
OTC CLEARING ONBOARDING PROCESS

J.P. MORGAN SE

March 2022

Table of contents

1. OTC Clearing Onboarding Process	1
--	---

1. OTC Clearing Onboarding Process

Article 4(3a) of EMIR requires clearing members and clients who provide clearing services, whether directly or indirectly, to provide those services under fair, reasonable, non-discriminatory and transparent commercial terms. To ensure this transparency, the below information provides a description of the process at J.P. Morgan SE (“JPMSE”) leading to the agreement on contractual terms and setting up operational processes for clearing services for the onboarding of clients.

The client onboarding process for OTC Clearing at JPMSE is centralised by our Transition Management Group and is broken down into multiple components as further set out below. Prospective clients are guided through each stage to ensure full transparency and the Transition Management Group will answer any questions that may arise during the process. Timelines to go-live can vary depending on a number of factors e.g. the length of any legal negotiation and whether prospective clients have supplied JPMSE with the complete set of required information. However, the expected timeline varies between approximately 6 and 12 weeks. Any circumstances that could cause a delay to the onboarding and the account opening process will be communicated to the prospective client during the onboarding stage as and when they may occur.

Initiation

- Submission of an RFP – you will find the format of the RFP which JPMSE proposes to use [here](#), but you can also use your own format
- Client Mandate
- Introductory meeting between the prospective client and the Futures and Derivatives Clearing Transition Management Group
- Creation of Onboarding project plan for the prospective client
- Gathering of initial client constitutional documentation and sample portfolio/financial information

Credit Due Diligence

- Credit Due Diligence Meeting/Call (as applicable) with the prospective client – this will serve to review the portfolio and ascertain product limits as required
- KYC – Some of the documents and information that may be required from prospective clients are:
 - German withholding Tax forms
 - Prospectus, articles of association, investment management agreement
 - Certificate of incorporation and other constitutional documents
 - Ownership structure, OFAC questionnaire

Depending on the legal entity structure and domicile of the prospective client, additional documentation and/or information may be required on request.

Legal Agreements

The requirement to negotiate and enter into any of the following agreements will be discussed with the prospective client:

- Master Agreement (ISDA/CSA or F&O Client Agreement)
- Client Cleared OTC Derivatives Addendum
- EMIR Delegated Reporting Agreement (if required)
- Bunched Order Agreement (if required)

Operational Set-ups (information to be provided by prospective clients)

- **Affirmation Platform** – JPMSE will outline the affirmation codes that will need to be provided for the mapping of trade flows
- **Trading venue mappings** – JPMSE will discuss the different trading venue set-ups with a view to agreeing where on-venue trades will be executed
- **CCP-specific set-ups** – CCP-specific information for account configuration, pricing models, client contacts and netting preferences
- **Margin set-ups** – Prerequisite information required for SSI set-ups for VM and IM movements and collateral placement, where applicable
- **Billing configurations** – Contacts for sending invoices, as well as on the delivery method and preferred frequency
- **Limits** – Following the Credit review, trading limits will be discussed

IT Configuration / Reporting

- **File transfer method (SFTP, SWIFT, FIX)** – JPMSE will discuss with the prospective client the trade, cash and position file formatting and their methods of delivery
- **File format testing** – This step will allow the prospective client the opportunity to review the JPMSE file offering for its internal integration or that of its external administrators
- **Users requiring access to J.P. Morgan Markets (JPMM)** – The prospective client and any required third party users (administrators or custodians) to arrange the necessary set-up on J.P. Morgan reporting portal
- **JPMM reporting portal demo** – Presentation by JPMM of the J.P. Morgan reporting portal and introduction of the prospective client to the client service team
- **JPMM set-up/testing** – The prospective client will be set up for the J.P. Morgan portal functions and reporting tools

Go-Live

- Introduction of the prospective client to the key contacts at JPMSE
- Exchange and sharing of account numbers and go-live confirmation