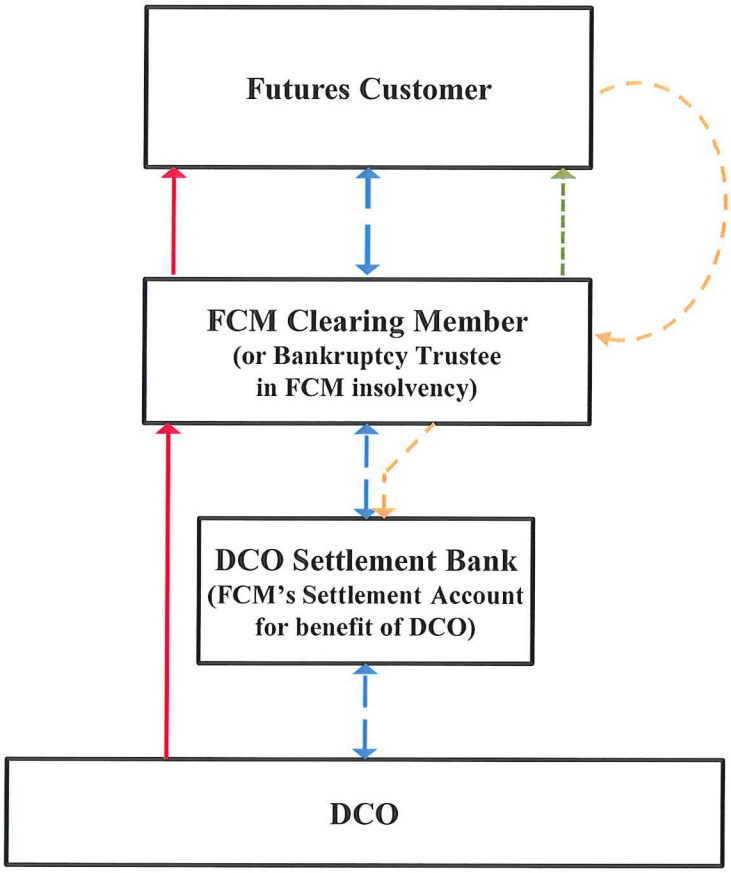
Diagram of Current Data and Cash/Property Flow for Cleared Futures Margin



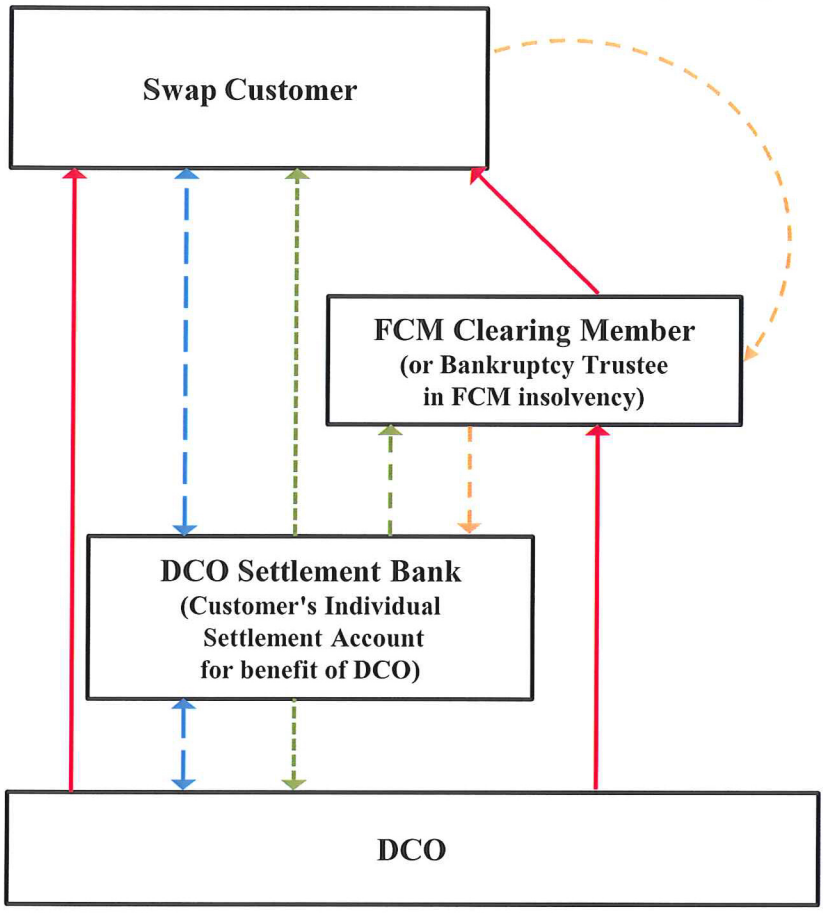
Margin Call: Margin calls are made by DCO to FCM and FCM notifies the Customer of the margin call.

Cash/Property Flow: Customer transfers assets to the FCM (customer segregated account), and the FCM transfers assets to the DCO Settlement Bank, as necessary, to meet any margin calls (or provide initial margin) or settlement amounts. The flow is reversed upon return of margin to customer.

Data Flow: The Customer receives information about its assets held in the FCM's omnibus customer segregated account from the FCM.

Pre-Funding/Repayment: The FCM may make loans to the customer to cover margin shortfalls by topping up its customer segregated account and transferring from those assets, as necessary, to the FCM's account at the DCO Settlement Bank, and customer will repay such loans by depositing assets with the FCM or by the FCM's set-off against amounts owed to the customer.

Diagram of Proposed Individual Settlement Account Data and Cash/Property Flow for Cleared Swap Margin



Margin Call: Margin calls are made by DCO to the Customer and FCM, and FCM also notifies the Customer of the margin call.

Cash/Property Flow: Customer transfers assets directly into the Individual Settlement Account and assets are then transferred directly on the instruction of the DCO to meet any margin calls (or provide initial margin) or settlement amounts. The flow is reversed upon return of margin to customer.

Data Flow: Information about the assets in the Individual Settlement Account will be provided by the DCO Settlement Bank to the DCO, FCM and Customer.

Pre-Funding/Repayment: The FCM may make loans to the Customer to cover margin shortfalls by topping up its Customer segregated account and transferring from those assets, as necessary, to the Customer's individual settlement account at the DCO Settlement Bank, and Customer will repay such loans by transferring assets to the FCM.