

ACCOUNTS – BASIC INFORMATION

In order to operate in kdpw_otc, participants are required to obtain a Client Classification Number (NKK) and open clearing accounts which record transactions matched on confirmation platform (MarkitWire).

Accounts used to record transactions within the clearing house:

Formal account

In order to clear OTC trade, a participant must hold a formal account in KDPW_CCP. The formal account is mandatory because it is required to open clearing accounts with XML messages. Formal accounts are opened in the production environment on the basis of a Resolution of the KDPW_CCP Management Board adopted on request of a participant. In the test environment, it is sufficient to send a request to the clearing house's e-mail address (ccp@kdpw.pl). A formal account may be opened for own positions or clients' positions.

Client Classification Number (NKK)

NKK is the basic and necessary attribute of a clearing account that is assigned to a client and describes its main features. A client classification number is assigned on the basis of an account opening request of a clearing member. The process is handled automatically by sending the XML message NKK instruction ([acmt.rqc.001.02](#)). In connection with the KDPW_CCP service of reporting details of derivative contracts cleared by KDPW_CCP to KDPW_TR, the structure of the message ([acmt.rqc.001.02](#)) contains the following fields:

- 2.4 -2.8 – counterparty details,
- 2.9 (2.9.1 – 2.9.6) – counterparty address and sector.

The field Corporate sector (CorpSctr, field 2.9.3) may have the following values:

- A – Assurance undertaking,
- C – Credit institution,
- F – Investment firm,
- I – Insurance undertaking,
- L – Alternative investment fund,
- O – Institution for occupational retirement provision,
- R – Reinsurance undertaking,
- U – UCITS.

Counterparties within the meaning of EMIR who report derivative contracts to trade repositories are required to use an LEI which is mandatory when reporting transactions via KDPW_CCP. For more information on obtaining an LEI go to www.kdpw.pl tab [KDPW LEI](#).

An NKK is opened instantly and confirmed by a feedback status message with value PACK (acmt.stc.001.02).

Clearing account

The clearing account is the basic registration device developed in order to record transactions. It is opened automatically by sending to the KDPW_CCP system the XML message ([acmt.rqa.002.02](#)) – Account instruction.

The clearing account (CRTA) is opened instantly and confirmed by a status message with value PACK ([acmt.sta.002.02](#)). The clearing account is closed and its characteristics are changed at the end of day and confirmed by a status message – ([acmt.sta.002.02](#)) with value PACK.

A request to close a clearing account (CSLA) or change details of a clearing account (CHGA) is confirmed by a status message with status PEND. For the purpose of reporting to the trade repository, the message includes the field: 3.3.6 – RprtAu – Reporting authorisation for KDPW_CCP - Y or N It defines whether the participant delegates to KDPW_CCP the reporting of derivative contracts recorded in the clearing account to the trade repository operated by KDPW, in which case the reporting flag should be set to “Y”. The flag setting can be changed by sending the message ([acmt.rqa.002.02](#)) with function CHGA.

Collateral account

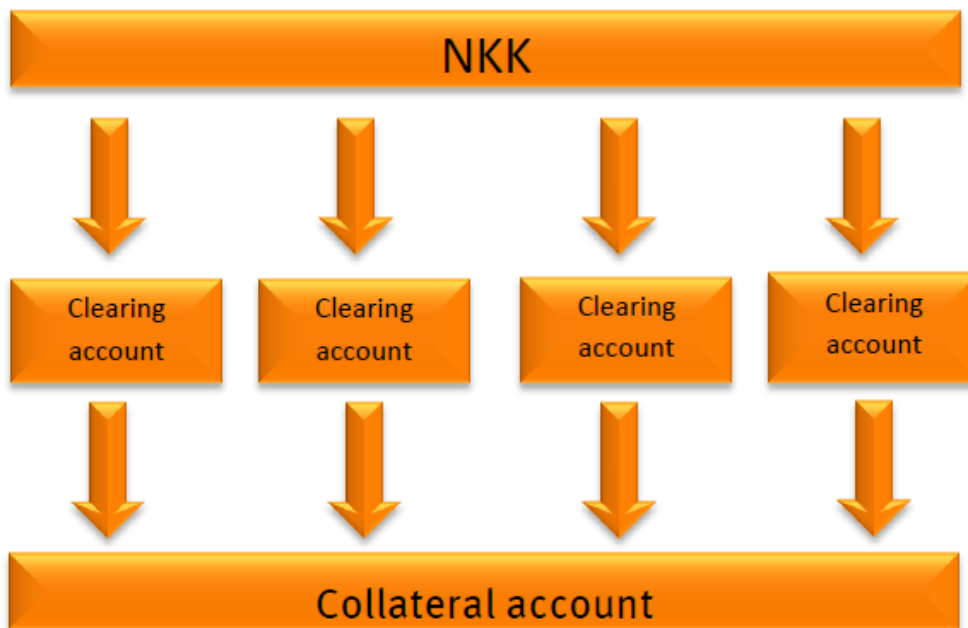
For the first clearing account for an NKK, a linked collateral account is opened and managed by KDPW_CCP in the transaction clearing system in order to calculate collateral including:

- initial deposit,
- initial margin.

Collateral accounts are always built on the basis of selected attributes of clearing accounts:

- ownership type,
- participation status type,
- representation agreement,
- NKK (attributes defining the portfolio and the type of account are not included).

The diagram presents the relations between the NKK, the clearing account and the collateral account.



Collateral other than the OTC guarantee fund is maintained in the collateral register and recorded at the level of collateral accounts. For the OTC guarantee fund and OTC additional margin, collateral is maintained at the level of clearing member code.

Opening a clearing account triggers a check to verify whether a relevant collateral account already exists in a dedicated file; if not, it is opened. Collateral accounts are closed at the end of day, which is also when a check is performed to verify whether the collateral account can be closed (provided that there are no open clearing accounts linked to the collateral account).

Using account identifiers on platforms

For MarkitWire, the account identifier is provided in the affirmation instruction. To do so, enter the identifier of an existing clearing account in the tab “Clearing”, field “Netting string”. If no account identifier is entered or the wrong account identifier is entered, the system will reject the transaction which will not be accepted for clearing in KDPW_CCP.