

Information on indirect clearing for exchange-traded derivatives

What is it about?

The United Kingdom is set to leave the EU in March 2019 (Brexit). The impending Brexit will lead to a change in our clearing chain for exchange-traded derivatives. We are therefore legally required to inform you about the following points and possibilities.

What is indirect clearing?

In this context, "clearing" means the settlement of derivative contracts via a central counterparty (CCP) with the involvement of a clearing member.

The Bank can also offer you the clearing of derivative contracts via a CCP by way of indirect clearing.

In the case of indirect clearing, we are not a clearing member ourselves. Instead, we bring in a clearing member to clear the transactions of our clients via a CCP.

The new clearing chain



Net or gross omnibus client account

For indirect clearing, a bank is required to offer clients the choice between a net omnibus client account and a gross omnibus client account.

Based on the information available to us, we will assign you a net omnibus client account. This account type fundamentally corresponds to your existing account type.

Should we not receive a written instruction from you to the contrary within one month of the receipt of this information letter, we will assume that you agree to the assigned net omnibus client account.

Benefits and disadvantages

Net omnibus client account

For the net omnibus client account, it is not possible at the level of the central counterparty and the clearing member to assign the positions and the deposited margin to a particular indirect client. This means that, as a rule, the indirect client is not known to either the clearing member or the central counterparty. Should the clearing member or the Bank become insolvent, there is a risk that the positions and surplus margin amounts may merely represent insolvency claims and largely be lost.

Conditions: the margin requirements and the costs within the framework of the net omnibus client account correspond to the existing conditions.

Gross omnibus client account

For the gross omnibus client account, the indirect client can be identified by the central counterparty and the clearing member and the positions and the deposited margin can be assigned to a specific indirect client with the help of the Bank. In the event of insolvency, the positions and the surplus margin amounts can theoretically be transferred to a different bank account. The actual transfer option is, however, not ensured and depends largely on the applicable law in the case in question, especially the insolvency legislation of the central counterparty, the clearing member and the Bank.

Conditions: The margin requirements and the costs for the gross omnibus client account may deviate from the currently agreed conditions. The costs for the setting up of the gross omnibus client account and the additional ongoing charges must be borne by the client.

For further information about the clearing chain, the level of segregation and the risks associated with the different account types, please do not hesitate to contact your client advisor

The current version of this document, which is published in all correspondence languages at www.llb.li/mifid2, applies.