



# Nasdaq Calypso

## Clearing Member OTC Margin

Version 18

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February 2024

Approved

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### Document History

Revision	Published	Summary of Changes
1.0	February 2024	First revision for version 18

**The Margin solution allows calculating the CCP margin requirements, as an end of day process, as an incremental intraday process, or as part of the clearing novation process.**

**It is installed as part of the Calypso Installer when you select the "Margin Engine" and "Enterprise Risk" processes.**

**In addition, incoming messages can be validated against Initial Margin (IM) exposure limits. Once an incoming message is accepted, a CLEARED trade is created, and it can then be processed by the Clearing Member module.**

 [NOTE: The indicative margin requirements generated by the Calypso Margin calculators are estimates which are provided for reference purposes only. The actual margins imposed by the exchange may differ from these indicative margin requirements. Calypso Technology and its affiliates will not be liable for any loss suffered due to any omission, error, inaccuracy, incompleteness, or otherwise any reliance on these indicative margin requirements]

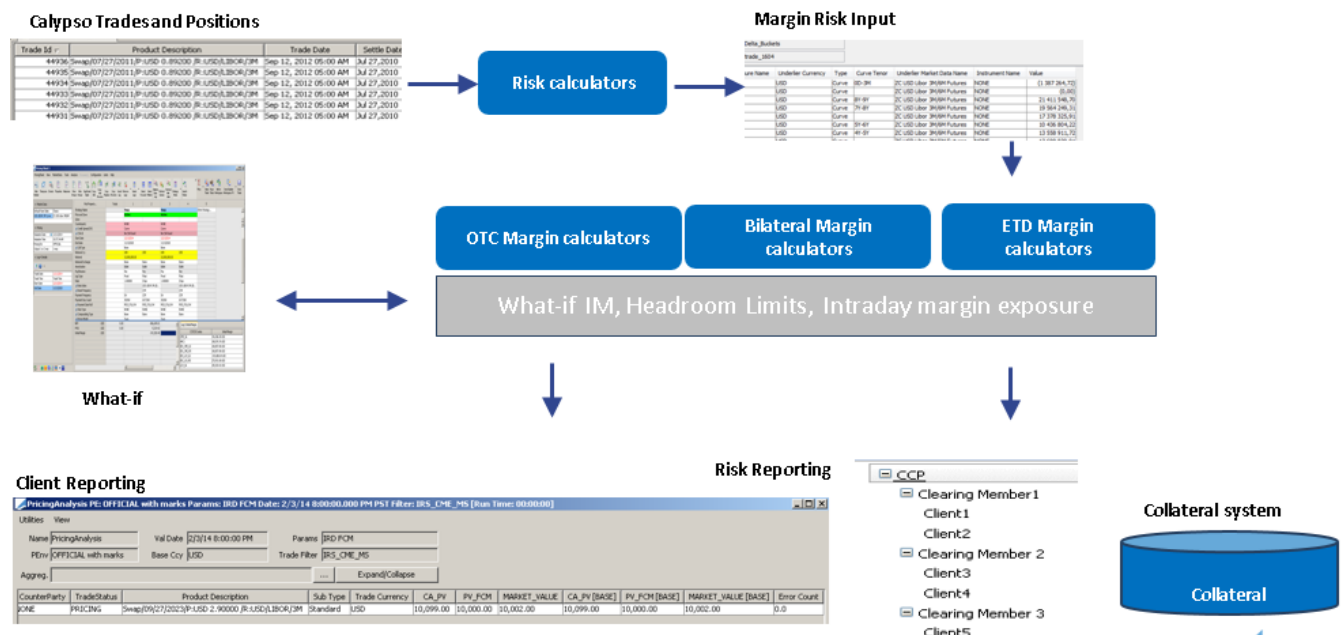
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# 1. OTC Margin Overview

After all the market data and shifting scenarios have been imported by the various market data scheduled tasks, you can compute initial margins using the Margin Engine.



## Intraday incremental margin calculation, limit/headroom check, and clearing novation (INCREMENTAL MARGIN section below)

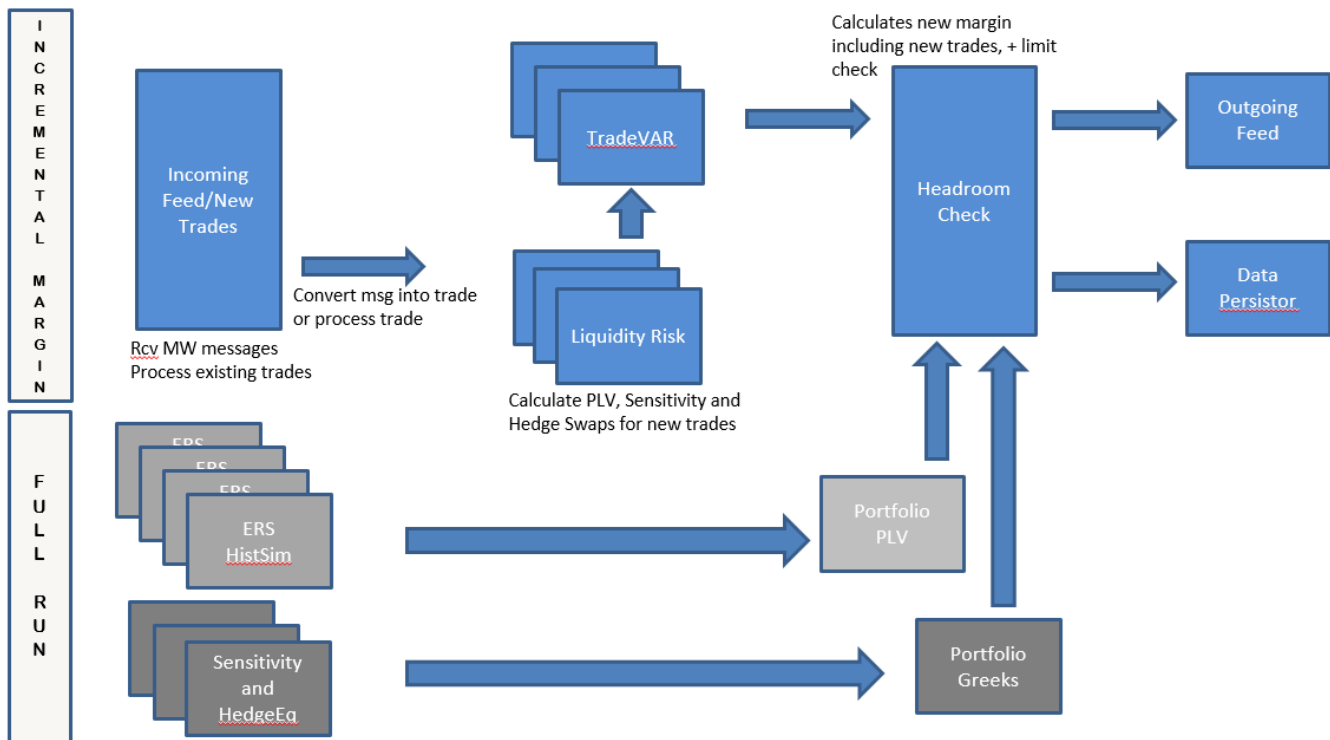
- In preparation for the clearing novation limit check and incremental margin calculation, at the start of the day, PL Vectors are loaded in memory for all portfolios in the selected hierarchy
- SEF or MW proxy messages are injected in Calypso via the “Message Injector”, and validated
- Messages are paired in the “Trade Pairing” Engine
- Messages are translated into trade objects by the “Feed Translator”
- The PL Vectors for each new trade are calculated by the “Trade VAR” engine
- The incremental Margin Exposure for each new trade is calculated by the “Headroom Check” engine
- The updated Margin Exposure (including the incremental margin calculated in step f) is compared against the Initial Margin and Headroom limits. If the limits are breached, trades are rejected; if not trades are accepted for clearing. This process is handled by the “Headroom Check” engine.
- Accepted trades are booked between the CCP and each Clearing Member. Trades attributes are created to track information related to the clearing channel, and the clearing limit check.
- In parallel, data related to margin calculation and limit check are persisted in the database by the “Data Persistor”. An example of the persisted data is provided below.

## End of day Margin Calculation (FULL RUN section below)

As part of the end of day process, the margin calculation is performed by running HistSim Analysis, using a DataGrid and a Calculation Grid.

The margin calculation process is decomposed into 4 steps:

- Using the Data Grid, hydrate the market data and historical scenarios for the selected hierarchy of portfolios.
- Using the Calculation Grid, calculate the PL Vectors and Initial Margin
- Save the results in the database
- The results will be loaded in memory for intraday incremental margin calculation, at the start of the day, and each time a market data catch up is required.
- Results are also available in a csv files, and can be saved as PL Marks (using the Scheduled task MARGIN\_OTC\_VM\_CALCULATOR)



Sample market data setup for margin estimation is described below.

