

Morgan Stanley

Standard OTC Clearing RFP in the Context of FRANDT

Who should read this document and why?

This document is for prospective OTC clearing clients interested in obtaining OTC clearing services from Morgan Stanley.

The purpose of this document is to provide prospective OTC clearing clients with an example RFP (request for proposal) which they may choose to send Morgan Stanley as part of an enquiry to obtain OTC clearing services.

Please note that prospective OTC clearing clients can submit their own RFP templates with their own questions to Morgan Stanley in relation to OTC clearing services.

If you intend to submit the below RFP please complete section 1 and send this to euclearingsales@morganstanley.com .

Example RFP for the Provision of OTC Clearing Services

1. PROSPECTIVE CLIENT INFORMATION

[Prospective client to complete. Please provide details for all prospective funds where applicable]

- 1.1 **Legal Name (legal and other business names used, if applicable)**
- 1.2 **Legal Entity Identifier(s) (LEI)**
- 1.3 **Principal Address**
- 1.4 **Registered Address (if different from 1.1.2)**
- 1.5 **Telephone Number**
- 1.6 **Email Address**
- 1.7 **Link to Website**
- 1.8 **Jurisdiction of Incorporation**
- 1.9 **Jurisdiction of Incorporation of Parent Entity (if applicable)**
- 1.10 **Legal Form**
- 1.11 **EMIR Classification in accordance with Articles 4a or 10 of Regulation (EU) No 648/2012**
- 1.12 **Sector of Activity**
- 1.13 **Markets / Contracts you intend to clear**

(Please refer to the FRANDT disclosure document on <https://www.morganstanley.com/institutional-sales/derivatives-clearing-disclosures> to see the documentation Morgan Stanley requires to onboard a prospective OTC clearing client. It would be greatly appreciated if you could provide these documents to Morgan Stanley at the point in time you submit this RFP to Morgan Stanley)

2. Corporate Structure

- 2.1 **What group entity will engage in clearing activity and what is the relationship of that entity to the parent and other group members?**
- 2.2 **Do your clearing entities currently hold any ratings from credit ratings agencies?**

3. Clearing Product Coverage

- 3.1 Which CCPs and clearing model (FCM, SCM, etc) will you be providing access to?
- 3.2 Which products will your clearing offering cover?

4. Trade Execution

- 4.1 What electronic venues do you provide connection to?
- 4.2 Please describe the process clients can give up trades executed via other executing brokers and cleared through you.

5. Risk

- 5.1 What is your internal risk management process for client selection and how is the risk of that client managed after on-boarding?
- 5.2 Describe the method of clearing member's limits on its counterparty exposures and how it is measured. How will counterparties become aware of approaching the limit?
- 5.3 Do you provide real-time risk view over cleared portfolio?

6. Clearing Operations

- 6.1 What is your trade processing model for OTC clearing (include in diagram or schema)?
- 6.2 What types of middleware systems and connectivity are available for sending trades and receiving trade information?
- 6.3 Please describe under which circumstances trades could be rejected for clearing. How is the client notified of the rejection?
- 6.4 What netting/compression options for OTC portfolios do the CCPs offer?
- 6.5 Which trade repositories do you have membership to and connectivity in place with?

7. Settlements

- 7.1 Please provide a brief summary of the daily margin and fee settlement process.
- 7.2 Please confirm the eligible collateral to cover initial margin?

8. Documentation

8.1 In respect of your OTC clearing offering please list the key contractual agreements required (including annexes, modules etc.).

9. Reporting

9.1 Please provide an overview and samples of standard reports and extracts that you will provide and the timing of when the reports will be made available. Is customization available and how these reports will be accessed?

9.2 At what level do you report initial and variation, i.e. trade, sub account legal entity, other?

9.3 Please detail your life cycle management process and what services you provide clients i.e. notification of last trading date, exercise and expiry management.

9.4 Do you offer web-based, real-time customised reporting capabilities?

9.5 Are you capable of delivering reports in multiple formats, including web-based, FTP and email?

10. Costs

10.1 Please provide the cost of your proposed solution.

- a. Transaction fees
- b. Portfolio maintenance
- c. Haircuts
- d. Reporting fees
- e. Compression
- f. Other fees

For any further questions related to Morgan Stanley OTC clearing services please reach out to eclearingsales@morganstanley.com