

CMS Messaging Service

Service Description & On-boarding Guide v5

LCH The Markets'
Partner



CONTENTS

Introduction	4
The CMS application.....	5
Environments	5
Fees	5
Availability	5
Assistance	5
Accounts	6
User Access to CMS GUI	6
SWIFT MyStandards & Readiness Portal	7
About MyStandards.....	7
About MyStandards Readiness Portal.....	7
Registration.....	7
The LCH Usage Guidelines	7
The Readiness Portal	8
Assistance	8
Standard Messaging Service	9
Message types	9
SWIFT MX Messaging purpose.....	10
SWIFT MT Messaging purpose.....	11
On-boarding process	11
1. Registration with SWIFT	12
2. Registration with LCH	12
3. RMA Key Exchange	13
4. MyStandards Readiness Portal	13
5. Additional inbound message testing	13
6. Admission to production	14
7. Member must identify the Mnemonic's that are required.....	14
Custodial Seg Messaging Service	16

Message types	16
SWIFT MX Messaging purpose.....	17
SWIFT MT Messaging purpose.....	17
On-boarding process	18
1. Registration with SWIFT	18
2. Registration with LCH	19
3. RMA Key Exchange	19
4. MyStandards Readiness Portal.....	19
5. Additional inbound message testing.....	20
6. Admission to production	20
7. Validating your set-up in CMS	20
Third Party Messaging Service	22
Message types	22
SWIFT MX Messaging purpose.....	22
SWIFT MT Messaging purpose.....	23
On-boarding process	23
1. Registration with SWIFT	24
2. Registering a Third Party with LCH	24
3. Third Party RMA Key Exchange.....	25
4. MyStandards Readiness Portal.....	25
5. Configuration of the Third Party in CMS	25
Appendix i. - CMS: SWIFT MX STANDARD Test Template	i
Appendix ii. - CMS: SWIFT MX CUSTODIAL SEG Test Template.....	ii

Introduction

The Collateral Management System (CMS) is LCH's on-line collateral management solution, which enables efficient management of your collateral.

CMS supports the input of collateral management instructions and reporting of liabilities and collateral balances via an on-line portal; and via SWIFT MX (ISO 20022) and SWIFT MT (ISO 15022) messages where Clearing Members and/or Third Parties have subscribed to one of the CMS Messaging Services*: the **Standard Messaging Service**, the **Custodial Seg Messaging Service** and the **Third Party Messaging Service**. This guide is broken into sections covering:

01. The CMS application provided by LCH
02. SWIFT MyStandards & Readiness Portal
03. The **Standard Messaging Service** and the on-boarding process specific to this service
04. The **Custodial Seg Messaging Service** and the on-boarding process specific to this service
05. The **Third Party Messaging Service** and the on-boarding process specific to this service
06. Appendix - Test templates for instruction messages

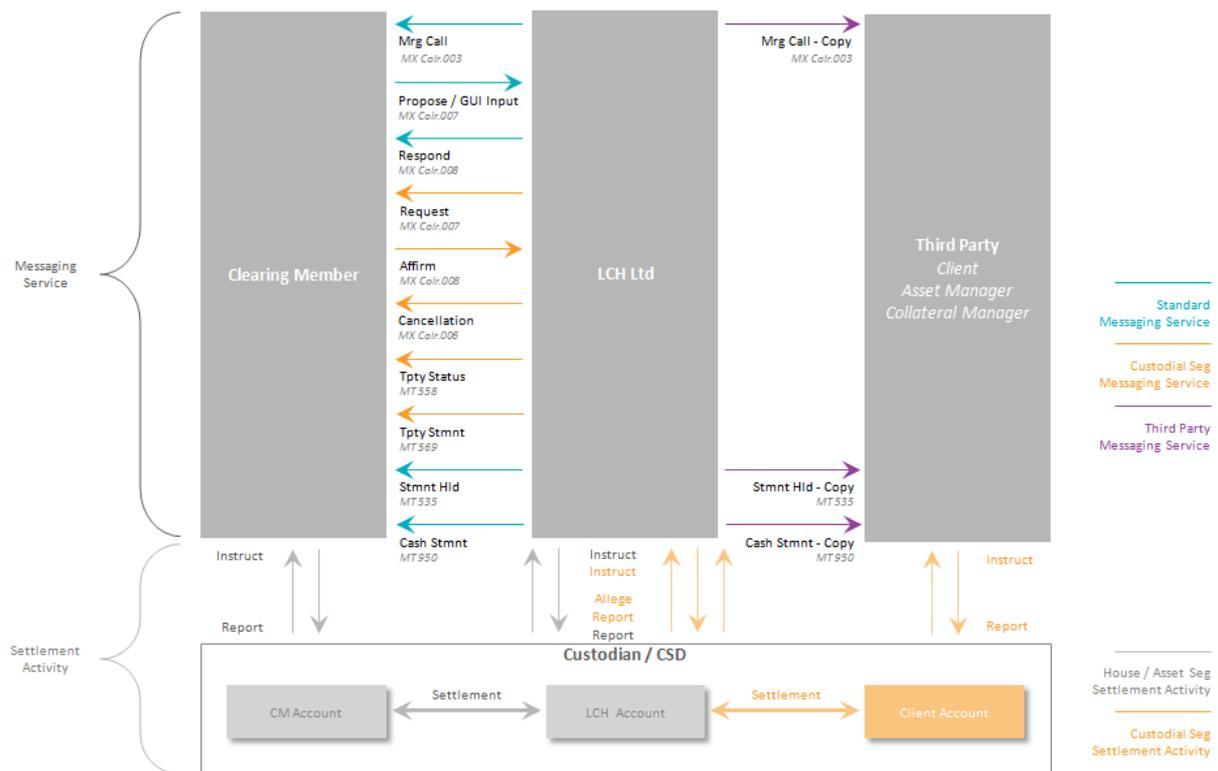


Figure 1 outline of all of the messages supported for LCH Ltd across all three of the services

* Both the **Standard Messaging Service** and **Third Party Messaging Service** are available to all LCH Ltd members (messaging is not available for LCH SA). The **Custodial Seg Messaging Service** is only available for LCH Ltd SwapClear members.

