



Daily Segregation Confirmation System

Clearing FCMs

Data File Layout and Submission Requirements

Points of Clarification (August 7, 2013)

National Futures Association

Implementation of Phase 2 - NFA Financial Requirements Section 4 - Segregated Account Balance Reporting by FCMs and DCOs

This message contains points of clarification regarding the requirements for segregated account balance reporting by FCMs as originally outlined in NFA Notice I-13-15. Please review these points to ensure compliance with the filing requirements.

As a reminder, the deadline for all FCM reporting as outlined in NFA Notice I-13-15 is September 6, 2013. In this regard, please note that each reporting FCM must establish an SFTP Account with the applicable DSRO (NFA and/or CME) for purposes of transferring the required account balance data. (Note that clearing FCMs will report to the DSRO of the non-clearing FCM for which they are providing account balance data. Please see NFA Notice I-13-15 for further information regarding which DSRO you should be reporting to.) Establishing connectivity to the applicable DSRO for purposes of SFTP file transfer often requires significant time for configuration. Thus, if your firm hasn't already done so, please complete the requisite security request form from the applicable DSRO and submit it as soon as possible so the configuration process can begin.

Points of Clarification

Data File Submission

The Daily Segregation system has the capability of importing both initial data files and incremental data files. Initial data files are the first set of files submitted for the previous posting date and are both required to be submitted by 6:00AM CST, even if one of the files does not have any balances to report. In the event that a balance needs to be resubmitted because it was amended or missing, incremental file(s) may be submitted. When submitting incremental files, it is acceptable to submit either the various balances (NLE) report, security report, or both.

File Naming Conventions

Asset Type	Filename (CSV Format)
Various balances (NLE)	clearingfcm _YYYYMMDD_NFAID_n.csv
Securities	clearingfcm_sec _YYYYMMDD_NFAID_n.csv

The filenames convention, shown in the table above, has elements in bold (“clearingfcm” and “clearingfcm_sec”) which are literals and not to be replaced with the clearing FCM’s name. The YYYYMMDD is to be replaced with the batch date. NFAID is to be replaced with the clearing FCM’s NFA ID. The n to be replaced with the file version number. Both initial files will always have a version number of 0 and incremental files will increment by 1 for each report type. The table below shows a submission pattern where both initial files are submitted with a version of 0. The securities report is re-submitted two times and the version number increase by 1 each time. The various balances (NLE) report is re-submitted and is incremented by 1.

Note: The batch date entered into the data file balance records must match the batch date in the file name.

Asset Type	File Type	Sample File Name
Various balances (NLE)	Initial (Required)	clearingfcm_20130715_0001234_0.csv
Securities	Initial (Required)	clearingfcm_sec_20130715_0001234_0.csv
Securities	Incremental	clearingfcm_sec_20130715_0001234_1.csv
Securities	Incremental	clearingfcm_sec_20130715_0001234_2.csv
Various balances (NLE)	Incremental	clearingfcm_20130715_0001234_1.csv

Empty Data Files

In the event that there are no reportable account balances for one or more of your reports, please submit empty file(s) with a header row. Your file(s) will not process without a header row.

Affiliate Data Submission – Clearing FCM submitting on behalf of another clearing FCM affiliate

Clearing FCMs with clearing affiliates may submit data for their affiliates as long as the clearing FCM is only facilitating the file transfer and not creating the report for the affiliate firm. Separate SFTP account can be created or a shared SFTP account may be used. Please note that the affiliate firm is ultimately responsible for the submission of their reports even though the clearing FCM has agreed to take on the responsibility to transfer the files.

Affiliate Data Submission – Clearing FCM creating and submitting files for non-clearing FCM affiliate

Clearing FCMs submitting reports for their non-clearing FCM affiliates may submit data for their non-clearing FCM affiliates as long as the clearing FCM is both creating the report and facilitating the file transfer. Separate SFTP account can be created or a shared SFTP account may be used. In the event of shared back-office systems and personnel between the clearing FCM and non-clearing FCM, it should be noted that the reporting entity is ultimately responsible for true and accurate data.

Batch Date/Posting Date

Both the various balances (NLE) report and security report contain two date attributes named BatchDate and PostingDate. Generally these values will be the same. The distinction is that the batch date can contain a combination of posting dates if a balance from a past posting date is submitted in a current batch. To help understand batch date, this is the date of the files that the Daily Confirmation system will seek during a 24 hour batch window. The batch window begins at 4:00PM (CST) on the posting day and is open until 4:00PM (CST) the following business day. Submission of files with past or future batch dates will not be picked up by scheduled processing.

