

Intercontinental Exchange



ICE CDS Client Clearing Automated Position Transfers

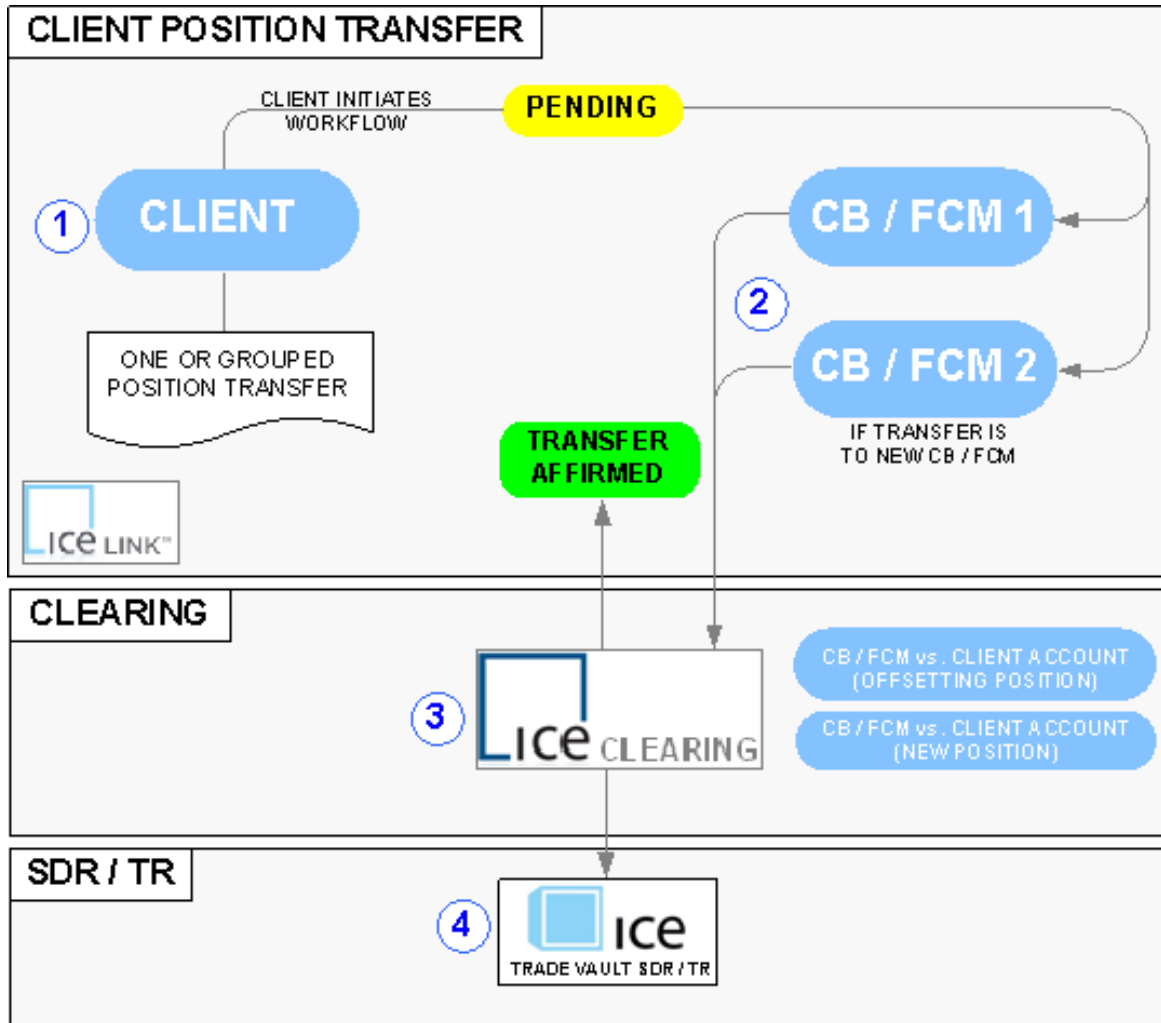
(Clients)

