

Corporate & Institutional Banking

# Requirements for clients offering indirect clearing

**Mandatory disclosure under Delegated Regulation (EU) 2017/2154, article 4**

As of January 3<sup>rd</sup>, 2018

Dear client,

In accordance with the provisions of the Commission Delegated Regulation (EU) No 2017/2154 on Indirect Clearing Arrangements under MiFIR and art. 27.1 of Commission Delegated Regulation (EU) 2017/589, we are required to disclose the general terms and conditions pursuant to which we provide our clients **indirect clearing services** with respect to exchange-traded derivatives contracts that are cleared by a central counterparty authorized in the European Union.

An indirect clearing arrangement is defined as follows:

'Indirect clearing arrangement' means the set of contractual relationships between the central counterparty (CCP), the clearing member, the client of a clearing member and indirect client that allows the client of a clearing member to provide clearing services to an indirect client.

ABN AMRO Clearing Bank as clearing member will facilitate such indirect clearing arrangements for clients that meet the following requirements:

- There is an existing client relationship with ABN AMRO Clearing Bank.
- The client has gone through the client acceptance process and a client clearing agreement between ABN AMRO Clearing Bank and the client has been signed
- The direct client is an authorised credit institution or investment firm or an entity established in a third country that would be considered to be a credit institution or investment firm if that entity were established in the European Union;
- The client provides indirect clearing services on reasonable commercial terms and publicly discloses the general terms and conditions under which it provides those services;
- ABN AMRO Clearing Bank has agreed to the general terms and conditions on which the client provides indirect clearing services;
- ABN AMRO Clearing Bank will require evidence that know-your-customer and due diligence reviews on each indirect client have been performed in line with the standards of ABN AMRO Clearing Bank.
- The client meets the minimum financial resources and operational capacity requirements

ABN AMRO Clearing Bank will review the financial resources and the operational capacity of a client before it can facilitate indirect clearing services offered by the client. The minimum operational capacity and financial resources requirements depend on a number of factors, including, but not limited to, the expected volume cleared through the indirect clearing arrangement, the number of indirect clients serviced by the client, the level of automation and/or straight-through processing (STP), the level of operational support required, the credit and risk profile of the client and its indirect clients, and exchange membership, if any.

The terms and conditions for facilitating an indirect clearing arrangement are set out in detail in a dedicated agreement, including all schedules and appendices thereto.

ABN AMRO Clearing Bank will offer the clients for which it facilitates indirect clearing two types of accounts for holding the assets and positions of indirect clients:

- an omnibus segregated account with the assets and positions held by that client for the account of its indirect clients, in which indirect client assets are netted for the purposes of calculating the margin requirement. Assets of indirect clients can be used to cover the positions of other indirect clients.
- an gross omnibus segregated account with the assets and positions held by that client for the account of its indirect clients, in which the clearing member shall ensure that the positions of an indirect client do not offset the positions of another indirect client and that the assets of an indirect client cannot be used to cover the positions of another indirect client. The margin requirement is calculated accordingly.

In both instances, indirect client assets are held separately from direct client assets and positions.

\*\*\*