The general process for accepting or rejecting incoming messages is the following:

- The process allows users to check whether they have enough limits to accept a trade request for clearing.
- The process is an intraday process, which calculates and stores PL Vectors in memory, for a fast estimate of the corresponding Initial Margin, and Limit Check. It is based on an incremental update of the initial margin.

- The limits consider the Initial Margin Exposure, the collateral and the limits defined at the CCP Margin Account and/or the client level.
- The end-to-end process is the following:
  - As part of the End of Day process the current Initial Margin exposure is calculated for each portfolio. At the start of the day, those exposures are loaded in memory (in the form of PL Vectors).
  - Messages are received from the CCPs: Request for Consent, Cleared, Rejected, Terminated, Compressed. Those messages are converted into transient trades when possible, and sent to the limit layer for processing.
  - The process is organized around 3 steps: P&L Vector calculation for new trade (in Trade VAR), incremental IM estimation and limit check.
  - Once the limit check is complete, the results are sent to the Persistor, which will save the trades to the database. Trades are saved in a LIMIT\_APPROVED or LIMIT\_REJECTED trade status.
  - If the messages don't include enough information for the limit check, the messages will be sent to the Persistor to be mapped to existing trades, and resent to the limit check. This is done via the Update Manager.
- The trade workflow can be configured to either reject the trades automatically, send them back for a new limit check, or manual approval.

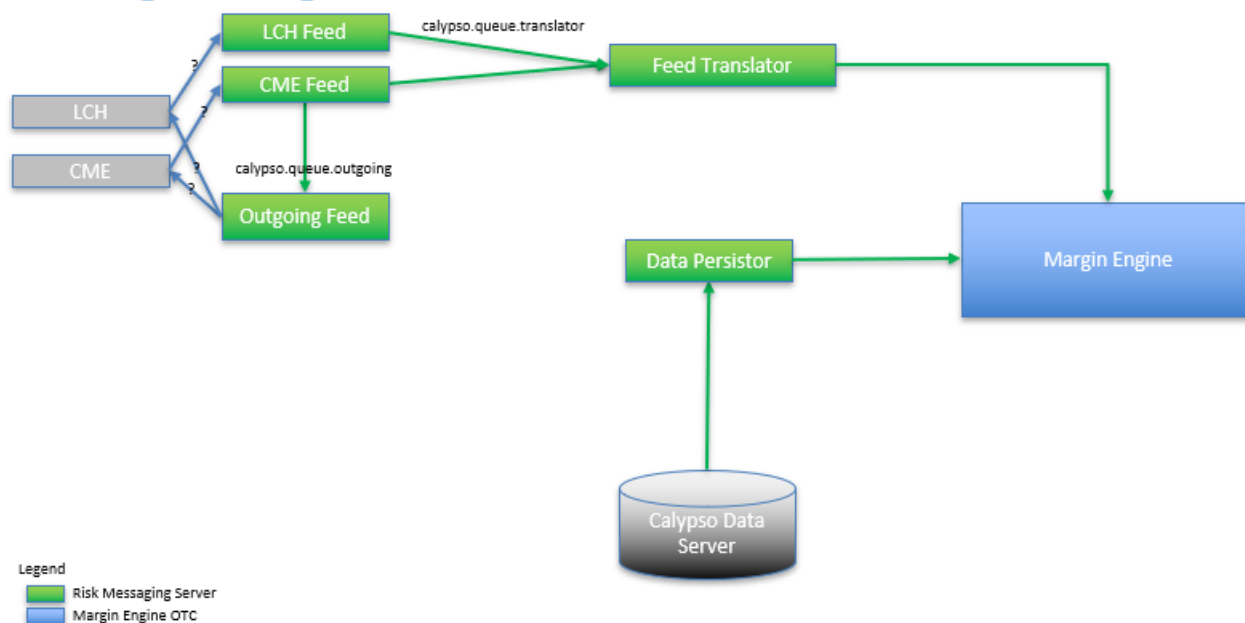
If the collateral positions are modified intraday, a set of processes allow updating the limit check accordingly.

If new limits are imported intraday, the limit check will take the updated limits into account intraday.

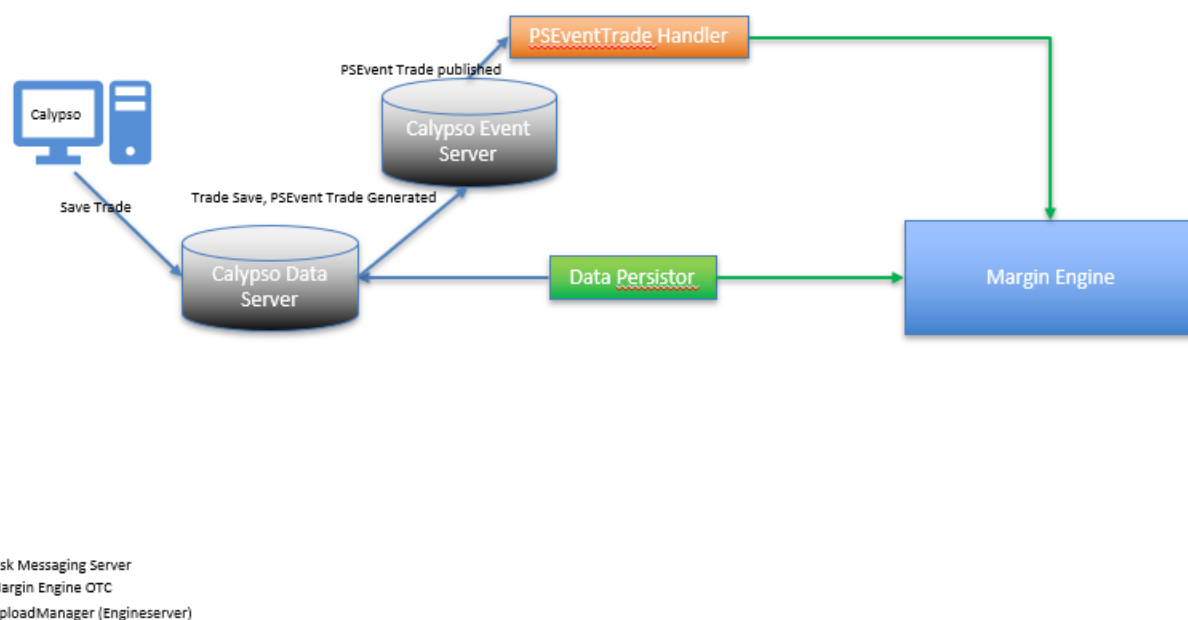
The limit check does not process messages in a sequential order.