May 2015

Automated Position Transfers: Overview

- ICE Clear Credit (ICC) and ICE Clear Europe (ICEU) are releasing a new client position transfer workflow on June 8
- The automated transfer workflow via the ICE Link GUI/API will replace the current spreadsheet request process
- Clients can initiate transfers via the ICE Link GUI:
 - Intra-transfer: Position transfer to a different fund within the same FCM*
 - Inter-transfer: Position transfer across different FCMs
- FCMs are required to affirm all client initiated transfer requests
- Transfers can be initiated via ICE Link 24 hours a day and will be cleared intra-day during clearinghouse hours (3am to 6pm ET for ICC; 8am to 6pm BST for ICEU):
 - Pending transfer requests which have not been affirmed by clearinghouse close will expire in ICE Link
 - Transfers submitted to the clearinghouse after close will be processed at clearinghouse open on T+1
- A single transfer results in two trades being cleared, 1) an offsetting trades in the Transfer From Account; and 2) a new trades in the Transfer To Account. Transfer trades are eligible for netting the same day.
- The following position transfers are supported:
 - Single position transfer
 - Multiple position transfer (processed all or none)
 - Partial notional transfer
 - Upfront fee transfer (upfront fee, commonly provided for a misallocation transfer) must be entered at time of transfer initiation via ICE Link)
- Transfer activity appears in the client clearing activity report

Client Initiated Transfer Workflow



1. Client requests a Position Transfer of an existing Cleared Trade, providing the Transfer-to Clearing Broker (CB)/FCM and Clearing Account
2. The original CB/FCM 1 and the new CB/FCM 2 (if an inter- transfer) reviews the request and affirms
3. ICE Link routes the transfer request to the clearinghouse; the transfer is affirmed upon clearinghouse acceptance. Cleared positions represented as an offsetting trade with the original CB/FCM 1 and a cleared trade* with the new CB/FCM 2
4. ICE submits the new trades to the Swap Data Repository

* If an Intra-transfer (Fund-to-Fund Transfer), the new cleared trade is to the original CB/FCM with a different Client Account

Position Selection via the Position Blotter

- Client institutions may initiate the position transfer workflow via the ICE Link GUI Position Blotter
- Transfers may be to a separate fund/account with the original FCM or to a new FCM; Clients may transfer one or many positions at once in a group, as long as the original CB/FCM is the same for all positions (and the new FCM is the same if a inter-transfer)

Investment Advisor

Menu

Transactions | **Positions** | Transaction History | Clearing | **Transfer** | Margin

Novate | Terminate | Super Block | FCM Backload | **Transfer** | Margin

Group By: [Dropdown] Quick Search: [Input] Clearing Status: [Dropdown] Cleared: [Dropdown]

Clearing Status	My Position ID	Trade Date	Description	Term	BPS	Notional(MM)	Buyer	FCM	Seller	Modified	Orig. EB	My Super ID	Source	Source
<input checked="" type="checkbox"/>	35tr32453425	07-Apr-2015	CDX-NAHYS22V2-5	Jun 19	456.536035	25 USD ft1_hf1_2	ft1_pbout_fcm	icetrust	08:56:21 AM			ICE-CLIENT		
<input checked="" type="checkbox"/>	342353442rt	07-Apr-2015	CDX-NAHYS22V2-5Y	Jun 19	456.536035	75 USD ft1_hf1_1	ft1_pbout_fcm	icetrust	08:56:21 AM			ICE-CLIENT		

(CTRL+F) Find in table

Position

Trade Ticket CDX.NA.HY.22 Created 08:55:39 Apr 08 2015

Calculator Confirm Audit Print

Buyer: ft1_hf1_2 - FT1_HF1
 FCM: ft1_pbout_fcm - FT1_PBOUT
 Seller: icetrust - ICE Clear Credit LLC (F. icetrust)

Warehouse(MM) 25 USD Trade: 07-Apr-2015

Traded Spread: 4.56536035% Effective: 20-Mar-2014
 Fixed Spread: 5% Maturity: 20-Jun-2019

Price: 101.55
 Index Factor: 99%
 Initial Margin: No Margin First Pay: 20-Jun-2015
 Definitions: ISDA2014Credit Pay Freq: 3 MTH
 Margin Payer:

Position Id: 233147648 Upfront Fee: 448,937.50 USD
 Quotation Style: Price Upfront Fee Date: 10-Apr-2015
 RED Id: 2165BRKL3 Fee Settlement Date: 09-Apr-2015
 RED Id: RED Disclaimer Fee Payer: icetrust