The CMS application

Environments

The CMS production environment is available to all Clearing Members via the LCH Portal at the following url: <https://clearingservices.lchclearnet.com>.

In addition to the production environment LCH also operates a 'Member Test' environment at the following url: <https://test-clearingservices.lchclearnet.com>.

The test environment can be made available on request for members to:

01. Familiarise themselves with the CMS GUI
02. Deliver a Collateral Proposal message
03. Receive a Collateral Proposal Response message
04. View instructions either manually input or received via SWIFT MX proposals

Additionally from time to time LCH will operate dedicated test periods to coincide with a new product launch. In these scenarios members will be contacted in advance and given the opportunity to participate. These test periods may provide different test facilities than those laid out in the document and Clearing Members should contact the respective LCH project lead for more details.

Fees

LCH does not charge for access to either 'Production' or 'Member Test' environments nor for any messages sent or received.

Availability

The CMS 'Production' environment is available 24hrs a day 7 days a week, with the exception of scheduled down time that will be communicated in advance to all Clearing Members.

The CMS 'Member Test' environment is available on request and via arrangement, with bookings made via the Collateral Ops Change team (see below).

Assistance

The Collateral Operations team will support you through day to day usage of the 'Production' environment, and are available via: collateral.operations@lch.com

The Collateral Operations Change team, will support you with booking of the 'Member Test' environment and any testing, via: CollateralOpsChangeTeam@lch.com

Accounts

LCH operates a 'Mnemonic' and 'Sub-Account' structure for collateral accounts that support segregation across specific business lines and clients respectively.

In the 'Production' environment it may become necessary to open up additional 'Mnemonics' and 'Sub-Accounts' in support of clearing on a new business line or for providing additional client segregation. This does not normally necessitate the need for testing and this process is managed in the production environment via LCH's Membership team, who can be contacted on: membership@lch.com

'Member Test' is a reflection of 'Production' at a point in time and therefore existing accounts from the production environment may already be available depending on the timing of the most recent environment refresh. The current active account list can be viewed and exported from within the on-line portal (please see the separate CMS Reference Guide for more details). However the account structure must always be agreed upon with the Collateral Ops Change team before the start of testing and there is a section in the test scenario template (see to the appendix) to specify the Mnemonic and Sub-Accounts that you want to test against. The completed test scenario template should be emailed to the Collateral Ops Change team on the email listed above.

User Access to CMS GUI

Requesting access to the graphical user interface (GUI) for both 'Production' and 'Member Test' environments follows the same process, whereby the Clearing Member's designated Collateral Management Admin User (or Collateral Management Super User) submits an on-line registration form (available from: within the LCH Portal).

Please note that requests for 'Member Test' must be made via the 'Member Test' LCH Portal pages and vice versa for 'Production'.

For details on who your specific Collateral Management Admin User's are you can contact the Service Desk:

Service Desk(UK) +44 207 426 7200 servicedesk@lch.com

Service Desk(Paris) +33 (0) 1 70 37 66 00 cth.sa@lch.com

SWIFT MyStandards & Readiness Portal

About MyStandards

MyStandards is SWIFT's collaborative web-based platform that facilitates the management of ISO standards-related information and related market practice. It centralises information from financial institutions, allowing users to view and browse all standards information in a single platform.

Using MyStandards will assist Clearing Members in reducing the time and effort involved in implementing the LCH MX and MT collateral messages. Access to information has been improved by way of:

01. Context specific guidelines and examples;
02. Automatically produced documentation, available in multiple formats;
03. Automatic comparison of usage guidelines;
04. Generation of XML schemas.

About MyStandards Readiness Portal

MyStandards Readiness Portal is part of the MyStandards suite and provides testing capabilities allowing testing against LCH's guidelines. Portals can be set-up on demand for each Clearing Member providing:

01. Dedicated test scenarios specific to the Clearing Member;
02. Automatic detection of invalid messages and highlighting of the fields in error;
03. Built in coverage analysis and progress monitoring; and

LCH mandates the usage of the Readiness Portal for Clearing Members that are sending instructions to CMS, but not those that are just receiving reporting.

Registration

Registering for MyStandards is free of charge and allows access to all of our production and pilot messages online. You can register for access at the following url:

<https://www2.swift.com/mystandards/>

The LCH Usage Guidelines

LCH publishes both public and restricted usage guidelines through the LCH group which can be found via searching or directly on the following url:

https://www2.swift.com/mystandards/group/ugs/LCH_Clearnet

The Readiness Portal

Clearing Members wishing to test or view sample messages can request access to a dedicated Readiness Portal. This can be achieved either by using the 'Contact' button or by emailing us directly at CollateralOpsChangeTeam@lch.com.

Assistance

For more assistance with using MyStandards please see the online help and tour or contact SWIFT (mystandards@swift.com).