## ***FCM and CCP Architecture Overview***

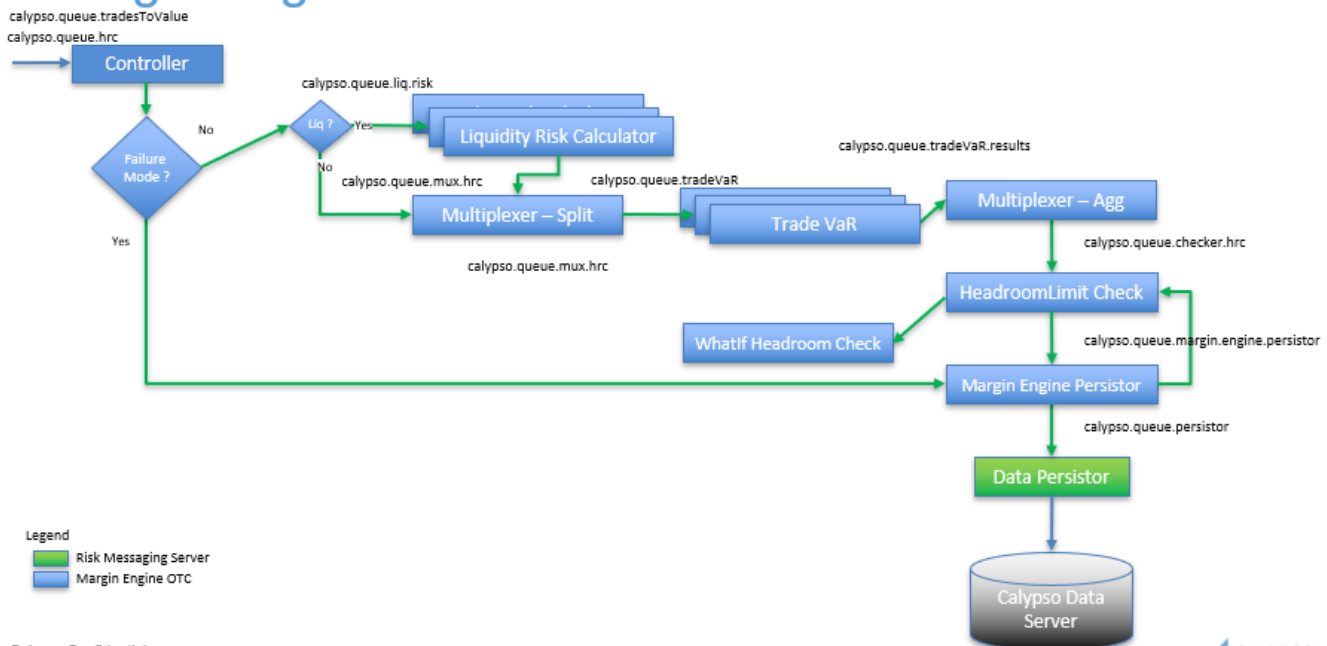
## Margin Engine – Flow - FCM



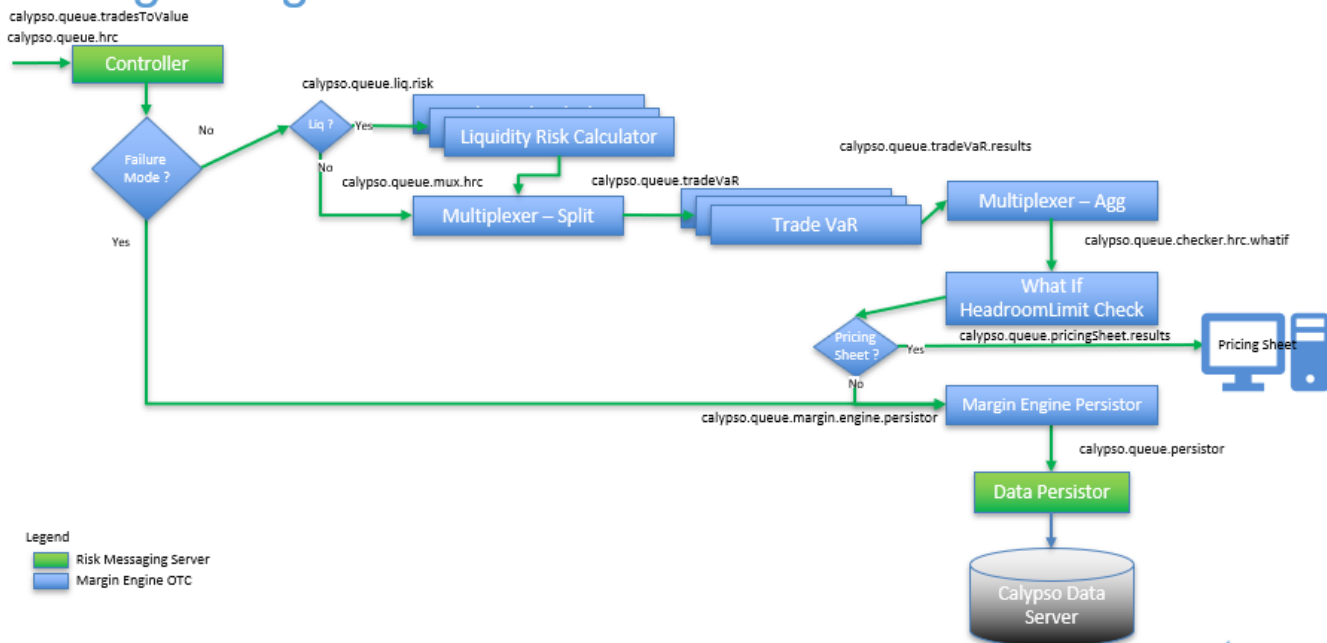
## Margin Engine – Flow - CCP



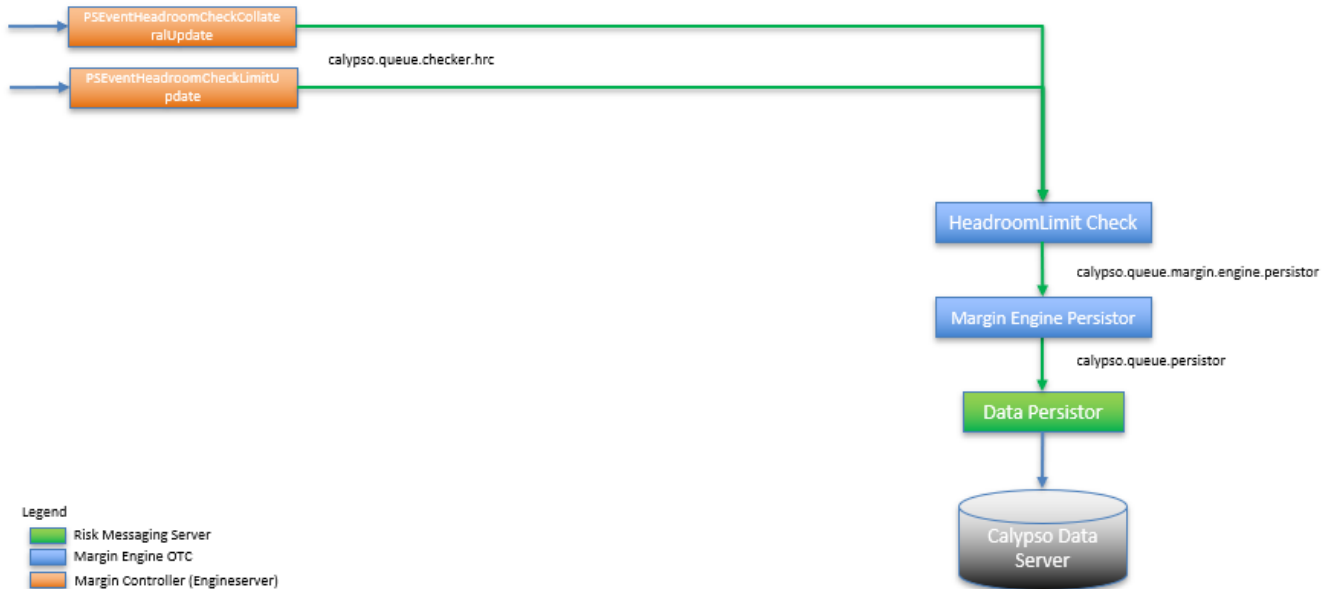
## Margin Engine – Trades flow



## Margin Engine – What If flow



## Margin Engine – Update Flow (Limits and Collateral)

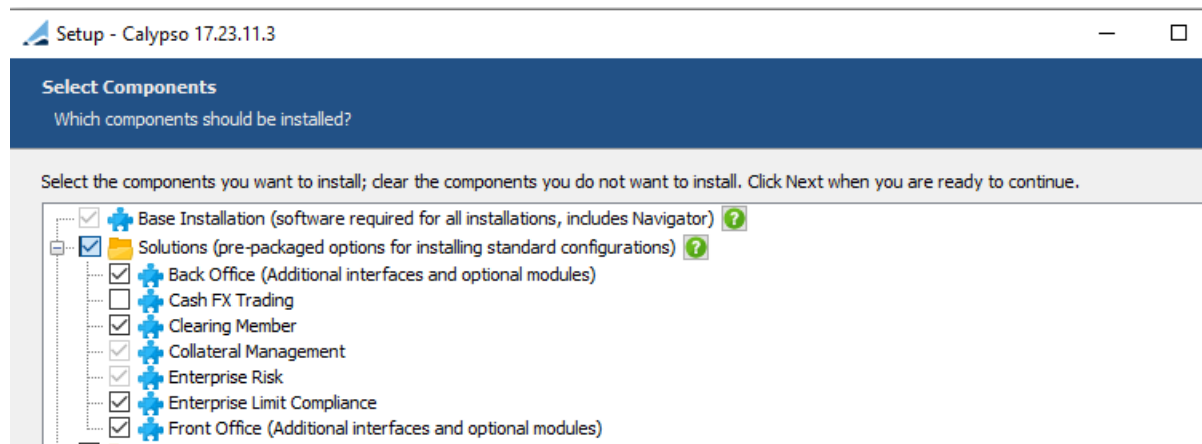


## 2. OTC Margin Installation

The Margin calculators are installed as part of the Calypso Installer when you select the “Clearing Member” and the “Margin Engine” modules.

In addition to core Calypso, you need the following modules:

- Clearing Member
- Collateral
- Data Uploader
- Enterprise Risk
- Margin Engine









Please refer to the *Calypso Installation Guide* and *Calypso Clearing Member Setup Guide* for installation details.

### Margin Calculators

In the “Common Third-Party Libraries & Extension” window, add the Margin Calculator JARs to the “Libraries (Jar files)” section.

Please contact Calypso Product Support for obtaining the margin calculators. They will be delivered via the customer portal.