ICE CDS Code: XY2202J19U0500XXI
 Trans Type: CDX
 Buyer Id: 35tr32453425
 Seller Id: 233147648
 FCM-Buyer Id: 345345634653
 FCM-Seller Id: 3453453455344
 Buyer DTCC Deal Id: 35TR32453425
 Seller DTCC Deal Id: 233147648

Client Selecting Positions to Transfer

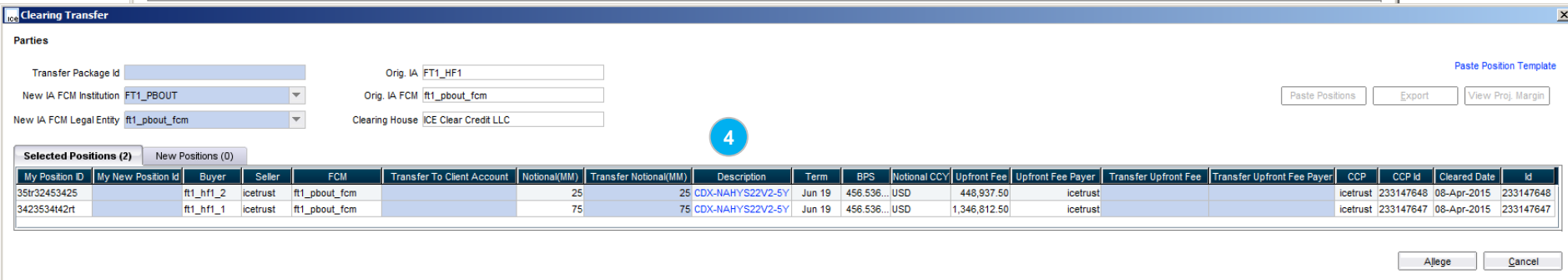
1. To select the cleared position(s) to transfer in the Positions blotter, users select the check box in the screen to identify trades to transfer; users may use various filters to simplify the selection process
2. After selecting the desired trades, users select the Transfer button

Position Selection via Spreadsheet

- Clients may alternatively paste positions from a spreadsheet instead of manually selecting positions to transfer in the Position Blotter screen



	A	B	C	D	E	F	G
1	My Position ID	My Legal Entity	ICE ID	Transfer To Client Account	Transfer Notional	Transfer Upfront Fee	Transfer Upfront Fee Payer
2	35tr32453425	ft1_hf1_2		ft1_hf1_1	25	448937.50	Transfer From Account
3	3423534t42rt	ft1_hf1_1		ft1_hf1_2	75	1346812.50	Transfer From Account



1. Select the Transfer button in the Positions screen (without selecting any positions) to open the Position Transfer allege screen
2. Using a Spreadsheet Template (a link to the template is available), enter your firms Position ID and ICE Legal Entity Short Name and copy rows and columns to the windows clipboard (highlight, right click, select copy {or} CTRL+C)
3. In the Transfer screen, select the 'Paste Positions' button to paste the Positions
4. The pasted position details will display in the Position Transfer when successfully pasted

Transfer Allege Screen

- After selecting positions to transfer, Clients provide the new FCM (if porting to a new FCM), Transfer-To Account, Transfer Notional, and Transfer Upfront Fees/Fee Payer* (if including upfront fees in the transfer) in the allege screen
- The Transfer Package Id and My New Position Id is optional (appears in exports); Position Ids may be provided pre or post transfer
- When ready, Clients select allege to submit the transfer request to their FCM

Position Transfer Allege Screen

Parties

Transfer Package Id: TestTransfer | Orig. IA: FT1_HF1

New IA FCM Institution: FT1_PBOUT | Orig. IA FCM: ft1_pbout_fcm

New IA FCM Legal Entity: ft1_pbout_fcm | Clearing House: ICE Clear Credit LLC

Paste Position Template | Paste Positions | Export | View Proj. Margin

Selected Positions (2)		New Positions (0)																	
My Position ID	My New Position Id	Buyer	Seller	FCM	Transfer To Client Account	Notional(MM)	Transfer Notional(MM)	Description	Term	BPS	Notional CCY	Upfront Fee	Upfront Fee Payer	Transfer Upfront Fee	Transfer Upfront Fee Payer	CCP	CCP Id	Cleared Date	Id
35tr32453425		ft1_hf1_2	icetrust	ft1_pbout_fcm	ft1_hf1_1	25	25	CDX-NAHYS22V2-SY	Jun 19	456.536...	USD	448,937.50	icetrust	448,937.50	Transfer From Account	icetrust	233147648	08-Apr-2015	233147648
342353442rt		ft1_hf1_1	icetrust	ft1_pbout_fcm	ft1_hf1_2	75	75	CDX-NAHYS22V2-SY	Jun 19	456.536...	USD	1,346,812.50	icetrust	1,346,812.50	Transfer From Account	icetrust	233147647	08-Apr-2015	233147647

