

Genium Clearing & Futures Client Clearing

Workshop 3



Wednesday 5th February

Ben Symonds & Rachel Marsden

Overview



Commercial Launch: Transactions / Trades received and processed

Futures Client Clearing - Update

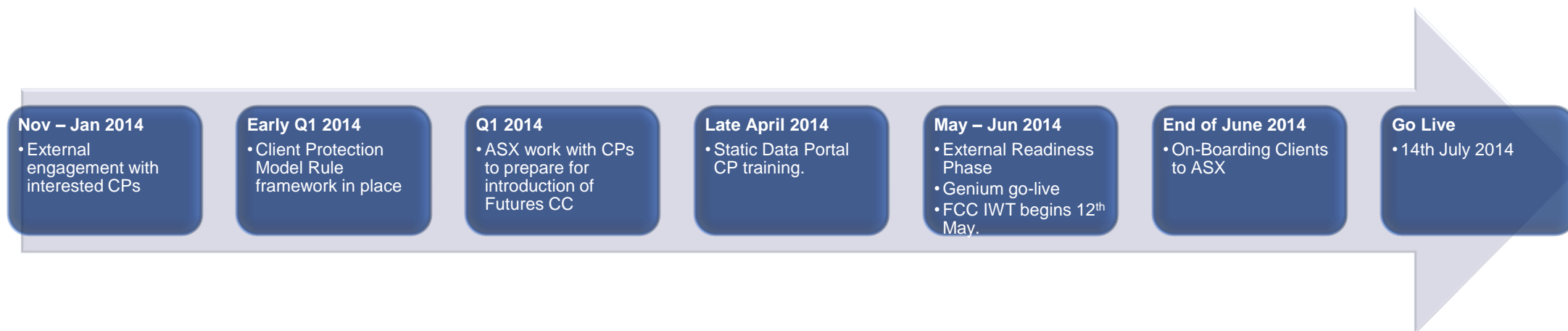


Ben Symonds

Wednesday 5th February

Futures Client Clearing (FCC) Go-live Time Line

Update and Key Dates



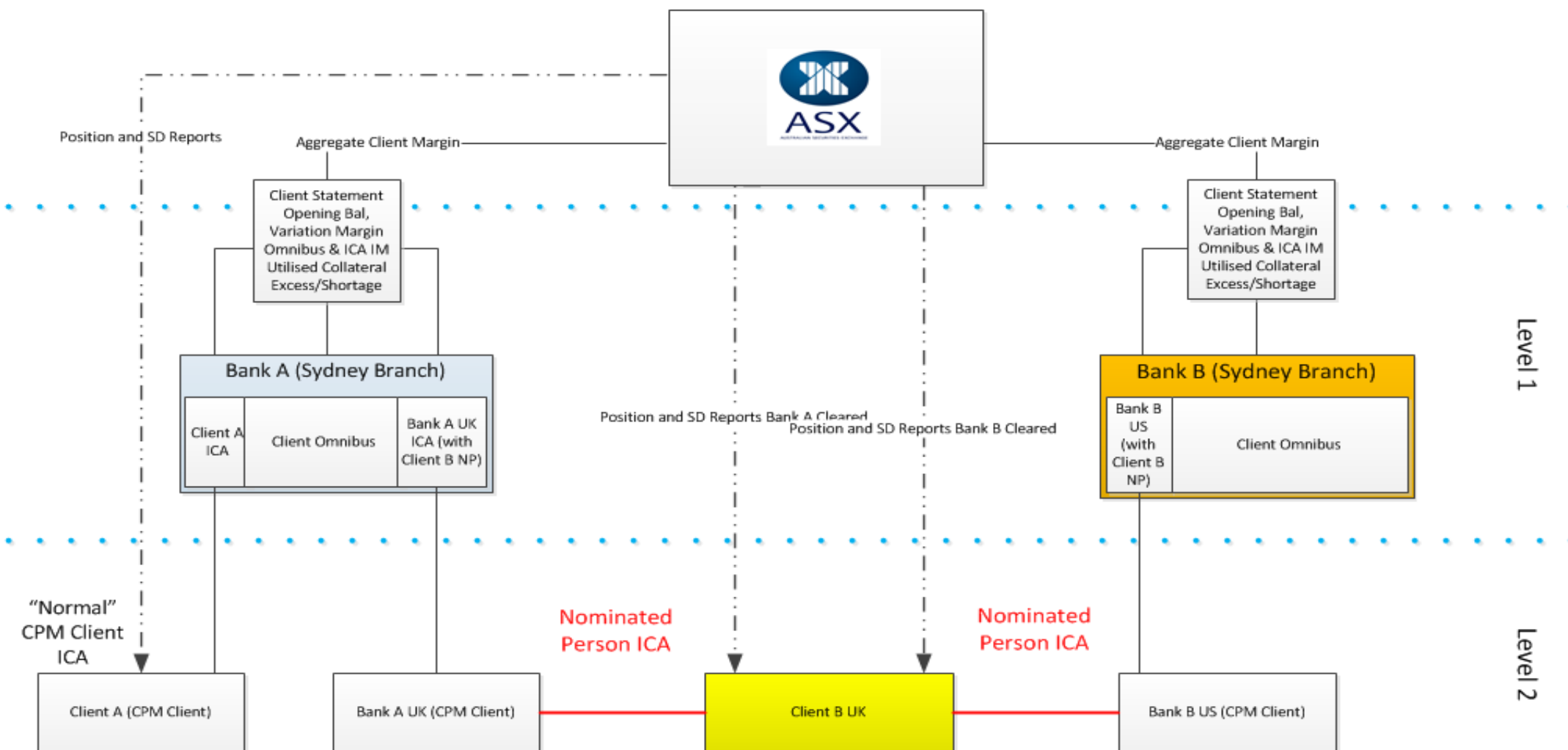
- Two new features of the service introduced since the last workshop
 - Nominated Persons ICA Structure
 - Futures Client Clearing service Commercials Proposal
- Futures Client Clearing IWT has now been defined

