

Validation rules for trades routed by MarkitSERV to KDPW_CCP

1. MarkitSERV

Following rules are applied when trades are passed from MarkitSERV to kdpw_otc.

1.1. Choosing KDPW_CCP as a clearing house (CCP)

Kdpw_otc receives trades that have indicated KDPW_CCP as a CCP. This can be done in two ways:

- a. Party initiating the confirmation process chooses KDPW_CCP as the bilateral clearing house, the original counterparty agrees.
- b. Party initiating the confirmation process chooses KDPW_CCP as the private clearing house, the original counterparty also sets KDPW_CCP as the private clearing house.

1.2. Methods of Submission for Clearing

There is an option to check the “Auto send for clearing” box. In this scenario, the deal is automatically sent for clearing after it has been released (provided it passes all eligibility rules). Alternatively, both sides would have to unilaterally amend the deal, changing “send for clearing” to “yes”. MarkitSERV is responsible for sending to KDPW_CCP only those trades that are due for clearing at KDPW_CCP.

1.3. Submitting Trades for Clearing

Released trades with fulfilled conditions from point 1.1 and 1.2 are sent for clearing at KDPW_CCP.

1.4. Setting Cardinality rules in MarkitSERV

There is an option to change the default cardinality rules in MarkitSERV. For example there is the possibility to change the “Internal trade ID” field on the “Internal Data” tab to Mandatory.

1.5. Client trading

MarkitSERV and KDPW_CCP are working to devise a solution enabling sending client trades from MarkitSERV to KDPW_CCP.

1.6. Internal deals

In the scenario where a Clearing member needs to perform an internal trade, it has to have two separate registered BIC codes in MarkitSERV within the same Participant. It is impossible to send a trade for clearing using one BIC code.

1.7. Indicating Your Account

The Clearing member should indicate his account in the netting string field. The account indicated is then translated to the format:

PA-XXXX-1234567890

Where **XXXX** is CM id and **1234567890** is the account number provided. Example usage:

Netting string: 1234567890

1.8. Correctness of Account

KDPW_CCP will check if the account indicated in the field `netting string` is a valid PA account within the submitter's account structure.

1.9. Product Eligibility

Only instruments cleared by KDPW_CCP are accepted. A detailed description on what validation rules are applied is defined in the appendix to the Rules and Regulations of KDPW_CCP.

1.10. Resubmitting Trades for Clearing

It is possible to resend a trade to `kdpw_otc`. This operation shall be done only in the case that the trade received a status of 'Rejected' due to the wrong account being assigned.

The trade is resubmitted by triggering a "unilateral amend" and changing the netting string.

1.11. Update of statuses

Currently there is no update of statuses in MarkitSERV. Only the first status is reflected. This means that in case that a trade is first QUEUED and then Accepted/Rejected the change is not reflected in MarkitSERV.

1.12. Withdrawing trades

There is no possibility to withdraw a trade from KDPW_CCP. The only possibility to "cancel" a trade is to book an offsetting one and setting portfolio compression on a given account.