



BNP PARIBAS

OTC Clearing - Onboarding Process

BNP Paribas (BNPP) is required to inform our potential clients of the onboarding process steps for over-the-counter (OTC) derivative clearing, including estimated timelines, required documentation and a form for request for proposal (RfP) in accordance with Delegated Regulation (EU) 2021/1456 (EMIR FRANDT).

This document contains:

1. Information on submitting a Request for Proposal
2. Onboarding Process and Timelines

REQUEST FOR PROPOSAL

A prospective client may make a request for proposal by:

1. Returning a completed 'Form for Request for Proposal' found on our website; or
2. Emailing dl.decrfp@uk.bnpparibas.com; or
3. Reaching out to their usual BNP Paribas Relationship Manager or Sales contact

The information required to submit a request for proposal can be found in the form on the website. After submitting the form, or contacting the desk via options (2) and (3) BNPP will make an assessment of the prospective client in accordance with Article 25 of Delegated Regulation (EU) 2017/589, using the information provided.

Once BNPP have made this assessment we shall either;

- (i) Decide not to respond to the request for proposal, and inform the client of the decision without undue delay; or
- (ii) Submit a proposal to the client in respect to the request for proposal



OTC CLEARING ONBOARDING TIMELINE

A typical onboarding will take approximately 3 months to complete. Timeframes will depend on the time taken for the client to complete the required documentation.

Weeks 1 - 2	Weeks 3 - 7	Weeks 8 - 11	Week 12
Initial onboarding meeting	Due diligence and legal	Operational set up, post legal agreement execution	Production test and go-live trade

OTC CLEARING ONBOARDING PROCESS – Table of Contents

- 01.** [Initial onboarding meeting \(1-2 weeks\)](#)
- 02.** [Due diligence and legal documentation \(4-5 weeks\)](#)
- 03.** [Operational set up post legal agreement execution \(3-4 weeks\)](#)
- 04.** [Production test trade \(1 week\)](#)



01.

Initial Onboarding Meeting



01. Introduction to dedicated Relationship Manager and Onboarding team

02. Assessment of client profile and requirements including:

- CCP, limits and reporting
- Account type detailing the levels of protection and the costs associated with the various levels of account segregation offered to clients
- Discussion of Collateral accepted and applicable haircuts
- Reporting requirements

03. Onboarding documentation, project plan and timeline agreed with the client



02.

Due Diligence and Legal Documentation



01. KYC and credit due diligence

02. Negotiation of legal documentation including:

- ISDA Master Agreement
- ISDA/FIA Europe Cleared Derivatives Execution Agreement (CDEA)
- FIA Clearing agreement
- ISDA/FOA Client Cleared OTC Derivatives Addendum (with relevant CCP annexes)

03. Legal details discussed:

- BNPP legal entity
- BNPP Legal document negotiation
- Agree commercials
- Agree fund list
- KYC/ AML/ TAX
- The terms and conditions of the clearing services, including any terms and conditions specific to that client
- Criteria for acceptance of orders
- Conditions for the suspension of any clearing services or the liquidation or close out of any positions;
- Conditions for the termination of the agreement for the provision of clearing services;

04. EMIR delegated reporting requirements and documentation

05. BNPP Fee Letter – Discussion of prices and fees associated with the services provided

- Clear information is provided to clients about any pass on costs or fees related to:
 - (i) The provision of clearing services to the client concerned or
 - (ii) Clearing services in general. These costs may relate to IT costs, annual fixed fees, annual licensing fees, fees for different types of account segregation, fees for collateral management



03.

Operational Set Up



01. CCP and systems submission

02. Static data set up

- Contact details
- Day to Day and escalation contacts
- CCPs Details
- Products to Clear
- CCP Account Segregation Model
- CCP Static Forms
- CCP Fee Schedule
- Margin Settlement
 - Margin call (single and/or Multi Currency)
 - Margin call payment (IIM/ VM/ Cash Flows/ Billing)
 - Margin contact details
 - SSI details
 - Base currency

03. Reporting set up

- Set up of required reports
- Set up of report sending (SFTP connection details/ automated mail) with related contacts
- Agree commercials
- Agree fund list
- KYC/ AML/ TAX

04. Back office set up

- Portal and client user set up
- Demonstration of portal
- Any applicable IT requirements



04.

Production Test Trade



Testing of the following:

- Front to back clearing
- Trade files
- Reporting
- Training where required