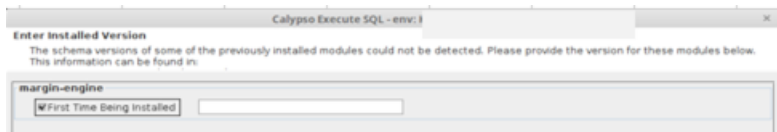
Name	Date modified	Type	Size
 calypso-margin-calculator-typed-15.11.1.jar	12-05-2023 00:23	Executable Jar File	20 KB
 calypso-margin-calculator-typeee-15.11.2.jar	04-09-2023 00:41	Executable Jar File	9 KB
 calypso-margin-calculator-typef-15.11.2.jar	04-09-2023 00:41	Executable Jar File	12 KB
 calypso-margin-calculator-typeh-15.11.2.jar	04-09-2023 00:41	Executable Jar File	12 KB
 calypso-margin-calculator-typeia-15.11.1.jar	23-05-2023 00:52	Executable Jar File	26 KB
 calypso-margin-calculator-typej-15.11.2.jar	04-09-2023 00:41	Executable Jar File	58 KB

### Database Upgrade

When you run Execute SQL as part of your installation, the data files will be already loaded.

For first-time installation, check “First Time Being Installed”.

In case of upgrade, please enter value of 1.0.0 for previous version.



## 3. OTC Margin FCM Setup

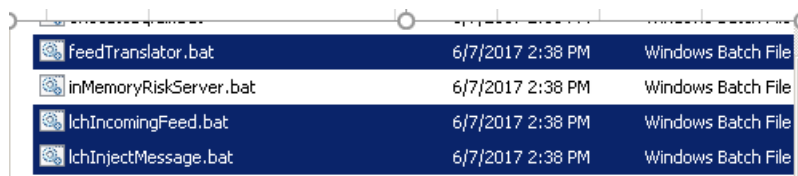
### 3.1 Exchange Feed

#### 3.1.1 Messages Setup

Import the following message workflows:

- <calypso home>/client/resources/INCOMINGSOURCEMSG.wf
- <calypso home>/client/resources/PLATFORMMSG.wf

Additional services to start



Service Name	Date/Time	Type
feedTranslator.bat	6/7/2017 2:38 PM	Windows Batch File
inMemoryRiskServer.bat	6/7/2017 2:38 PM	Windows Batch File
IchIncomingFeed.bat	6/7/2017 2:38 PM	Windows Batch File
IchInjectMessage.bat	6/7/2017 2:38 PM	Windows Batch File

#### INCOMINGSOURCEMSG Message Workflow

Orig Status	Action	Resulting Status	Use STP	Rules	Filter
CANCELED	CANCEL	CANCELED	false		
NONE	NEW	PENDING	true		
PENDING	CANCEL	CANCELED	false		
PENDING	PROCESS	RECEIVED	true	CheckLink	
PENDING	REJECT	REJECTED	false		RejectedUploadSourceMessage
RECEIVED	CANCEL	CANCELED	false		
RECEIVED	COMPLETE	COMPLETED	true		CompletedUploadSourceMessage
RECEIVED	REJECT	REJECTED	false		RejectedUploadSourceMessage
RECEIVED	REPROCESS	RECEIVED	false		

Static data filters:

Static Data Filter Window [140018SP1/LAPTOP\_REL14/calypso\_user]

Name: RejectedUploadSourceMessage    Attributes...    Simulate...

Comment:

Groups: ANY    ...

Attribute	Criteria	Filter Value(s)
MSG_ATTRIBUTE.UploadObjectStatus	LIKE	Rejected

Static Data Filter Window [140018SP1/LAPTOP\_REL14/calypso\_user]

Name: CompletedUploadSourceMessage    Attributes...    Simulate...

Comment:

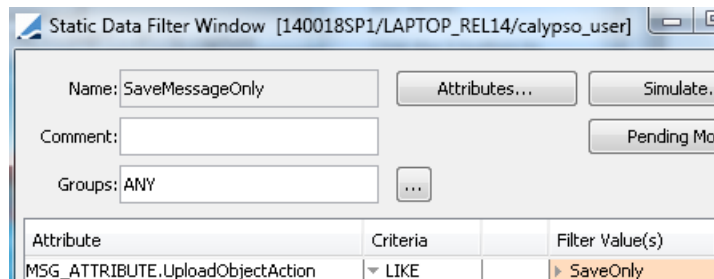
Groups: ANY    ...

Attribute	Criteria	Filter Value(s)
MSG_ATTRIBUTE.UploadObjectStatus	LIKE	Completed

### PLATFORMMSG Message Workflow

Orig Status	Action	Resulting Status	Use STP	Rules	Filter
COMPLETED	UPDATE	COMPLETED	false		
NONE	NEW	COMPLETED	true		SaveMessageOnly
NONE	NEW	PENDING	true		NotSaveMessageOnly
PENDING	PROCESS	TO_TRANSLATE	true		
SENT	CANCEL	CANCELED	false		
SENT	COMPLETE	COMPLETED	false		
SENT	FAIL_SEND	TO_BE_SENT	false		
TO_BE_SENT	CANCEL	CANCELED	false		
TO_BE_SENT	RESEND	SENT	false	PlatformReprocess	
TO_TRANSLATE	CANCEL	CANCELED	false		
TO_TRANSLATE	REPROCESS	TO_TRANSLATE	false	PlatformReprocess	
TO_TRANSLATE	TRANSLATE	TRANSLATED	false		
TRANSLATED	CANCEL	CANCELED	false		
TRANSLATED	FAILED	TO_TRANSLATE	false		
TRANSLATED	FAIL_SEND	TO_BE_SENT	false		
TRANSLATED	SEND	SENT	false		

Static data filters:



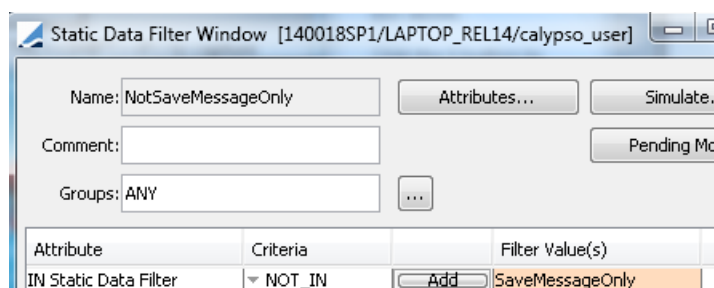
Static Data Filter Window [140018SP1/LAPTOP\_REL14/calypso\_user]

Name: SaveMessageOnly    Attributes...    Simulate...

Comment:

Groups: ANY    ...

Attribute	Criteria	Filter Value(s)
MSG_ATTRIBUTE.UploadObjectAction	LIKE	SaveOnly



Static Data Filter Window [140018SP1/LAPTOP\_REL14/calypso\_user]

Name: NotSaveMessageOnly    Attributes...    Simulate...

Comment:

Groups: ANY    ...

Attribute	Criteria	Filter Value(s)
IN Static Data Filter	NOT_IN	SaveMessageOnly

### 3.1.2 Task Station Configuration

You can view EX\_INCOMINGSOURCEMSG exceptions in the Task Station for exceptions related to the integration of INCOMINGSOURCEMSG messages.

You can also view INCOMINGSOURCEMSG messages using <status code>\_INCOMINGSOURCEMSG.

You can view EX\_PLATFORMMSG exceptions in the Task Station for exceptions related to the integration of PLATFORMMSG messages.

You can also view PLATFORMMSG messages using <status code>\_PLATFORMMSG.

## 3.2 Trade Workflow

There are two use cases:

- Messages are received via the Incoming Feed/Feed translator
- Existing trades are resubmitted to the Margin Engine for re-processing or post-novation event

### 3.2.1 Messages Received via the Incoming Feed/Feed Translator

The Feed translator creates a trade in memory. It is processed by the Margin Engine. After the margin calculation and limit check process, a trade is created with a NONE/NEW transition. The trade will be assigned 3 keywords:

- HRCStatus - Accepted/Rejected/AutoRejected

- HRCRejectReason
- IM\_PORTFOLIO\_NAME

## Sample Workflow

You can import the trade workflow from:

```
<calypso home>/client/resources/workflow/TRADE_WORKFLOW_HRC.wf
```

**Step 1** – Edit “TRADE\_WORKFLOW\_HRC.wf”, and set the processing org to your processing org. It is set to CALYPUS by default.

```
TRADE_WORKFLOW_HRC.wf
1 PSEventTrade;CLEARED;COMPRESS;PENDING_HRC_TERM;true;false;false;ALL;ALL;;CALYPUS;false
2 PSEventTrade;CLEARED;DECLAR;PENDING_HRC_TERM;true;false;false;ALL;ALL;;CALYPUS;false;
3 PSEventTrade;CLEARED;TRANSFER;PENDING_HRC_TERM;true;false;false;ALL;ALL;;CALYPUS;false
```