Note that before 4:00PM (CST), amended or missing balances should be reported in an incremental file to the appropriate DSRO. After 4:00PM (CST) the FCM should include missing or amended balances in the next day's batch file with the appropriate posting date. In either event, the FCM should inform the DSRO of the situation to ensure that files get processed.

Note: The above applies primarily to NFA's systems. CME's systems will pick up any data file regardless of the batch date but will generate a CME staff alert for past date submissions.

Processing Schedule

NFA Systems

The Daily Confirmation system is scheduled to execute approximately at 8:00AM (CST) and 12:00PM (CST). The system is looking for initial files during the 8:00AM (CST) process and will pick up any incremental submissions during the 12:00PM (CST) process.

If a balance report is submitted after 12:00PM (CST), please notify your DSRO to ensure that the file gets processed.

CME Systems

The Daily Confirmation system polls the server for files and will process the file as soon as new files arrive.

Clearing FCM Relationships

Clearing FCMs cannot combine balances for a single non-clearing FCM when two or more clearing FCMs have business relationship or shared back-office systems. Each clearing FCM must submit files and separately report their respective omnibus account balances.

SFTP Accounts

SFTP accounts are required to submit data to NFA/CME and the process should be started as soon as possible. Please plan on taking up to one week to configure and test your account. Configuration of accounts involves transfer and installation of public key, IP firewall exception configuration, and testing of environments including production, backup, and DR sites.

NFA SFTP Server

NFA will create a single SFTP account that will contain a TEST and PROD subfolder. During testing, files should be submitted to the TEST folder. When your system has submitted files that have been successfully validated, you may change to your PROD folder in preparation to submit production data for the 9/6/2013 launch date.

CME SFTP Server

CME will create separate SFTP accounts for TEST and PROD. During testing, files should be submitted to the TEST server. When your system has submitted files that have been successfully validated, you may change to the production server in preparation to submit production data for the 9/6/2013 launch date.

File Validation

Prior to the 9/6/2013 launch date, files may be submitted to your designated SFTP account and will be validated upon request.

NFA Validation Process

Please submit your files to the TEST folder on NFA's SFTP server and contact NFA at DailyConfirmRequests@nfa.futures.org to request to have your files validated. NFA will always send out a validation report regardless of whether issues exist or not.

CME Validation Process

For CME submissions, your files should automatically be picked up upon submission. CME will send a confirmation that the files were received and will only send out a validation report if the files have issues.

Sub Accounts vs Master Account reporting

Upon the initial September 6, 2013 launch date, balances may be reported either at the master or the sub-account level. NFA and CME will not require balances to be reported at the sub-account level at this time. NFA and CME are presently reviewing the feasibility of reporting of balances at the sub-account level as a future requirement. If sub-account reporting becomes a requirement, NFA and CME will provide a reasonable timeframe for the FCM community to comply.

Contingent Variation Margin (Included in OTE)

Specification will be modified such that the description of the OTE Field will include any unrealized gain or loss on futures, forwards, or any non-option positions. Please note that the structure of the fields are not changing.

Unregulated Accounts (Delivery Accounts)

Each omnibus account can only have one origin – segregated, secured, cleared swaps, or non-regulated/delivery. It is not expected to see delivery accounts reported, however, delivery accounts should be reported if these balances are reported in your SEG balances.

Warehouse Receipts

Additional examples were added to version 1.0.8.2 of the specification for the reporting of number of units (WRUnits) for warehouse receipts. The WRUnits can be reported separately or embedded in the BidRate. If the WRUnits is embedded in the BidRate, then please report WRUnits = 1.

Communications/Escalation

During regular processing, the Segregation Confirmation system will send out validation reports and late email reports on a scheduled basis. The email will have a contact phone numbers and email addresses to your respective DSRO. It is understood that there will be issues and that nothing runs perfectly 100% of the time. Please communicate submission issues with NFA/CME as soon as possible to let your DSRO know what to expect. If the issue persists until after SEG reporting is due at 12:00PM (CST), please contact your NFA Compliance manager to keep them advised of the situation.

For **NFA** related issues, please contact NFA's Operations Group:

operations@nfa.futures.org

(312) 781-1368

For **CME** related issues, please contact CME's Financial and Regulatory Surveillance Systems Team:

frssystems@cmegroup.com

(312) 930-3230