Nominated Persons Structure

- As a result of feedback from market participants, ASX has modified the account structure offered under the Client Protection Model (CPM), to include an end user client that seeks the benefits of individual segregation, but does not document directly through a local Clearing Participant.
- This end user client, the Nominated Person, will be nominated by an entity (e.g. broker) that is itself a 'CPM Client' of a Clearing Participant.
- The Nominated Person is not a party to the open contract, but they will retain the main benefit of segregation – protection in the event that the CPM Client's Clearing Participant defaults.
- The Nominated Person entity will be set up by ASX (details supplied by the Clearing Participant) via the Static Data Portal (SDP).
- The Nominated Person will receive the same daily reports outlining the ICA's open positions and static data, that a CPM Client would receive.

Nominated Person Structure - Continued

What Does the Client Account Structure Look Like with Nominated Persons?



FCC Commercials Proposal

Improving the Commercial Viability of the ICA Account Structure

- ASX Clear (Futures) (ASXCLF) recognises, and will seek to address, the negative impact on CP revenue, from implementing the ICA account structure.
- ASXCLF has sought to retain the existing Omnibus structure, and avoid increasing\introducing new fees and charges on top of those in the existing service model.
- Limitations - Margin impact will be difficult to predict on a CP to CP basis,
 - Client demand for the service is unknown at this stage.
- ASXCLF concluded that the return of earnings via a reduced net interest spread on ICA Initial Margin balances, was the most efficient way of pricing the service.

CPs will now receive a “return” of 25bp on interest earned on their ICA margin balances.

	Margin Type	Interest applied
EXISTING	Excess & Intraday Cash	ASXCLF cash rate (presently OCR)
	House IM	ASXCLF cash rate less 15bp spread
	Client IM	ASXCLF cash rate less 65bp spread
NEW	Client ICA IM	Client IM plus ICA return. (ICA return = 25bp return to CPs on ICA IM Balances) So effectively ASXCLF cash rate less 40bp spread

Futures Client Clearing IWT

The Plan So Far

FCC IWT will begin on the 12th of May

- Allow for resolution of any Genium Upgrade issues (prior to go-live) and avoid the bond roll.
- A detailed test plan will be provided to CPs by the end of April, and an FCC IWT workshop will be conducted around the same time.
- Three week window, we believe IWT will involve 5-6 days of testing maximum per CP.
- Static Data Portal available end of April for CP training in the input and maintenance of accounts.
- 7 Clearing Participants confirmed for IWT.
- FCC IWT will use the same test environment as that for Genium, and the test environment will remain open up to go-live 14th July.

