



Derivatives Clearing – Title 7 (DFA) – FpML Protocol

BUSINESS NEED

In order to comply with the new Dodd Frank Act, this prestigious investment bank is to leverage FpML (Financial products Markup Language) which is the business information exchange standard for electronic dealing and processing of financial derivatives instruments. It establishes a new protocol for sharing information on, and dealing in swaps, derivatives and structured products. It is based on XML (Extensible Markup Language), the standard meta-language for describing data shared between applications. All categories of over-the-counter (OTC) derivatives will eventually be incorporated into the standard.

The FPML standard is intended to automate the flow of information across the entire derivatives life cycle and client network ranging from SDR, SEF and DCOs for this investment bank independent of the underlying software or hardware infrastructure supporting the activities related to these transactions. Ultimately, it will allow for the electronic integration of a range of services, from Internet-based electronic dealing and confirmations to the risk analysis of client portfolios.

OPPORTUNITIES/CHALLENGES

Due to the client's business drive towards complying with the Dodd Frank act for their derivatives clearing (Title 7), the challenges were the current technology environment for OTC trading/clearing does not have the necessary infrastructure to support the real-time reporting objectives of this investment bank.

enableIT SOLUTION

The solution implemented by enableIT allowed this investment bank to meet the Regulatory compliance as the number one priority. Below are some of the functions that were performed by enableIT:

- Develop FpML User Technical specifications for Swaps Data Repository.
- Develop FpML messages and educating external stake holders, internal users and technical team.
- Work with ISDA FpML team to create new electronic standard supporting SDR related activities.



- Coordinating with multiple teams (Business Development, Technical Development, Testing and Operation teams).
- Analyzing ISDA Master Confirmations and propose FpML to create electronic standard.
- Develop Functional specifications to enhance the Credit Confirmation system (Enhancement includes the implementation of new Credit MCAs, Standard Credit Products).
- Develop User Technical specifications for Equity and Credit Confirmation Systems.
- Develop FpML sample messages and educating participants, internal users and technical team.
- Work with ISDA FpML team to suggest any changes to FpML schemas as required by this investment bank or by the Industry.
- Resolve client queries regarding Equity and Credit Confirmation System or FpML message.

VALUE OF INVESTMENT

The new solution allowed the bank to be more transparent and reduce systemic risk as a response to the credit crisis plus comply with the DFA and report on real time basis of their OTC derivatives clearing.

DOMAIN

OTC Derivatives, cash foreign exchange, commodities, options trading front to back

TECHNOLOGY

Java, .Net and C++, FpML, XML, Oracle,