SWIFT MX Messaging purpose

The **Margin Call Request** (colr.003) message notifies the receiving party of a margin call or repayment of collateral in respect to a specific collateral account. The notification covers cash and triparty instructions initiated by either the Clearing House or the member (or client, in the case of CustodialSeg accounts) such as:

01. End-of-day margin calls;
02. Intraday margin calls;
03. Cover cash flows, such as realized variation margin (VM), price alignment interest (PAI) or end of day coupons on cleared positions;
04. Non-cover cash flows, such as interest, fees, coupons and redemptions on securities collateral or intraday coupons on cleared positions;
05. Clearing member pre-funding instructions, such as cash deposits or triparty lodge/amend;
06. Clearing member recalls of excess, such as cash withdrawals or triparty close/amend; and
07. CustodialSeg lodge, increase, decrease and close instruction initiated by the client.

The Margin Call Request is sent upon receipt of the ACK message from the underlying PPS Bank or Triparty Agent in response the LCH's instruction; as such they are sent inline with the CMS 'In Progress' status.

The use of the **Collateral Proposal** (colr.007) and **Collateral Proposal Response** (corl.008) messages replace the need for manual instruction by the Clearing Member into the CMS GUI, though this does not prevent the member from continuing to submit manual instructions should they wish.

The following instruction types can be submitted via the Collateral Proposal (colr.007) message format and once successfully received by LCH will be recorded with a status of "Instructed":

01. Single Cash Deposit;
02. Single Cash Withdrawal;
03. Single Cash Transfer;
04. Bulk Cash Deposit;
05. Bulk Cash Withdrawal;
06. Security Lodge;
07. Security Release;
08. Security Substitution; and
09. Security Transfer.

No authorisation is required in CMS for instructions originating via SWIFT. Triparty instructions are not currently supported and must continue to be input via the GUI

After successful receipt of the proposal, it can then be monitored (and cancelled) in CMS in the same way as a regular manual instruction.

Full context specific details of the LCH usage guidelines can be found on SWIFT MyStandards under the following public collection:

[LCH - Global - Collateral - MX Standard Messaging Service](#)

SWIFT MT Messaging purpose

The use of the **Statement of Holdings** (MT535) message provides Clearing Members with Security Balances (delivered bilaterally by the Clearing Member) for each account, sent daily for end of the prior day, allowing members to reconcile security positions and valuations utilised for cover by the Clearing House. This information is also available on-line within the CMS GUI.

The **Statement** (MT950) message provides Clearing Members with Cash Balances, sent daily for end of the prior day, allowing members to reconcile cash positions utilised for cover by the Clearing House. This information is also available on-line within the CMS GUI.

Full context specific details of the LCH usage guidelines can be found on SWIFT MyStandards under the following public collection:

[LCH - Global - Collateral - MT Standard Messaging Service](#)

On-boarding process

In order for LCH to support the Clearing Member on the [Standard Messaging Service](#) the member must be on-boarded through the following process:

01. Registration with SWIFT for:
 - i. the MX Collateral Management service; and/or
 - ii. the FIN service;
02. Registration with LCH for the [Standard Messaging Service](#);
03. The Member must complete a Relationship Management Application (RMA) key exchange with LCH;
04. Successful testing of the messages in the MyStandards Readiness Portal;
05. Additional testing of all inbound messages in the CMS 'Member Test' environment;
06. Admission on to [the Standard Messaging Service](#) in the CMS Production environment ; and

07. For outbound messages, the Member must select the Mnemonics they wish to receive within CMS to complete the subscription.

Full details of this process are outlined as follows:

1. Registration with SWIFT

Members will need to ensure they are registered with SWIFT, as all messaging takes place over the SWIFT network. For many Clearing Members this formality may have already been completed previously by their organisation as SWIFT is ubiquitous across financial markets:

i. MX Collateral Management service

For MX messages Members will need to register for access to the SWIFTNET InterAct messaging service and subscribe to both the Collateral Management pilot (swift.colr!p) and live (swift.colr) production services, in order to send or receive messages to/from LCH. Members should contact their SWIFT Account Manager for details on the registration process or through the SWIFT website www.swift.com. To assist please find some additional information via the SWIFT website at the following links:

[InterAct Messaging Service](#)

[Collateral Management - Bilateral Service](#)

ii. FIN service

For MT messages Members will need to be subscribed to the SWIFTNET FIN messaging service, in order to receive messages from LCH. Most Members will already be subscribed but should contact their SWIFT Account Manager for details on the subscription process or through the SWIFT website www.swift.com if unsure. To assist please find some additional information via the SWIFT website at the following link:

[FIN Messaging Service](#)

2. Registration with LCH

Once the member has been registered with SWIFTNET they will need to provide their Bank Identification Code (BIC) and additionally for SWIFT MX their Distinguished Name (DN) to LCH via the completion of the [CMS Standard Messaging Service Registration Form](#) which covers both 'Production' (live) and 'Member Test' (pilot) environments. For MX message the Clearing House allows for up to three DN and BIC combinations to be provided for each environment.

The registration form is available from the following location: <https://www.lch.com/risk-collateral-management/ltd-collateral-management/ltd-collateral-management-system> and covers all of the MX and MT messages offered by LCH under this service.

3. RMA Key Exchange

LCH will send a request for RMA authorisation to the SWIFT BIC of the Clearing Member mentioned in the Registration Form. The Clearing Member should then provide an authorisation to the LCH SWIFT BIC LCHLGB2L (Ltd). This authorisation will allow LCH to send all SWIFT FIN message types to the SWIFT BIC of the Clearing Member. This authorisation will be immediately active (no start date) and will have no expiry date.

As the Collateral Management System (CMS) does not currently support inbound messages via ISO 15022, LCH will not provide an RMA authorisation to the Clearing Member.

If a suitable RMA authorisation already exists between the Clearing Member and LCH (perhaps for another service) then this step can be skipped. This step is also not required if the Clearing Member is only subscribing to SWIFT MX messages.