**Step 2** – Import the trade workflow (PSEventTrade) for your processing org, ALL subtypes, ALL product types.

Orig Status	Action	Resulting Status	Use STP	Rules	Filter
CLEARED	COMPRESS	PENDING_HRC_TERMINATE	false	blank	blank
CLEARED	DECLAR	PENDING_HRC_TERMINATE	false	blank	blank
CLEARED	TRANSFER	PENDING_HRC_TERMINATE	false	blank	blank
LIMIT_APPROVED	CLEAR	CLEARED	true	blank	CCP_Cleared
LIMIT_APPROVED	REFUSE	PENDING_HRC_REVERT	false	blank	blank
LIMIT_FAILED	CANCEL	CANCELED	false	blank	CCP_NotCleared
LIMIT_FAILED	FORCE_ACCEPT	PENDING_HRC	false	blank	blank
LIMIT_FAILED	FORCE_REJECT	PENDING_HRC_REJECTION	false	blank	CCP_NotCleared
LIMIT_FAILED	REFUSE	REJECTED	false	blank	CCP_NotCleared
LIMIT_FAILED	SUBMIT	PENDING_HRC	false	blank	blank
LIMIT_REJECTED	REFUSE	REJECTED	false	blank	blank
NONE	NEW	PENDING	true	blank	CCP_NotCleared
NONE	NEW	PENDING_HRC	true	blank	CCP_Cleared
PENDING	CANCEL	CANCELED	false	Cancel	blank
PENDING	STP-ACCEPT	LIMIT_APPROVED	true	blank	HRC_Accepted
PENDING	STP-REJECT	LIMIT_FAILED	true	blank	HRC_Rejected

Orig Status	Action	Resulting Status	Use STP	Rules	Filter
PENDING	STP-REJECT	LIMIT_REJECTED	true	blank	HRC_AutoRejected
PENDING_HRC	ACCEPT	LIMIT_APPROVED	false	blank	blank
PENDING_HRC	FORCE_ACCEPT	PENDING_HRC	false	blank	blank
PENDING_HRC	REFUSE	REJECTED	false	blank	blank
PENDING_HRC	REJECT	LIMIT_FAILED	False	blank	blank
PENDING_HRC	SUBMIT	PENDING_HRC	false	blank	blank
PENDING_HRC_REJECTION	STP-REJECT	LIMIT_REJECTED	true	blank	blank
PENDING_HRC_REVERT	REVERT	REJECTED	false	blank	blank
PENDING_HRC_REVERT	SUBMIT	PENDING_HRC_REVERT	false	blank	blank
PENDING_HRC_REVERT	UPDATE	PENDING_HRC_REVERT	false	blank	blank
PENDING_HRC_TERMINATE	SUBMIT	PENDING_HRC_TERMINATE	false	blank	blank
PENDING_HRC_TERMINATE	TERMINATE	TERMINATED	false	blank	blank
PENDING_HRC_TERMINATE	UPDATE	PENDING_HRC_TERMINATE	false	blank	blank
REJECTED	ACCEPT	PENDING_HRC_REVERT	false	blank	blank
REJECTED	REJECT	REJECTED	false	blank	blank

Static data filters:

Static Data Filter Window [141003/LAPTOP\_REL14/calypso\_user]

Name: CCP\_Cleared Attributes... Simula

Comment: Pending

Groups: ANY ...

Attribute	Criteria	Filter Value(s)
KEYWORD.CCPStatus	LIKE	Cleared

Static Data Filter Window [141003/LAPTOP\_REL14/calypso\_user]

Name: CCP\_NotCleared Attributes... Simula

Comment: Pending

Groups: ANY ...

Attribute	Criteria	Filter Value(s)
IN Static Data Filter	NOT_IN	Add CCP_Cleared

Static Data Filter Window [140018SP1/LAPTOP\_REL14/calypso\_use

Name: HRC\_Accepted Attributes...

Comment:

Groups: ANY ...

Attribute	Criteria	Filter Value(s)
KEYWORD.HRCStatus	LIKE	Accepted

Static Data Filter Window [140018SP1/LAPTOP\_REL14/calypso\_user

Name: HRC\_AutoRejected Attributes...

Comment:

Groups: ANY ...

Attribute	Criteria	Filter Value(s)
KEYWORD.HRCStatus	LIKE	AutoRejected

Static Data Filter Window [140018SP1/LAPTOP\_REL14/calypso\_use

Name: HRC\_Rejected Attributes...

Comment:

Groups: ANY ...

Attribute	Criteria	Filter Value(s)
KEYWORD.HRCStatus	LIKE	Rejected

The various types of incoming messages may trigger limit check and/or impact IM Exposure:

Message Type	CCP	Limit Check	IM Exposure	Workflow
Request for Consent	CME	Check	Include	If the limit check passes, a trade is created in status LIMIT_APPROVED.
Clearing Confirm (auto consent)	CME	No Check	None	A LIMIT_APPROVED trade moves to status CLEARED.
Clearing Refuse	CME	No check	Remove	A LIMIT_APPROVED trade moves to status REJECTED.
Clearing Confirm (no auto consent)	CME	No check	Include	A trade is created in status CLEARED.
Clearing Confirm (netting new)	CME	No check	Include	A trade is created in status CLEARED.
Clearing Confirm (Terminate, Transfer)	CME	No check	Remove	A CLEARED trade moves to status TERMINATED.

Message Type	CCP	Limit Check	IM Exposure	Workflow
Clearing Confirm (Terminate, Netting)	CME	No check	Remove	A CLEARED trade moves to status TERMINATED.
Request for Consent (normal trade, transfer in, transfer out)	LCH	Check	Include	If the limit check passes, a trade is created in status LIMIT_APPROVED.
Clearing Confirm (normal trade, transfer in, transfer out)	LCH	No check	None	A LIMIT_APPROVED trade moves to status CLEARED.
Clearing Refuse	LCH	No check	Remove	A LIMIT_APPROVED trade moves to status REJECTED.
Clearing Confirm (netting new)	LCH	No check	Include	A trade is created in status CLEARED.

When the limit check fails, the trade can be manually resubmitted for limit check (action SUBMIT). In this case, the trade is routed to the TradeVaR process through the Margin Controller engine.

### 3.2.2 Existing Trades Resubmitted to the Margin Engine

For existing trades, here are the supported actions:

- SUBMIT - ACCEPT/REJECT
- RESUBMIT - ACCEPT/REJECT
- FORCEACCEPT - ACCEPT/REJECT
- REFUSE - REFUSE
- REVERT - REVERT/REJECT
- CLEAR - CLEAR if accepted by MGNE
- COMPRESS - COMPRESS if accepted by MGNE
- TERMINATE - ACCEPT/REJECT
- AMEND - ACCEPT/REJECT
- FORCEAMEND - ACCEPT/REJECT

For any other action, trades will not be updated, and the margin results will not be saved. A task will be created in the task station.

## 3.3 Limit Check

For complete details on Limit Check setup, please also refer to the *Calypso Messaging Framework Integration Guide*.

### 3.3.1 Environment Properties

Please set the following environment properties:

Property Name	Property Value	Description
datagrid.impl	hazelcast	In-memory data grid.
RISKCONTROLEVENTSERVERURL	tcp://localhost:61919	Host name and port number of the Uploader Messaging Server.

### 3.3.2 Domain "MarginEngine"

The following domain values need to be defined in the domain "MarginEngine".

#### Value = HEADROOMCHECK\_PRICING\_ENV

Comment = Pricing environment used to compute Limit Check. It defines what base currency is used for client level calculation.

#### Value = HEADROOMCHECK\_NPV\_RULE

Determines if the NPV should be included in limit check:

Name:	MarginEngine
Value:	HEADROOMCHECK_NPV_RULE
Comment:	ALWAYS

- ALWAYS - NPV is included for all trades.
- NEVER - NPV is never included.
- BACKDATED - NPV is included only for back-dated trades.
- RISK\_INCREASING - Only Positive NPV is included for all trades.

#### Value = HRC\_MAX\_DAYS\_BACK

Name:	MarginEngine
Value:	HRC_MAX_DAYS_BACK
Comment:	5000

Comment = Number of days for which historical PL Vectors can be used (mostly for testing). The domain value is used to load collateral results. This can be set to any number of days.

### Value = HEADROOMCHECK\_RULES

Name:	MarginEngine
Value:	HEADROOMCHECK_RULES
Comment:	CMFMarginAccountRules

Comment = Limit Check rule. You can set:

- CMFMarginAccountRules - Checks limits at the account level only.
- CMFClientAndMarginAccountRules - Checks limits at the account and aggregation levels.
- OriginHeadroomTotalIM - Checks limits for hierarchies with a single level.
- ClientHeadroomTotalIM - Checks headroom limits (Collateral + Limit – TOTAL IM>0 or risk reducing) and IM limit (Limit – IM > 0 or risk reducing) at the Clearing Member level.

### Value = HRC\_PS\_TIMEOUT

Name:	MarginEngine
Value:	HRC_PS_TIMEOUT
Comment:	300000

Data Persistor timeout in ms.

### Value = MARGIN\_OTC\_CALCULATOR\_ST\_ID

List of scheduled task ids of MARGIN\_OTC\_CALCULATOR scheduled task used to calculate IM for intraday trades.

