

This document contains frequently asked questions that clearing brokers have when implementing the ISDA Clearing Connectivity Standard (CCS). When building towards the CCS spec, maintaining an open dialogue with custodians/service providers and Sapient personnel helps reduce development time and allows for the faster transmission of transparent information to clients.

**Q: How do you construct the Row Identifier field?**

A: This field should contain concatenated field **header names** separated by colons, rather than actual data. The scope of subtotaling is limited to the following fields:

1. Client Account ID
2. Sub Account ID (if populated)
3. Clearing House
4. Product Type
5. Account Local Currency

Therefore, the contents of the Row Identifier column for an account that is being reported with full granularity should read:

“Client Account ID:Clearing House:Product Type:Account Local Currency”

And **NOT** be a concatenation of actual data, for example:

“8749039839:LCHClearnet Ltd:IRS:GBP”

Subsequently, any column which contains “NET” will drop out of the Row Identifier for that row, so that an account total row, containing NET values across sub accounts, clearing houses, product types, and local currencies, will only have the following in its Row Identifier column: “Client Account ID”, as shown below:

Row Identifier	Clearing House	Product Type	Account Local Currency	Account Base Currency	Reporting Currency
Client Account ID:Clearing House:Product Type:Account Local Currency	Chicago Mercantile Exchange	CDS	USD	GBP	Local
Client Account ID:Clearing House:Product Type:Account Local Currency	ICE Clear Credit LLC	CDS	USD	GBP	Local
Client Account ID:Clearing House:Product Type:Account Local Currency	LCH.Clearnet LLC (US)	IRS	USD	GBP	Local
Client Account ID:Account Local Currency	NET	NET	USD	GBP	Local
Client Account ID	NET	NET	NET	GBP	Base

**Q: How should Account Local Currency, Account Base Currency, and Reporting Currency be populated?**

A: Account Local Currency and Account Base Currency should contain the appropriate 3 letter currency codes. Reporting Currency must always be populated with one of two possible values: “Base” or “Local”, and never a currency code. Because the currency code for both the base and local currency appears on each line (unless the row contains the net of local currency balances, see the below example), this field indicates the currency for all the values in the row. Note that the Account Conversion FX Rate always uses the convention Local/Base for all currency pairs.

**Q: How does Single Currency Margining appear in CCS?**

A: Single Currency Margining is supported in the Summary report when rows are netted by Account Local Currency. In order to show this, on the row showing the single currency margin amount, populate the Account Local Currency field with “NET” and the “Reporting Currency” field with “Base.” If the VM on a number of swaps is calculated in local currency, the net current MTM exposure would be calculated and shown in base currency as follows. Note that in this example, the data is assumed to be already netted across clearing houses and product types.<sup>1</sup>

Row Identifier	Account Local Currency	Account Base Currency	Reporting Currency	Account FX Conversion Rate	Current MTM Exposure
Client Account ID:Account Local Currency	USD	USD	Local	1	-100
Client Account ID:Account Local Currency	GBP	USD	Local	1.61575	242.36
Client Account ID:Account Local Currency	CAD	USD	Local	1.01631	-203.26
Client Account ID:Account Local Currency	JPY	USD	Local	0.01203	-601.30
Client Account ID	NET	USD	Base	1	77.79

$$77.79 = (1 * -100) + (1.61575 * 242.36) + (1.01631 * -203.26) + (0.01203 * -601.30)$$

Periodic Single Currency Margining adjustments are also supported in the Daily Payment Activity Report as both wire transfers and journal entries by passing the value “Single Currency Margining Adjustment” in the Payment Type field.

**Q: What is the difference between Client Account LEI, Client Account ID, and Clearing Broker ID?**

A: The Client Account LEI will be uniform across all products and clearing houses. This identifier will be populated once LEIs are made available. The Client Account ID is an identification number provided by the client to the broker and custodian. This field should also be uniform across all products and clearing

<sup>1</sup> Single Currency Margining is only supported in base currency at this time. If you require Single Currency Margining in a currency which is different from Account Base Currency, please report your required currency in the Account Base Currency field as a workaround and notify us by emailing [pmatricardi@sapient.com](mailto:pmatricardi@sapient.com).

houses for the same client. Clearing Broker ID is any account reference that is assigned by the clearing broker for internal purposes.

**Q: How does the Standard incorporate Net vs. Split Settlement of Initial Margin and Variation Margin?**

A: Due to reported operational differences between Clearing Brokers, we realize that it is sometimes impossible to report a split IM and VM cash balance for clients that chose to send one *net* cash payment to cover both. Because of this, the IM Balance Cash [CB] and VM Balance [CB] fields are optional, and only net (combined) cash balances may be reported in Total Cash Balance. However, it is mandatory to report split IM and VM cash balances *if the client uses split settlement*.

**Q: How do Product Lifecycle Cash Flows affect the margin call?**

A: The Product Lifecycle Cashflows section includes coupons, CDS credit event payments, PAI, fees, and other cashflows associated with OTC derivatives. Unlike in the futures & listed options markets, there are no standard assumptions about whether these cashflows are paid separately or netted against VM. Therefore, due to operational differences, Clearing Brokers treat the amounts in the Product Lifecycle Cash Flows section in a variety of ways: as part of the VM requirement, cash balance, or with the net call. Therefore, they can be included in any one of the following fields: Total VM Requirement [CB], VM Balance [CB], or Total Cash Balance. Alternatively, cash flows can be added directly to VM Call [CB], but in this case they must also be added to Total Margin Excess/Deficit. This choice will be apparent in the report by comparing the Current MTM Exposure [CB] and Total VM Requirement [CB] columns: if Current MTM Exposure [CB] is not equal to Total VM Requirement [CB], the difference will be equal to the netted values from the Product Lifecycle Cash Flows section. Alternatively, if the sum of Total VM Requirement [CB] and VM Balance [CB] is not equal to VM Call [CB] then netted cashflows are included in the call, rather than the balance or requirement (if VM Balance [CB] is not reported, use Total Margin Requirement, Total Balance and Total Margin Excess/Deficit). If neither of these conditions are met, then cash flows are included in VM Balance [CB] (or, if it is not reported, in Total Balance).

**Q: What format does CCS specify for date formatting?**

A:

- As of Date should be formatted as follows (this is consistent with FpML date formatting): YYYY-MM-DD
- Report Date has the same required format, but adds a timestamp to identify exactly when the report was run: YYYY-MM-DDTHH:MM:SSZ
  - Note that "T" indicates the start of the timestamp, and "Z" indicates that the time zone is GMT. All timestamps must be reported in GMT to avoid confusion.