4. MyStandards Readiness Portal

Prior to the Clearing Member being configured to send inbound messages to the production environment LCH requires that members successfully complete a round of testing on the MyStandards Readiness Portal.

The MyStandards Readiness Portal can also be configured for Clearing Members who are subscribing to receive outbound messages from LCH; however there is no mandatory testing required by LCH for these messages.

LCH will configure the MyStandards Readiness Portal specifically for the Clearing Member, containing only the guidelines and sample messages they have requested in the completed registration form.

Timeframes and testing dates for the Readiness Portal can be determined at the discretion of the member.

Once the MyStandard's Readiness Portal testing has been finalised the Clearing Member must upload sufficient test evidences to support full coverage of all inbound guidelines they have requested. LCH will then review the results and either approve the admission to the CMS 'Member Test' environment or recommend further testing.

5. Additional inbound message testing

In addition to the MyStandards Readiness Portal testing, Clearing Member's whose usage includes inbound messages to LCH must complete a round of testing in the CMS 'Member Test' environment. Please note that the 'Member Test' environment is not

available for outbound messages, with the exception of the Collateral Proposal Response (colr.008).

The Clearing Member must specify in advance of testing the scenarios that they wish to cover, via the submission of a test scenario template, which is provided in Appendix i. LCH recommends certain minimum scenarios for testing however the Clearing Member is responsible for defining the final criteria for testing.

Testing in CMS 'Member Test' environment will be restricted to the accounts and scenarios identified by the Clearing Member in the [CMS: SWIFT MX Standard Test Template](#) and will be limited to a predefined testing window mutually agreed between LCH and the Clearing Member.

6. Admission to production

Once sufficient testing evidences have been supplied and both LCH and the Clearing Member are satisfied with the results, a target date will be determined for the completion of the SWIFT subscription in the production environment.

7. Member must identify the Mnemonic's that are required

For outbound (Statement of Holdings – MT535, Statement – MT950 or Margin Call Colr.003) messages the member user must login to CMS and access the CMS Messaging Service page (from the "Profile" menu).

This page is split into three sections (one for each of the messaging services). Within the [Standard Messaging Service](#) section the user can confirm the details that have been registered by LCH from the completed registration form, and select specific Mnemonic's that they want to receive reporting for.

CMS Messaging Service

Clearing Member

Standard Messaging Service

Inbound (to LCH) Messaging Subscription

Distinguished Name / Business Identifier Code: o=bankgb11,o=swift BANKGB11XXX

Colr.007 - Collateral Proposal Enabled

Outbound (from LCH) Messaging Subscription

Distinguished Name / Business Identifier Code: o=bankgb11,o=swift BANKGB11XXX

Collateral Account Type SBAC

Colr.003 - Margin Call Request	Enabled	Colr.008 - Collateral Proposal Response	Automatic Subscription
MT535 - Statement of Holding	Enabled	Suppress Empty Records	True
MT950 - Statement Message	Enabled	Valuation CCY	GBP
		Suppress Empty Records	True

Clearing House to Clearing Member reporting for the specified Mnemonics

Mnemonic	Receive MT535	Receive MT950	Receive Colr.003
AAA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BBB	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Figure 3 the Standard Messaging Service section of the CMS Messaging Service page in CMS

The user must then click “Save” (at the bottom of the page) to apply the changes, which will come into effect during the next overnight process.

Custodial Seg Messaging Service

The **Custodial Seg Messaging Service**, available for SwapClear Clearing Members of LCH Ltd, provides the Clearing Member with the use of both SWIFT MX and SWIFT MT message formats as follows:

Message types

The following SWIFT MX (ISO 20022) message types are available for the **Custodial Seg Messaging Service** available for the Custodial Seg account type only:

01. MX colr.007.001.03 CollateralProposal (outbound – from LCH) - Notification
02. MX colr.008.001.03 CollateralProposalResponse (inbound – to LCH) - Affirmation
03. MX colr.006.001.03 CollateralManagementCancellation (outbound – from LCH)

In addition the following SWIFT MT (ISO 15022) message types are also available for the Custodial Seg account type only:

04. MT569 Triparty Collateral and Exposure Statement (outbound – from LCH)
05. MT558 Triparty Collateral Status and Processing Advice (outbound – from LCH)

With the exception of the Collateral Management Cancellation (colr.006) which is automatically included with the Collateral Proposal (colr.007), Clearing Members will need to opt in to receive each of the messages listed above when subscribing or updating their service subscription.