Genium Clearing Upgrade

Industry Wide Testing



Wednesday 5th February

Rachel Marsden

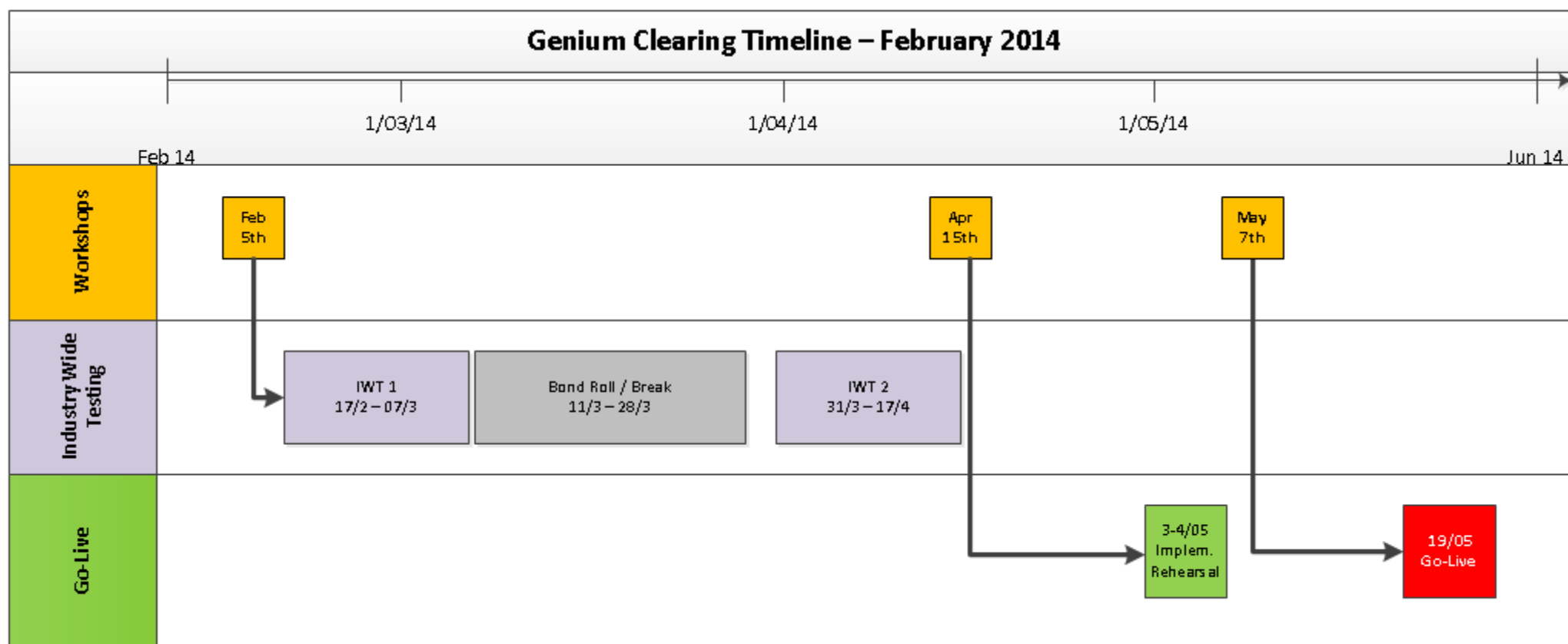
Today's Focus Areas

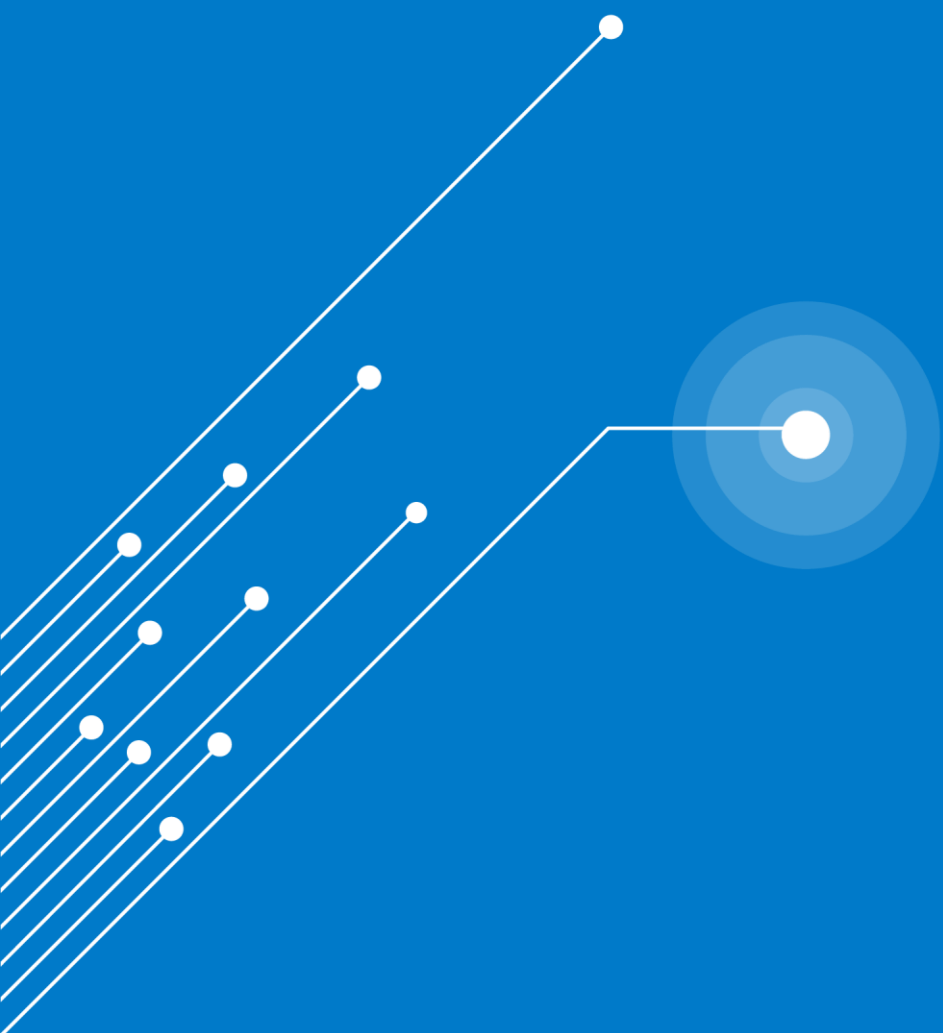
- Genium Clearing upgrade timeline
- Functional changes in Genium
- Industry Wide Testing
 - Objective
 - Requirements
 - Customer pre-requisites for starting IWT
 - Roles and responsibilities
 - IWT Test Sets
 - System availability and support
- IWT Attestations
- Next Steps

Further information on the items covered in today's workshop can be found in the Genium Clearing IWT Briefing Document.