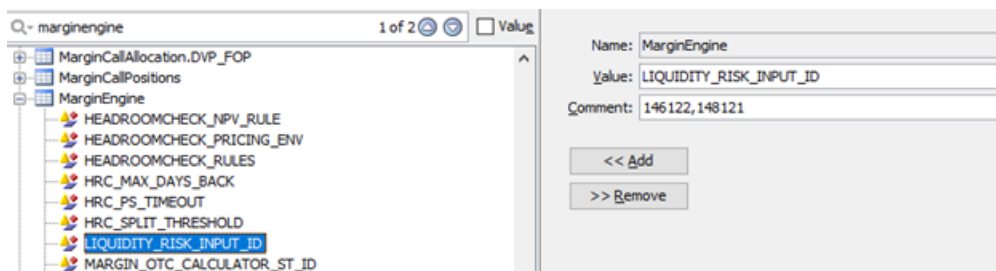
marginengine
1 of 2
Valu

MarginCallAllocation.DVP\_FOP
MarginCallPositions
MarginEngine
HEADROOMCHECK\_NPV\_RULE
HEADROOMCHECK\_PRICING\_ENV
HEADROOMCHECK\_RULES
HRC\_MAX\_DAYS\_BACK
HRC\_PS\_TIMEOUT
HRC\_SPLIT\_THRESHOLD
LIQUIDITY\_RISK\_INPUT\_ID
MARGIN\_OTC\_CALCULATOR\_ST\_ID

Name: MarginEngine  
Value: MARGIN\_OTC\_CALCULATOR\_ST\_ID  
Comment: 147122,148124  
<< Add  
>> Remove

### Value = LIQUIDITY\_RISK\_INPUT

List of scheduled task ids of LIQUIDITY\_RISK\_INPUT scheduled task used to calculate liquidity add-on for intraday trades. This attribute is mandatory to start the liquidity risk calculator. This calculator is only required for TYPEJ for calculating liquidity risk component for EUREX.



### 3.3.3 Limits

Limits can be imported using the Data Uploader.

Limits can be set to 0 by default.

Limits can be updated in bulk for all margin accounts, or for individual margin accounts.

Limits are set based on hierarchies.

Sample hierarchies:

#### CCP

Clearing Member 1

House (CCP limit)

Client (CCP Limit)

Client 1 (CMF Limit)

Client 2 (CMF Limit)

#### CMF

Client 1 (Client Limit)

CCP1 MA (Margin Limit)

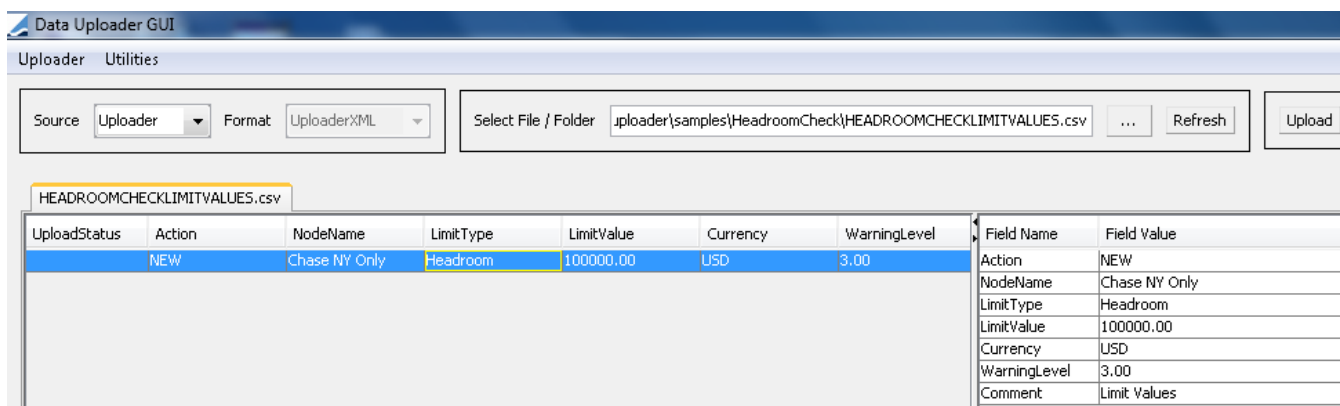
CCP2 MA (Margin Limit)

The Data Uploader supports CSV and XML files. The file names should start with "HEADROOMCHECKLIMITVALUES\_", for example "HEADROOMCHECKLIMITVALUES\_<name>.csv".

Sample files are provided under <calypso home>/docs/calypso-datauploader/samples/HeadroomCheck.

Launch the Data Uploader window using Processing > Tools > Data Uploader from the Calypso Navigator.

Select a file from your machine, the content for the file is displayed:



The screenshot shows the 'Data Uploader GUI' window. At the top, there are tabs for 'Uploader' and 'Utilities'. Below the tabs, there are dropdown menus for 'Source' (set to 'Uploader') and 'Format' (set to 'UploaderXML'). To the right, there is a 'Select File / Folder' field containing the path 'uploader\samples\HeadroomCheck\HEADROOMCHECKLIMITVALUES.csv', followed by '...' and 'Refresh' buttons. An 'Upload' button is located on the far right. Below these controls, a table titled 'HEADROOMCHECKLIMITVALUES.csv' is displayed. The table has columns: UploadStatus, Action, NodeName, LimitType, LimitValue, Currency, and WarningLevel. The first row is highlighted in blue and contains the values: NEW, Chase NY Only, Headroom, 100000.00, USD, and 3.00. To the right of the table, there is a 'Field Name' / 'Field Value' list showing the details of the selected row: Action: NEW, NodeName: Chase NY Only, LimitType: Headroom, LimitValue: 100000.00, Currency: USD, WarningLevel: 3.00, and Comment: Limit Values.

UploadStatus	Action	NodeName	LimitType	LimitValue	Currency	WarningLevel
NEW		Chase NY Only	Headroom	100000.00	USD	3.00

Field Name	Field Value
Action	NEW
NodeName	Chase NY Only
LimitType	Headroom
LimitValue	100000.00
Currency	USD
WarningLevel	3.00
Comment	Limit Values

» Click **Upload** to load the limit values into Calypso.

### 3.3.4 Margin Controller Engine

The Margin Controller Engine allows routing the collateral positions changes to the Trade VaR process.

It is configured in the Engine Manager of Web Admin: event subscription and engine parameters.

You may need to add this engine if it is not available for configuration: Create a new engine called MarginController with class name `com.calypso.service.limitsOrchestrator.MarginController`.

It subscribes to:

- PSEventHeadroomCheckCollateralUpdate
- PSEventHeadroomCheckLimitUpdate
- PSEventTrade
- PSEventMarginCallEntry

No event filter.

## Engine Configuration

Unable to edit a running engine. Displaying in read-only mode.

Engine Name: <a href="#">?</a>	Engine ID:	Max Queue Size: <a href="#">?</a>	Max Batch Size: <a href="#">?</a>																						
MarginController	421016																								
Engine Class:		Number of Threads: <a href="#">?</a>	Event Pool Policy: <a href="#">?</a>																						
com.calypso.service.limitsOrchestrator.MarginController																									
Display Name: <a href="#">?</a>		Pricing Environment: <a href="#">?</a>	Save settle position changes: <a href="#">?</a>																						
Margin Controller																									
	Application Type:	Configuration attributes																							
	EngineServer	<table border="1"> <thead> <tr> <th>Attribute Name</th> <th>Attribute Value</th> </tr> </thead> <tbody> <tr><td>BALANCE_MODE</td><td></td></tr> <tr><td>CLASS_NAME</td><td></td></tr> <tr><td>DISPLAY_NAME</td><td></td></tr> <tr><td>DateType</td><td></td></tr> <tr><td>EVENT_ORDER</td><td></td></tr> <tr><td>EXCLUDE_PRODUCTTYPE</td><td></td></tr> <tr><td>EXCLUDE_STATUS</td><td></td></tr> <tr><td>HANDLE_FUTURE_LIQ_CASH_FLOWS</td><td></td></tr> <tr><td>IGNORE_ACTION</td><td></td></tr> <tr><td>INSTANCE_NAME</td><td></td></tr> </tbody> </table>		Attribute Name	Attribute Value	BALANCE_MODE		CLASS_NAME		DISPLAY_NAME		DateType		EVENT_ORDER		EXCLUDE_PRODUCTTYPE		EXCLUDE_STATUS		HANDLE_FUTURE_LIQ_CASH_FLOWS		IGNORE_ACTION		INSTANCE_NAME	
Attribute Name	Attribute Value																								
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HANDLE_FUTURE_LIQ_CASH_FLOWS																									
IGNORE_ACTION																									
INSTANCE_NAME																									
Description:																									
Margin Controller																									
Persisted Event Configuration:																									
PSEventAccountBilling																									
PSEventMarginCallEntry																									
PSEventTrade																									
riskControl.tk.event.PSEventHeadroomCheckCollateralUp																									
riskControl.tk.event.PSEventHeadroomCheckLimitUpdate																									
Event Filters:																									
AllTransfersKnownEventFilter																									

Please refer to Calypso Web Admin documentation for complete details.