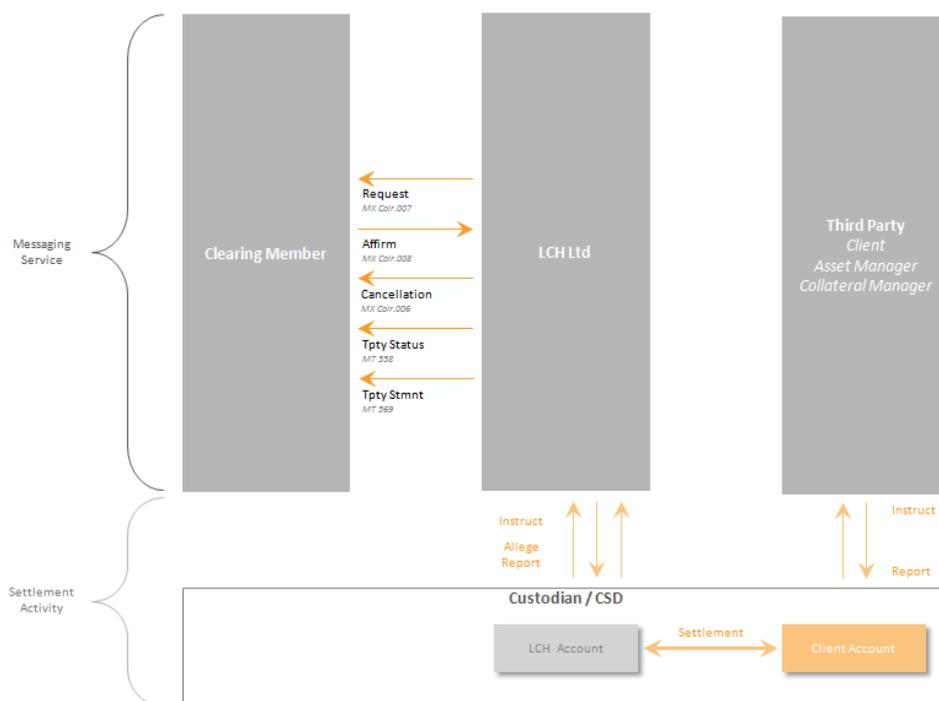


Figure 4 the **Custodial Seg Messaging Service**

SWIFT MX Messaging purpose

The use of the MX message allows the member to receive automated message notifications for new client instructions and cancelled / rejected instruction updates. It also replaces the need for manual affirmation in the CMS GUI, though this does not prevent the member from continuing to submit manual affirmations should they wish.

Following the receipt of a client allegation, LCH will create a new instruction in CMS at a status of 'Pending Affirmation'. If the instruction passes the LCH cover check then a notification - **Collateral Proposal** (colr.007) will be submitted to the Clearing Member for their affirmation. Alternatively where the LCH cover check fails, the instruction will be rejected by CMS and a **CollateralManagementCancellation** (colr.006) will be sent to the Clearing Member. The member may also subscribe to receive email notification in respect of new instructions.

If the Clearing Member has enabled the account/trade type to be automatically affirmed then no further action is required by the Clearing Member as the instruction will be automatically affirmed, moving to "Instructed" status.

If the Clearing Member has not enabled auto-affirmation for the trade type then the Clearing Member should submit an affirmation or rejection - **Collateral Proposal Response** (colr.008) before the tri-party instruction deadline. No authorisation is required in CMS for instructions affirmed via SWIFT. Alternatively the Clearing Member can continue to affirm or reject the instruction within the CMS GUI.

Where an instruction has been affirmed but subsequently fails the LCH cover check then a Collateral Management Cancellation (colr.006) message will be sent by LCH to the Clearing Member. Additionally this message will be sent if the client cancels their allegation before it is matched or if the Tri-party instruction deadline is reached prior to the Clearing Member providing an affirmation response.

Full context specific details of the LCH usage guidelines can be found on SWIFT MyStandards under the following public collection:

[LCH - LTD - Collateral - MX Custodial Seg Messaging Service](#)

SWIFT MT Messaging purpose

For Clearing Members who offer SwapClear Custodial Segregated accounts the **Triparty Collateral and Exposure Statement** (MT569), sent either intraday or end of day for the current business day, allows members to reconcile positions and valuations utilised for cover by the Clearing House in respect to securities pledged directly by clients. This information is also available within the CMS GUI.

Clearing Member may also wish to receive status updates in respect to Custodial Seg triparty transaction activity intraday through the utilisation of the **Triparty Collateral Status and Processing Advice** (MT558). Again this information is also available within the CMS GUI.

Full context specific details of the LCH usage guidelines can be found on SWIFT MyStandards under the following public collection:

[LCH - LTD - Collateral - MT Custodial Seg Messaging Service](#)

On-boarding process

In order for LCH to support the Clearing Member on the [Custodial Seg Messaging Service](#) the member must be on-boarded through the following process:

01. Registration with SWIFT for:
 - i. the MX Collateral Management service; and/or
 - ii. the FIN service;
02. Registration with LCH for the [Custodial Seg Messaging Service](#);
03. The Member must complete a Relationship Management Application (RMA) key exchange with LCH;
04. Successful testing of the messages in the MyStandards Readiness Portal;
05. Additional testing of all inbound messages in the CMS 'Member Test' environment;
06. Admission on to the [Custodial Seg Messaging Service](#) in the CMS Production environment ; and
07. Validating your set-up in CMS

Full details of this process are outlined as follows:

1. Registration with SWIFT

Members will need to ensure they are registered with SWIFT as all messaging takes place over the SWIFT network. For many Clearing Members this formality may have already been completed previously by their organisation as SWIFT is ubiquitous across financial markets:

i. MX Collateral Management service

For MX messages Members will need to register for access to the SWIFTNET InterAct messaging service and subscribe to both the Collateral Management pilot (swift.colr!p) and live (swift.colr) production services, in order to send or receive messages to/from LCH. Members should contact their SWIFT Account Manager for details on the registration process or through the SWIFT website www.swift.com. To assist please find some additional information via the SWIFT website at the following links:

InterAct Messaging Service

Collateral Management - Bilateral Service

ii. FIN service

For MT messages Members will need to be subscribed to the SWIFTNET FIN messaging service, in order to receive messages from LCH. Most Members will already be subscribed but should contact their SWIFT Account Manager for details on the subscription process or through the SWIFT website www.swift.com if unsure. To assist please find some additional information via the SWIFT website at the following links:

FIN Messaging Service

2. Registration with LCH

Once the member has been registered with SWIFTNET they will need to provide their Bank Identification Code (BIC) and additionally for SWIFT MX their Distinguished Name (DN) to LCH via the completion of the **CMS Custodial Seg Messaging Service Registration Form** which covers both 'Production' (live) and 'Member Test' (pilot) environments.

The registration form is available from the following location: <https://www.lch.com/risk-collateral-management/ltd-collateral-management/ltd-collateral-management-system> and covers all of the MX and MT messages offered by LCH under this service.