Allege | Cancel

NOTE: For the Upfront Fee Payer selection field, the 'Transfer From Account' selection identifies the Client Account from the original position as the Upfront Fee payer in the transfer; when 'Transfer To Account' is selected as the Upfront Fee Payer, the Client Account in the resulting new transferred position is identified as the upfront fee payer

For example, a Client misallocated a trade to Fund A where Fund A was identified as the Upfront Fee Payer, to correct the allocation to Fund B, the client may allege a transfer of the misallocated cleared trade to Fund B with the same notional and upfront fee, and select 'Transfer To Account' to identify Fund B as the Upfront Fee Payer.

Position Transfer Status

- Clients may monitor Transfer request statuses in the transaction blotter (transaction type of Clearing Transfer)
- Clients may view transfer details or recall (cancel) a pending transfer request by selecting the 'View Package' button

Transaction Blotter

The screenshot shows the 'Transaction Blotter' interface. At the top, there are tabs for 'My Actions (1)', 'Cpty Actions (2)', 'Recent Activity (5)', and 'Recent Comments'. Below this is a search bar and a table of transactions. The selected transaction is a 'Clearing Transfer (Alleged)' with a status of 'Alleged' and a date of '10:41:31 Apr 08 2015'. A red arrow points to the 'View Package' button in the top right corner of the transaction details panel.

View Transfer Request Status and Details

1. All parties can view the transfer request status in the transaction blotter; users may select the 'View Package' button in the blotter to view the transfer request details (or to cancel/recall a pending request)
2. In the Transfer transaction view, users may view the selected positions to transfer and the resulting new positions from the transfer
3. Users may select the Export button to generate a spreadsheet of all the positions (old and new) in the transfer workflow or select the View Proj. Margin to calculate margin impact from the transfer
4. To view the full details for a specific position, users may select the Description link in the transfer request

The screenshot shows the 'Clearing Transfer' details window. It includes a 'Parties' section with 'Orig. IA', 'Orig. IA FCM', and 'New IA FCM'. Below this is a 'Transfer Package Id: TestTransfer1' and a 'Created: 08-Apr-2015' date. A table titled 'Selected Positions (2) New Positions (4)' is shown. A red arrow points to the 'Description' link in the 'New Positions' table. Below the table is a 'Trade Ticket' window showing detailed transaction information.

My Id	My CCP Id	Buyer	FCM	Seller	Notional(MM)	Description	Term	BPS	Notional CCY	Upfront Fee	Upfront Fee Payer
		icetrust	ft1_pbout_fcm	ft1_hf1_2	25 USD	CDX-NAHYS22V2-5Y	Jun 19		USD	448,937.50	ft1_hf1_2
		ft1_hf1_1	ft1_pbout_fcm	icetrust	25 USD	CDX-NAHYS22V2-5Y	Jun 19		USD	448,937.50	icetrust
		icetrust	ft1_pbout_fcm	ft1_hf1_1	75 USD	CDX-NAHYS22V2-5Y	Jun 19		USD	1,346,812.50	ft1_hf1_1
		ft1_hf1_2	ft1_pbout_fcm	icetrust	75 USD	CDX-NAHYS22V2-5Y	Jun 19		USD	1,346,812.50	icetrust

Client Testing

- Clients may test initiating transfer requests as of May 26th in the ICE Link demo (test) environment
- Clients may reach out to their FCM if end-to-end testing is desired
- From June 8th forward, all client requested cleared position transfers will only be accepted in the ICE Link GUI (the clearing house will not accept manual requests from your FCMs)
- Any questions in regards to the transfer workflow can be directed to the ICE Link Account Management:

ICE Link Account Management

icelinkhelp@theice.com

Americas +1.770.738.2101 (Option 3)

Europe/Asia +44.20.7488.5100 (Option 3)