: The Division agrees that five hours is an appropriate timeframe. We recommend that the standard clarify that some transfers can be done faster but less than five hours is “best effort.”
- Complex Transfers: Clarify that 24 hours starts at the end of the day, so in reality it is 48 hours.
- Distinguish between timing at the originating/receiving brokers and timing at the Clearinghouse?

The Division agrees with the factors affecting processing time listed in the Consultation Paper but recommends adding:

- Based on market conditions
- Add business hours (not weekends, holidays)
- Contingent on regional market restrictions and market hours
- Exchange complexities or mandates

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?

A standard form for Clearing Members to request Exchange approval for Position Transfers would be beneficial but needs further research. The more standardization across exchanges, the more efficient it is for clearing members to effect the transfer.

Position Transfer Flow Chart

The Division recommends removing 10a and 10b since collateral transfer is outside the scope of this standard.

As we noted in proposing a standard for position transfers, FIA Operations Americas Division believes that in order to achieve full operational efficiency for position transfers, the process needs to be automated. Ideally, an automated solution that takes in all the required information, distributes it to the risk, compliance and operations departments for sign off, uploads the information to exchanges and provides status updates to the client throughout the process.

Conclusion

The Division appreciates the opportunity to comment and will be ready to assist with implementation of the final standard.

APPENDIX

Figure 2: POSITION TRANSFER CLIENT REQUEST TEMPLATE with Changes Noted

	Field	Clearing Member Information	Notes – delete from form
	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 Relabel Portfolio Type	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 to transfer from one Clearing Member to another
5	Will this transfer result in a change in beneficial ownership? Note that a change in beneficial owner requires compliance review and exchange approval.	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? Note that any impact to open interest requires compliance review and may require exchange approval.	Y/N	Note that any impact to open interest requires compliance review and may require exchange approval
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

Template Part 2			
15	Trade Date Change to Original Trade Date	YYYY/MM/DD	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)	YY/MM/DD or MM/DD/YYYY
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		Futures: Indicate historical price or settlement price or if blank default to prior day settlement price. Options: indicate historical price or settlement price or if blank default to zero premium
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

Figure 3: POSITION TRANSFER 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.