3. RMA Key Exchange

LCH will send a request for RMA authorisation to the SWIFT BIC of the Clearing Member mentioned in the Registration Form. The Clearing Member should then provide an authorisation to the LCH SWIFT BIC LCHLGB2L (Ltd). This authorisation will allow LCH to send all SWIFT FIN message types to the SWIFT BIC of the Clearing Member. This authorisation will be immediately active (no start date) and will have no expiry date.

As the Collateral Management System (CMS) does not currently support inbound messages via ISO 15022, LCH will not send an RMA authorisation to the Clearing Member.

If a suitable RMA authorisation already exists between the Clearing Member and LCH (perhaps for another service) then this step can be skipped. This step is also not required if the Clearing Member is only subscribing to SWIFT MX messages.

4. MyStandards Readiness Portal

Prior to the Clearing Member being configured to send inbound messages to the production environment LCH requires that members successfully complete a round of testing on the MyStandards Readiness Portal.

The MyStandards Readiness Portal can also be configured for Clearing Members who are subscribing to receive outbound messages from LCH; however there is no mandatory testing required by LCH for these messages.

LCH will configure the MyStandards Readiness Portal specifically for the Clearing Member, containing only the guidelines and sample messages they have requested in the completed registration form.

Timeframes and testing dates for the Readiness Portal can be determined at the discretion of the member.

Once the MyStandard's Readiness Portal testing has been finalised the Clearing Member must upload sufficient test evidences to support full coverage of all inbound guidelines they have requested. LCH will then review the results and either approve the admission to the CMS 'Member Test' environment or recommend further testing.

5. Additional inbound message testing

In addition to the MyStandards Readiness Portal testing, Clearing Member's whose usage includes inbound messages to LCH must complete a round of testing in the CMS 'Member Test' environment. Please note that the 'Member Test' environment is not available for outbound messages, with the exception of the Collateral Proposal (colr.007).

The Clearing Member must specify in advance of testing the scenarios that they wish to cover, via the submission of a test scenario template, which is provided in Appendix ii. LCH recommends certain minimum scenarios for testing however the Clearing Member is responsible for defining the final criteria for testing.

Testing in CMS 'Member Test' environment will be restricted to the accounts and scenarios identified by the Clearing Member in the [CMS: SWIFT MX Custodial Seg Test Template](#) and will be limited to a predefined testing window mutually agreed between LCH and the Clearing Member.

6. Admission to production

Once sufficient testing evidences have been supplied and both LCH and the Clearing Member are satisfied with the results, a target date will be determined for the completion of the SWIFT subscription in the production environment.

7. Validating your set-up in CMS

Member users may login to CMS and access the CMS Messaging Service page (from the "Profile" menu) to validate their subscription to the [CustodialSeg Messaging Service](#).

This page is split into three sections (one for each of the messaging services). Within the **CustodialSeg Messaging Service** section the user can confirm the details that have been registered by LCH from the completed registration form, as per the below.

Custodial Seg Messaging Service		
Inbound (to LCH) Messaging Subscription		
Distinguished Name / Business Identifier Code:	o=bankgb11,o=swift	BANKGB11XXX
Colr.008 - Collateral Proposal Response - Affirmation	Enabled	
Outbound (from LCH) Messaging Subscription		
Distinguished Name / Business Identifier Code:	o=bankgb11,o=swift	BANKGB11XXX
Collateral Account Type	CLNT	
Colr.007 - Collateral Proposal - Notification	Enabled	
Colr.006 - Collateral Management Cancellation Status	Automatic Subscription	
MT558 - Triparty Collateral Status and Processing Advice	Enabled	
MT569 - Triparty Collateral and Exposure Statement	Enabled	Reporting Frequency: EOD Only

Figure 5 the **CustodialSeg Messaging Service** section of the CMS Messaging Service page in CMS

Third Party Messaging Service

The **Third Party Messaging Service**, available for third parties such as clients, asset managers and collateral managers provides messages from LCH Ltd in respect to a Clearing Member's individually segregated accounts (ISAs) utilising both SWIFT MX and SWIFT MT message formats as follows:

Message types

The following SWIFT MX (ISO 20022) message types are available within the **Third Party Messaging Service** across all account types:

01. MX colr.003.001.03 Margin Call Request (outbound – from LCH)

In addition the following SWIFT MT (ISO 15022) FIN message types are also available:

02. MT535 Statement of Holdings reporting (outbound – from LCH)
03. MT950 Cash Statement Message (outbound – from LCH)

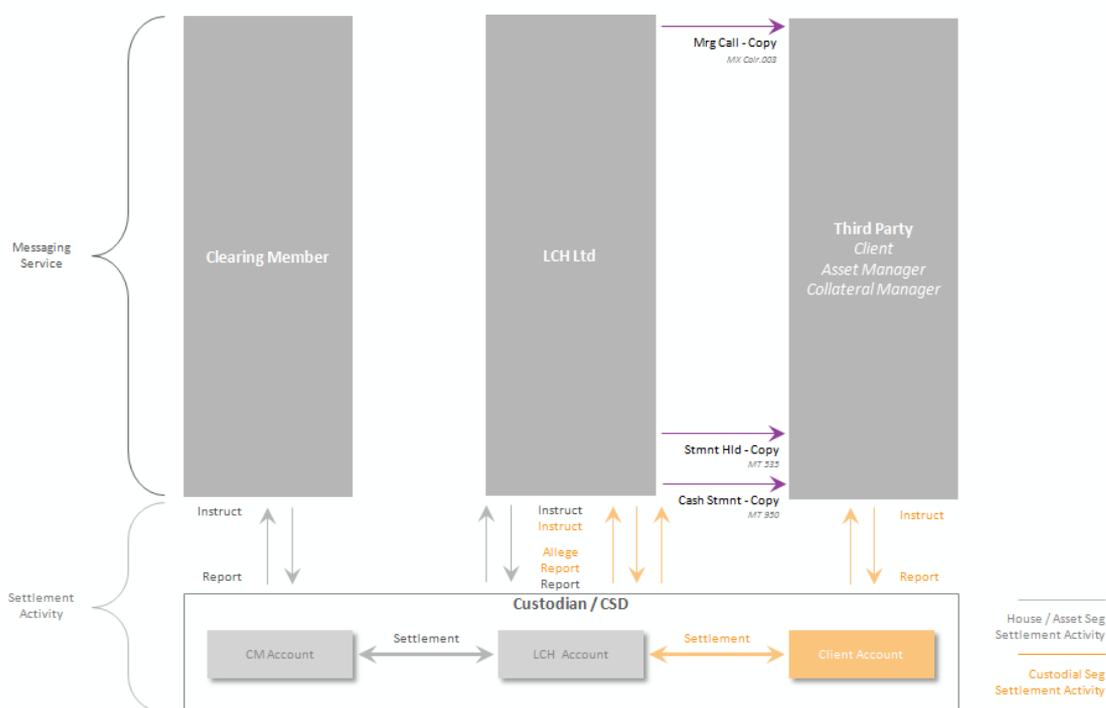


Figure 6 the **Third Party Messaging Service**

SWIFT MX Messaging purpose

The **Margin Call Request (colr.003)** message notifies the receiving party of a margin call or repayment of collateral in respect to a specific collateral account. The notification covers cash and triparty instructions initiated by either the Clearing House or the member (or client, in the case of CustodialSeg accounts) such as:

01. End-of-day margin calls;

02. Intraday margin calls;
03. Cover cash flows, such as realized variation margin (VM), price alignment interest (PAI) or end of day coupons on cleared positions;
04. Non-cover cash flows, such as interest, fees, coupons and redemptions on securities collateral or intraday coupons on cleared positions;
05. Clearing member pre-funding instructions, such as cash deposits or triparty lodge/amend;
06. Clearing member recalls of excess, such as cash withdrawals or triparty close/amend; and
07. CustodialSeg lodge, increase, decrease and close instruction initiated by the client.

The Margin Call Request is sent upon receipt of the ACK message from the underlying PPS Bank or Triparty Agent in response the LCH's instruction; as such they are sent inline with the CMS 'In Progress' status.

Full context specific details of the LCH usage guidelines can be found on SWIFT MyStandards under the following public collection:

[LCH - Global - Collateral - MX Standard Messaging Service](#)

SWIFT MT Messaging purpose

The use of the **Statement of Holdings** (MT535) message provides the receiving party with Security Balances (delivered bilaterally by the Clearing Member) for a specific collateral account, sent daily for end of the prior day, allowing users to reconcile security positions and valuations utilised for cover by the Clearing House.

The **Statement** (MT950) message provides the receiving party with Cash Balances for a specific collateral account, sent daily for end of the prior day, allowing members to reconcile cash positions utilised for cover by the Clearing House.

Full context specific details of the LCH usage guidelines can be found on SWIFT MyStandards under the following public collection:

[LCH - Global - Collateral - MT Standard Messaging Service](#)

On-boarding process

In order for LCH to support the third party on the [Third Party Messaging Service](#) the member must on-board the client through the following process:

01. The Third Party must subscribe with SWIFT for:
 - i. the MX Collateral Management service; and/or
 - ii. the FIN service;
02. The Clearing Member must register the Third Party with LCH for the [Third Party Messaging Service](#);

03. The Third Party must complete a Relationship Management Application (RMA) key exchange with LCH;
04. Viewing of the messages in the MyStandards Readiness Portal;
05. The Member must configure the outbound messaging for the Third Party in the CMS Production environment.

1. Registration with SWIFT

Third Parties will need to ensure they are registered with SWIFT as all messaging takes place over the SWIFT network. For many financial institutions this formality may have already been completed previously by their organisation as SWIFT is ubiquitous across financial markets:

i. MX Collateral Management service

For MX messages Third Parties will need to register for access to the SWIFTNET InterAct messaging service and subscribe to both the Collateral Management pilot (swift.colr!p) and live (swift.colr) production services, in order to receive messages to/from LCH. Third Parties should contact their SWIFT Account Manager for details on the registration process or through the SWIFT website www.swift.com. To assist please find some additional information via the SWIFT website at the following links:

[InterAct Messaging Service](#)

[Collateral Management - Bilateral Service](#)

ii. FIN service

For MT messages Third Parties will need to be subscribed to the SWIFTNET FIN messaging service, in order to receive messages from LCH. Most Members will already be subscribed but should contact their SWIFT Account Manager for details on the subscription process or through the SWIFT website www.swift.com if unsure. To assist please find some additional information via the SWIFT website at the following link:

[FIN Messaging Service](#)

2. Registering a Third Party with LCH

The Member will need to provide the Third Party's Bank Identification Code (BIC) and additionally for SWIFT MX their Distinguished Name (DN) to LCH together with contact details, via the completion of the [CMS Third Party Messaging Service Registration Form](#). The Member can provide details for multiple Clients / Third Parties through a single registration form, which is available from the following location:

<https://www.lch.com/risk-collateral-management/ltd-collateral-management/ltd-collateral-management-system>

3. Third Party RMA Key Exchange

LCH will send a request for RMA authorisation to the SWIFT BIC of the Third Party mentioned in the Registration Form. The Third Party should then provide an authorisation to the LCH SWIFT BIC LCHLGB2L (Ltd). This authorisation will allow LCH to send all SWIFT FIN message types to the SWIFT BIC of the Third Party. This authorisation will be immediately active (no start date) and will have no expiry date.