### 3.3.5 Update Manager Engine

The Update Manager engine allows routing of trade, imported collateral and limit updates.

It is configured in the Engine Manager of Web Admin: event subscription and engine parameters.










You may need to add this engine if it is not available for configuration: Create a new engine called UpdateManagerEngine with class name `com.calypso.tk.engine.UpdateManagerEngine`.

It subscribes to:

- PSEventTrade

Event filter = UpdateManagerEngineEventFilter

## Engine Configuration

Engine Name: 	Engine ID: 	Max Queue Size: 	Max Batch Size: 	Number of Threads: 																										
<input type="text" value="UpdateManagerEngine"/>	<input type="text" value="421014"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>																										
Engine Class:																														
<input type="text" value="com.calypso.tk.engine.UpdateManagerEngine"/>																														
Display Name: 	Application Type:	Event Pool Policy: 	Pricing Environment: 																											
<input type="text" value="Update Manager Engine"/>	<input type="text" value="EngineServer"/>	<input type="text" value=""/>	<input type="text" value=""/>																											
Description:	Save settle position changes: 																													
<input type="text"/>	<input type="text" value=""/>																													
Persisted Event Configuration:	Configuration attributes																													
<input type="text" value="PSEventAccountBilling"/>	<table border="1"> <thead> <tr> <th>Attribute Name</th> <th>Attribute Value</th> </tr> </thead> <tbody> <tr><td>BALANCE_MODE</td><td></td></tr> <tr><td>CLASS_NAME</td><td></td></tr> <tr><td>DISPLAY_NAME</td><td></td></tr> <tr><td>DateType</td><td></td></tr> <tr><td>EVENT_ORDER</td><td></td></tr> <tr><td>EXCLUDE_PRODUCTTYPE</td><td></td></tr> <tr><td>EXCLUDE_STATUS</td><td></td></tr> <tr><td>HANDLE_FUTURE_LIQ_CASH_FLOWS</td><td></td></tr> <tr><td>IGNORE_ACTION</td><td></td></tr> <tr><td>INSTANCE_NAME</td><td></td></tr> <tr><td>INV_MAX_POSITION</td><td></td></tr> <tr><td>LIQUIDATION_TIMEOUT</td><td></td></tr> </tbody> </table>				Attribute Name	Attribute Value	BALANCE_MODE		CLASS_NAME		DISPLAY_NAME		DateType		EVENT_ORDER		EXCLUDE_PRODUCTTYPE		EXCLUDE_STATUS		HANDLE_FUTURE_LIQ_CASH_FLOWS		IGNORE_ACTION		INSTANCE_NAME		INV_MAX_POSITION		LIQUIDATION_TIMEOUT	
Attribute Name	Attribute Value																													
BALANCE_MODE																														
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DISPLAY_NAME																														
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EVENT_ORDER																														
EXCLUDE_PRODUCTTYPE																														
EXCLUDE_STATUS																														
HANDLE_FUTURE_LIQ_CASH_FLOWS																														
IGNORE_ACTION																														
INSTANCE_NAME																														
INV_MAX_POSITION																														
LIQUIDATION_TIMEOUT																														
<input type="text" value="PSEventTrade"/>																														
Event Filters:																														
<input type="text" value="AllTransfersKnownEventFilter"/>																														
<input type="text" value="UpdateManagerEngineEventFilter"/>																														
Engine Manager Configuration:	Start on Startup:																													
<input type="text" value="engineserver"/>	<input type="checkbox"/>																													

Please refer to Calypso Web Admin documentation for complete details.

## 4. OTC Margin Process Setup

This section describes the configuration requirements to run the HistSim report.

### 4.1 Trade Filters

You need to configure a trade filter for each client and for each CCP that contains the trades for which you want to compute IM exposure.

### 4.2 Market Risk Hierarchies

Market Risk hierarchies are created using `/market-risk/setup/hierarchy/edit`.

Examples:

FX Tree

< All Hierarchies		<input type="checkbox"/> Expand nodes	
EUREX-FX-IM		Compare	Attributes
▼ CM201		+ Node	File
CM201P_FX [CM201P_FX]		Close	Save

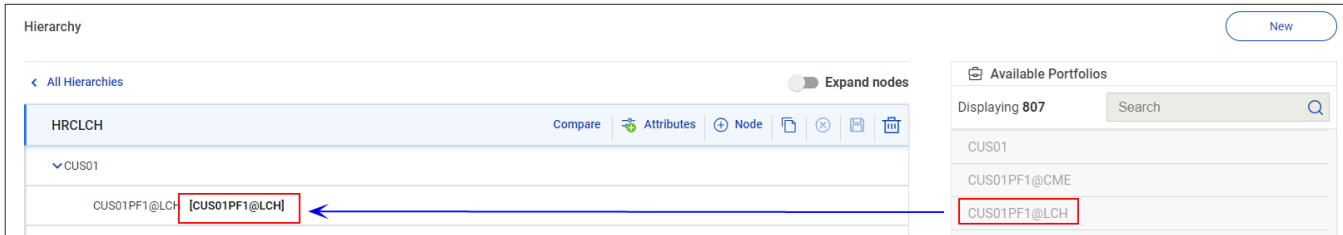
IRS Tree

< All Hierarchies		<input type="checkbox"/> Expand nodes	
EUREX-IRS-IM		Compare	Attributes
▼ CM201		+ Node	File
CM201P_IRS [CM201P_IRS]		Close	Save

Create a node for each client and each client account. The client account node must be associated with the trade filter previously created.

**[NOTE: The client account node MUST have the same name as the trade filter]**

Example:



**Important Note:** Also, the client account node (CUS01PF1@CME or CUS01PF1@LCH in this example) must be set on the account attribute InitialMarginAccountName of the Calypso client clearing accounts. This is used when computing the incremental IM exposure to associate the incoming message with the proper market hierarchy.

Name	Value
ClearingCashAccount	▼ false
Propagate	▼ false
AccountType	▼ Client
Description	▼ Clearing
InitialMarginAccountName	▼ CUS01PF1@LCH
CCPOriginCode	▼ CLIENT
InitialMarginAccount	▼ AAA222

## 4.3 Data Grid Configuration

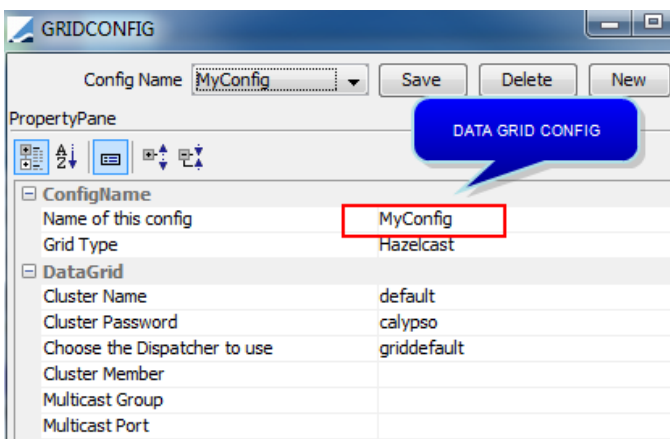
You need to use the in-memory data grid to compute the HistSim analysis.

Calypso currently supports the Hazelcast data grid.

The data grid is created using the scheduled task DATA\_GRID\_HYDRATE based on a data grid configuration and a HistSim batch name.

The HistSim analysis is then run on the data grid using the scheduled task ERS\_ANALYSIS.

Bring up the Data Grid Configuration window (menu action `grid.GridConfigEditor`).



- » Enter a name for the configuration. It is used to generate the data grid. Then enter the fields describe below.
- » Then click Save.

### Fields Details

Fields	Description
Grid Type	Select Hazelcast. Add datagrid.impl=hazelcast in env properties file.
Cluster Name Cluster Password	Enter a cluster name and cluster password. The cluster members (nodes) and clients having the same cluster configuration (i.e. same cluster name and password) form a private cluster.
Choose the Dispatcher to use	Select the dispatcher configuration for the data grid. <b>ⓘ [NOTE: You need a dedicated dispatcher configuration for all data grid calculators]</b> Please refer to the Calypso Installation Guide for information on setting up a dispatcher.
Cluster Member	Enter a cluster member (optional). If no value is entered, then Hazelcast client expects the data grid server to be running on the same machine as the client.
Multicast Group	Enter the multicast group IP address. Values can be between 224.0.0.0 and 239.255.255.255.
Multicast Port	Enter the multicast socket port which Hazelcast member listens to and uses to send discovery messages.

### Environment Property

Once you have defined the Data Grid Configuration, set the environment property:

`grid.config=<data grid configuration name>`

## 4.4 Configuring the Sim Analysis

You need to add the Sim analysis to Market Risk under **Setup >> Sim Parameter**.

### CME Parameters

**Attributes**

TYPED.