Genium Clearing Upgrade Timeline

February 2014





Genium Clearing Functional Changes

Functional Changes in Genium

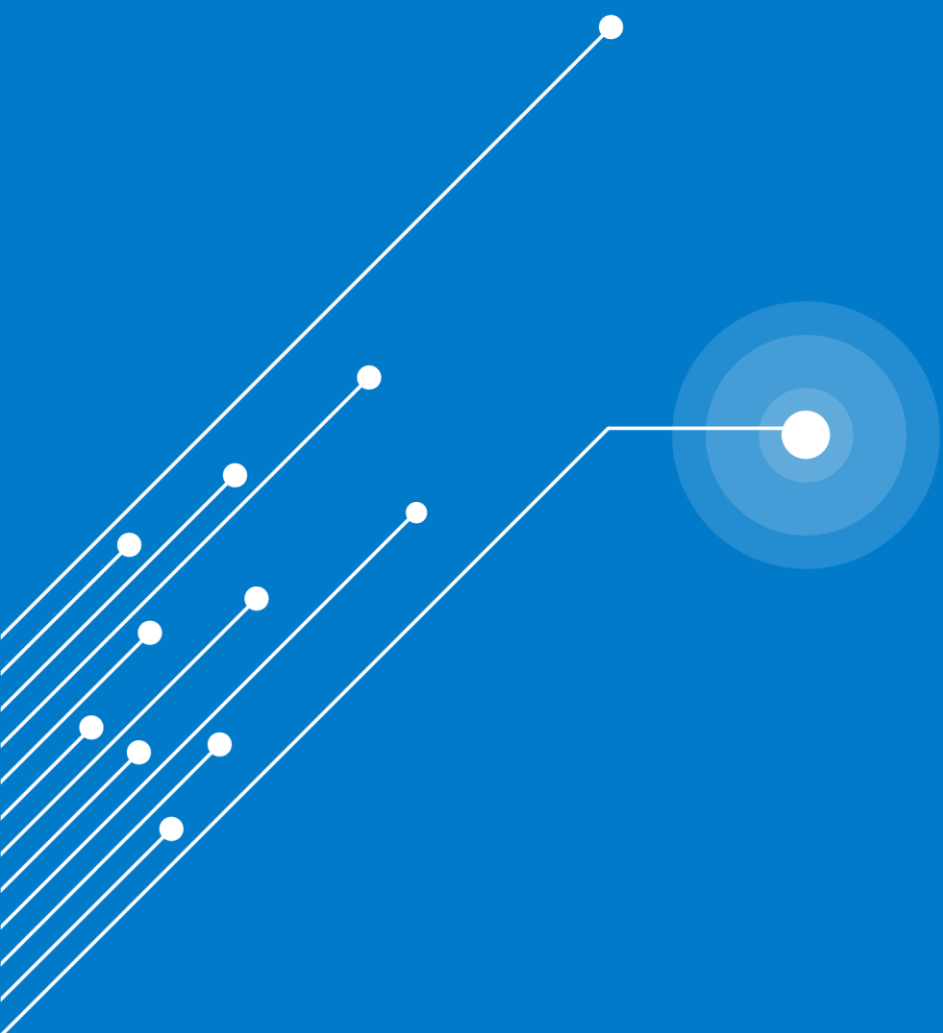
Changes to existing functionality

- Position Reinstatement
 - Customers can now action Positions Reinstatements via the CW
 - Free text (=RevPosCloseout) is used to identify the transaction via the CW

Functional Changes in Genium

Changed Functionality

- Strip Futures Handling
 - In addition to the individual legs of the strip trade appearing, in Genium the Strip Contracts themselves will appear (eg HN, EB etc).
 - No positions are held overnight and no cash-flows are generated
- Option Expiry Settlement
 - Where LTD = Expiry Date, the Daily Registration Statement will include DSV Margins on Exercised/Assigned and Abandoned Option Strikes with a Closing Price
- CAP Electricity Futures
 - Futures settling with Zero price (valid for CAP Electricity Futures) will now be handled via Genium Clearing
 - No manual cash adjustments will need to be processed



Genium Clearing Industry Wide Testing

Industry Wide Testing

Objective

For Customers to demonstrate and attest to performing a series of functions within Genium Clearing that confirms their readiness for the system upgrade.

Industry Wide Testing

Requirements

- All Customers must participate in IWT Phase I (Feb 17th – Mar 7th)
- During this 3 week period, each Customer will be allocated a 1 week test window
- Customers who successfully complete their testing and upon receipt of their attestation by ASX, are not required to participate any further in IWT
- Customers who fail IWT Phase I will be provided with a subsequent 1 week window either during the remainder of IWT Phase I or in IWT Phase II (Mar 31st – Apr 17th)
- Completed attestations (or advice of failure) must be provided to ASX within 2 business days of the end of the Customers allocated testing window
- Customers can choose to continue additional testing activities throughout both IWT Phases and up to go-live

Industry Wide Testing

Customer Pre-requisites for Starting IWT

- Customers are connected to the ASX 24 External Test Environment
- Customers systems are ready to commence testing
- Customers have received confirmation of their 1 week test window for IWT Phase I
- Pre-attestations have been submitted to ASX

Industry Wide Testing

Roles & Responsibilities

- ASX will:

- ✓ provide Test Packs for each Participant
- ✓ execute a daily trade script to generate positions for the test scenarios
- ✓ act as a Participant for selected tests
- ✓ provide Facilitated Testing on request
- ✓ simulate standard Market and Calendar events
- ✓ monitor IWT activities to ensure progress is being made as expected
- ✓ issue status reports periodically throughout IWT

- Customers will:

- ✓ advise of any issues/impediments as they occur
- ✓ test on both API and Clearing Workstation
- ✓ submit their completed attestation at the end of their allocated testing window

Industry Wide Testing

IWT Test Sets – Included in Attestation

Within each 1 week period, the following components will be facilitated:

Test Set	Focus Area	Interface/Method
Test Set 1	Login and Allocations eg; <ul style="list-style-type: none">• Rectify• Give up and Take up• Reject	CW and API
Test Set 2	Account Position Net-Down / Reinstatement	CW (API if applicable)
Test Set 3	Clearing Reports	CW (API if applicable)
Test Set 5	Periodic Clearing Events eg; <ul style="list-style-type: none">• Position transfer (by request)• Exercise• Deny Automatic Exercise	CW and API
Test Set 6	Clearing Messages	CW and API

Industry Wide Testing

IWT Test Sets – Optional

Within each 1 week period, the following components will be facilitated:

Test Set	Focus Area	Interface/Method
Test Set 4	Market Events eg; <ul style="list-style-type: none">• Trade 24 trades• Off market trades (by request)• Trade cancellation (by request)• Strip trades	CW and API
Test Set 7*	Calendar Events – based on the actual Expiry Calendar only	CW and API

** Actions that would ordinarily be taken by a Clearing Participant during Expiry have been simulated by the tests covered in Test Set 5 – Periodic Clearing Events.*

Industry Wide Testing

System Availability & Support

- The Genium test system will be available from 01:30 – 19:30
- Genium Clearing IWT Support will be available between 08:00 – 21:00
- Trades/Positions will be loaded by 09:00 each day
- Reports/Files will be available to download as per production timings
- SPAN File will be distributed via email, all other reports will be available via Genium
- The ASX Trade24 test system will be available for additional position creation
- The SECUR test system will be available for cross validation purposes
- ASX TradeAccept will not be available - off market trades created upon request



Genium Clearing IWT Attestations

Attestations

Pre-IWT Attestation



Genium Clearing Pre-IWT Attestation

Please complete the following table to indicate activities applicable for your organization during the Genium IWT.

Test Section	Activity Description	API (Yes/No)	CW1 (Yes/No)	Comment (if No)
Login and Allocations	Login			
	Rectify trades			
	Give up trades			
	Take up of give up trades			
Account Position Net-Down / Reinstatement	Position net down			
	Position reinstate			
	Position transfer			
Clearing Reports	Retrieve reports/files			
	Review clearing reports/files			
Periodic Clearing Events	Exercise request			
	Strip Option exercise request			
	Deny Automatic exercise			
Clearing Messages	Receive clearing messages			

- The pre-IWT attestation is to be completed by each Customer and returned to ASX by 07/02/14
- The purpose of this form is for the Customer to identify and advise ASX of the functions they will be executing during IWT



Name:
(Please Print)

Signature:
(Operations Manager)

Dated this day of 2014

Please email a scanned copy of the completed and signed Pre-IWT Attestation to geniumclearing@asx.com.au by no later than 07/02/2014.



Attestations

IWT Attestation



Genium Clearing IWT Attestation

Please complete the following table to indicate activities successfully tested for your organization during the Genium IWT.

Test Section	Activity Description	API (Yes/No)	CW1 (Yes/No)	Comment (if No)
Login and Allocations	Login			
	Rectify trades			
	Give up trades			
	Take up of give up trades			
Account Position Net-Down / Reinstatement	Position net down			
	Position reinstate			
	Position transfer			
Clearing Reports	Retrieve reports/files			
	Review clearing reports/files			
Periodic Clearing Events	Exercise request			
	Strip Option exercise request			
	Deny Automatic exercise			
Clearing Messages	Receive clearing messages			

- The IWT attestation is to be completed by each Customer and returned to ASX within 2 business days of the conclusion of their allocated testing window
- The purpose of this form is for the Customer to confirm the successful completion of their test execution during IWT

Name: Signature:
(Please Print) (Operations Manager)

Dated this day of 2014

Please email a scanned copy of the completed and signed Attestation to geniumclearing@asx.com.au within 2 business days of the completed test window.





Genium Clearing Next Steps

Next Steps

Production Implementation Activities Commencing

- Clearing Workstation Server Roll-Out
 - Genium Clearing Support Team will contact each Customer
 - Installation windows will be between 10/02/14 – 14/03/14
 - Customers will be booked into an appropriate installation window

Next Steps

Workshop 4 – Implementation Rehearsal

Workshop	Focus Areas	Date	Time
Workshop 1	Overall Timeline, End-2-End Overview & IWT Overview	Monday October 28 th	12:00 – 14:00
Workshop 2	Timeline Review & End-2-End Testing	Wednesday November 20 th	12:00 – 14:00
Workshop 3	IWT	Wednesday February 5 th	14:00 – 15:00
Workshop 4	Implementation Rehearsal	Tuesday April 15 th	14:00 – 15:00
Workshop 5	Go Live	Wednesday May 7 th	14:00 – 15:00

Contacting ASX

Genium Clearing Support Hotline

+612 8298 8043

- 08:00 – 21:00 during IWT (Sydney Time)
- 08.00 – 18.00 general support hours (Sydney Time)

Genium Clearing Email

geniumclearing@asx.com.au

Thank you

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