As the Collateral Management System (CMS) does not currently support inbound messages via ISO 15022, LCH will not send an RMA authorisation to the Third Party.

If a suitable RMA authorisation already exists between the Third Party and LCH (perhaps for another service) then this step can be skipped. This step is also not required if the Third Party is only subscribing to SWIFT MX messages.

4. MyStandards Readiness Portal

The MyStandards Readiness Portal can also be configured for Third Parties who are subscribing to receive outbound messages from LCH.Clearnet; however there is no mandatory testing required by LCH.Clearnet for these messages.

LCH.Clearnet will configure the MyStandards Readiness Portal specifically for the Third Party, containing only the guidelines and sample messages they have requested in the completed CMS Messaging Service Registration Form. Timeframes and testing dates for the Readiness Portal can be determined at the discretion of the Third Party.

5. Configuration of the Third Party in CMS

Once the Third Party has been registered with LCH (and the RMA Key Exchange has been successful, if required) the Third Party BIC and/or DN details will be configured by LCH in CMS. This configuration will not initiate the sending of any messages to the Third Party on its own but will allow the Member to complete the set-up as follows.

The member user must login to CMS and access the CMS Messaging Service page (from the "Profile" menu). From here, under the [Third Party Messaging Service](#) section, the member user can add specific Mnemonic / Subaccount combinations for Third Party reporting. The user will need to select the required Third Party BIC address from the drop down list. Once "Saved" the changes will come into effect during the next overnight process.

Third Party Messaging Service

Collateral Account Type

CLNT

Provides direct Clearing House to Third party reporting for specified accounts

Mnemonic	Sub Account	Third Party	MT535	MT950	Colr.003
AAA	S023	Client A - o=clienta11,o=swift - CLIENTA11	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: Third Party BICs / DNs require registration and Third Party BICs require an RMA Key exchange. Contact Collateral Ops for more details

Delete

Save

Figure 7 the Third Party Messaging Service section of the CMS Messaging Service page in CMS

Appendix i. - CMS: SWIFT MX STANDARD TEST TEMPLATE

Example:

Test	Test Type	MNE	Sub Account	Beneficial Owner	Custodian Account	ISIN / Currency	Quantity	Insert Text
1	Client C Lodge	AAA	C	Proprietary	EUROCLEAR UK & IRE A/C 5165	GB00B4RMG977	20,000,000.00	EUROCLEAR UK & IRE A/C 1234
2	Client S123 Release	AAA	S123	Proprietary	EUROCLEAR BANK AC 91205	FR0121411724	2,520,000.00	EUROCLEAR BANK AC 12345
3	Transfer from H to S123	AAA	From H - To S123	Proprietary	EUROCLEAR UK & IRE A/C 5165	GB00B4RMG977	300,000.00	EUROCLEAR UK & IRE A/C 1234
4	Client Lodge - Client Owned (Non-SWP)	AAA	S123	Client ABC	EUROCLEAR UK & IRE A/C 5165	GB00B4RMG977	600,000.00	EUROCLEAR UK & IRE A/C 1234
5	Client Lodge - Client Owned (SWP Member)	BBB	S123	SwapClear Member	EUROCLEAR UK & IRE A/C 5165	GB00B4RMG977	600,000.00	EUROCLEAR UK & IRE A/C 1234
6	House Lodge from Local Market	AAA	H	Proprietary	EUROCLEAR BANK AC 91205	FR0121411724	100,000.00	AGENT IN LOCAL MKT A/C 12345
7	Client S123 Deposit via Client Ref	BBB	ACREF0001		-	EUR	2,500,000.00	-
8	Client S123 Withdrawal	BBB	S123		-	GBP	600,000.00	-
9	Client O Substitution (Lodge)	AAA	O123	Proprietary	CITI NY 090372 NON US OWNER	US912828EA42	2,000,000.00	FEDWIRE A/C 123456
10	Client O Substitution (Release)	AAA	O123	Proprietary	EUROCLEAR BANK AC 91205	DE0001134468	1,500,000.00	EUROCLEAR BANK AC 12345
11	Custodial Seg – Affirm (Amend – Increase)	AAA	S123	NA	NA	NA	NA	NA
12	Custodial Seg – Reject (Amend – Decrease)	AAA	S123	NA	NA	NA	NA	NA

Appendix ii. - CMS: SWIFT MX CUSTODIAL SEG TEST TEMPLATE

Example:

Test	Test Type	MNE	Sub Account	Currency	Tran. Amount
1	Client S123 Lodge (Affirm)	AAA	S123	GBP	20,000,000.00
2	Client S123 Amend – Increase (Affirm)	AAA	S123	GBP	25,000,000.00
3	Client S123 Amend – Decrease (Affirm)	AAA	S123	GBP	15,000,000.00
4	Client S123 Close (Affirm)	AAA	S123	GBP	N/A
5	Client S123 Cancellation	AAA	S123	GBP	15,000,000.00
6	Passed Tri-party Deadline	AAA	S123	GBP	15,000,000.00
7	Failed LCH Cover Check	AAA	S123	GBP	15,000,000.00
8	Client S123 Lodge (Reject)	AAA	S123	GBP	20,000,000.00
9	Client S123 Amend – Increase (Reject)	AAA	S123	GBP	25,000,000.00
10	Client S123 Amend – Decrease (Reject)	AAA	S123	GBP	15,000,000.00
11	Client S123 Close (Reject)	AAA	S123	GBP	N/A