Name	Value
Scenario Set ID	9000
Attribution Type	Standard
Number of observations	2240
Observation Start Date	
Horizon	5
Confidence level	99.7
Primary Analysis Configuration	VAR997
Alpha USD	0.04
Alpha EUR	0.04
Alpha JPY	0.04
Alpha AUD	0.04

- Scenario Set ID – Enter the scenario set ID for the historical simulation.
- Number of observations – Enter the number of observations (scenarios) for the historical simulation.
- Confidence Level – Enter the confidence interval for the VAR calculation.
- Alpha<currency> should be added to the parameters for each currency. Currently alpha is 0.04 for each ccy.
- Horizon
- Methodology – We do not need to select methodology in the Sim Parameters. It can be selected in the MARGIN\_OTC\_CALCULATOR scheduled task (Described later in the document).

Add the following attribution types using **Setup >> Risk Attribution**:

Risk Attribution	
< All Risk Attributions	
Standard	
▼ FX	
ShiftItemFX	
▼ Rates	
ShiftItemCurveZero	

*LCH Parameters*














Attributes	
TYPEH	
Name	Value
Scenario Set ID	9003
Attribution Type	Standard
Number of observations	2500
Observation Start Date	<input type="text" value=""/>
Horizon	5
Apply FXPost PL	true
Interpolation Type	-1
Confidence level	6
Confidence Type	Absolute
Credit Multiplier	1.05
Primary Analysis Configuration	<input type="text" value=""/>

- Confidence Level - Percentage
  - PL vectors are sorted from the smallest to the largest value
  - ETL is the average[(rounddown( $p \cdot (n+1)$ ),0):1st PL] where p is 1-confidence interval and n the number of observations
- Confidence Level – Absolute Number of Losses
  - PL vectors are sorted from the smallest to the largest value
  - ETL is the average of xth PL to 1st PL
- Horizon
- Scenario Set ID – Enter the scenario set ID for the historical simulation.
- Number of observations – Enter the number of observations (scenarios) for the historical simulation.

- Methodology – We do not need to select methodology in the Sim Parameters.

## EUREX Parameters

Attributes	
EUREX_FX_SIM	
Name	Value
Scenario Set ID	1516,1517,1518,1519,1520,1016,1017,1018,1019,1020
Attribution Type	Standard
Number of observations	50,50,50,50,50,150,150,150,150,150
Observation Start Date	Observation Start Date
Horizon	1
Interpolation Type	0
Stress VAR Scale Factor	1
# FHS Scenario Sets	5
FHS VAR Confidence Level	96.6%
FHS VAR Scale Factor	1.51
FHS CBA Window Size	60
FHS VAR CBA Confidence	99%
FHS VAR CBA Scale Factor	2.44
# Stress Vertical Group	5
Stress Weighting Factor	0.65
# Stress Scenario Sets	5
Stress VAR Confidence Level	97.5%
Primary Analysis Configuration	Primary Analysis Configuration

EUREX_RS_SIM		
Name	Value	
Scenario Set ID	516,517,518,519,520,16,17,18,19,20	
Attribution Type	Standard	
Number of observations	50,50,50,50,50,150,150,150,150	
Observation Start Date	Observation Start Date	
Horizon	1	
Interpolation Type	0	
Stress VAR Scale Factor	1	
# FHS Scenario Sets	5	
FHS VAR Confidence Level	96.6%	
FHS VAR Scale Factor	1.51	
FHS CBA Window Size	60	
FHS VAR CBA Confidence	90%	
FHS VAR CBA Scale Factor	2.44	
# Stress Vertical Group	5	
Stress Weighting Factor	0.65	
# Stress Scenario Sets	5	
Stress VAR Confidence Level	97.5%	
Primary Analysis Configuration	Primary Analysis Configuration	

- Scenario Set ID: List of comma-separated list of scenario ids.
- Number of observations: List of comma-separated list of number of observations. The first one will be used for FHS VaR and the second one will be used for SP VaR.
- Methodology – Select “TYPEJ”.
- Stress Confidence Level: Specify the confidence level for stress VaR.
- FHS Factor: Scaling factor to be multiplied by FHS VaR.
- SP Factor: Scaling factor to be multiplied by Stress VaR.
- CBA Factor: Scaling factor to be multiplied by correlation break adjustment.
- CBA Moving Window: N days moving window for calculating CBA.
- SP VaR Weight: Weighting factor on SP VaR.
- Horizon

## 4.5 Market Data

### *Importing Variation Margin Curves*

CCPs often use different curves to price trades to calculate NPV and Variation Margin than they do to calculate Initial Margin requirements. This is especially true for CME, where the curves used for VM have daily points that go out 50 years. You would NEVER want to try to run a curve with this many points through a Historical Simulation required for IM calculation because it would take too long. The VM curve names vary by CCP, and they are mapped to curve names in Calypso through the Calypso Mapping window. We recommend to users to create pricer configurations called "CME\_VM", "LCH\_VM", etc. to hold VM curves.

VM curves are imported daily using the scheduled task CLEARING\_IMPORT\_MARKET\_DATA.

### *Importing Initial Margin Curves*

Very similarly to VM curves, IM curves are separate curves that are used in the Pricing Environment for IM calculations: "CME\_IM" and "LCH\_IM" pricer configurations.

IM curves are imported daily using the scheduled task CLEARING\_IMPORT\_MARKET\_DATA.

### *Importing Quotes*

Rate Index quotes and FX quotes provided by the CCP are imported using the scheduled task CLEARING\_MARKET\_DATA\_IMPORT.

### *Importing Curve Shifting Scenarios*

You can import the set of curve shifting scenarios that can be used to calculate VaR and IM through the CLEARING\_IMPORT\_SCENARIO\_SHIFTS scheduled task. These curves are stored in the Market Risk tables.

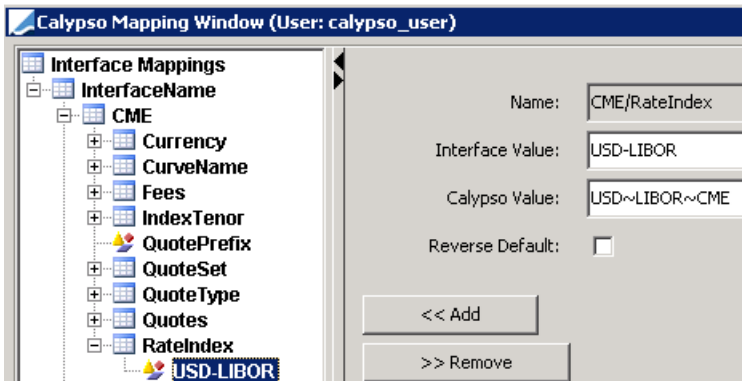
#### 4.5.1 Mapping Configuration

There is additional configuration required within the Calypso Mapping Window (menu action `mapping.CalypsoMappingWindow`).

### *Rate Indices*

The Rate Index Definition is defined using the standard process to generate a quote name for a given index. For our example we will use "MM.USD.LIBOR.tenor.CME" as our set of indices.

To map all of the tenors, we simply need one mapping for USD LIBOR as shown here:



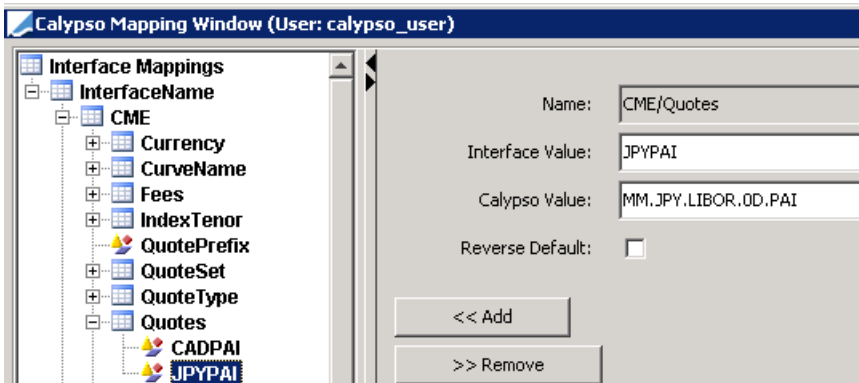
The Calypso Value “USD~LIBOR~CME” has some logic behind it to map the correct tenors of the quote name form “MM.USD.LIBOR.tenor.CME”. In other words, all tenors of USD LIBOR will be imported with this one mapping.

## CME Quotes

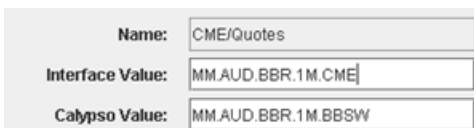
You can define quote mapping under CME > Quotes.

For example the quotes returned from CME are in the form "JPYPAI", "CADPAI" etc. They come from the file “CMEPAL\_\$date\_stamp.csv”.

You then define the mapping for the specific interface name. For example JPYPAI (interface value) can map to MM.JPY.LIBOR.0D.PAI (Calypso value).

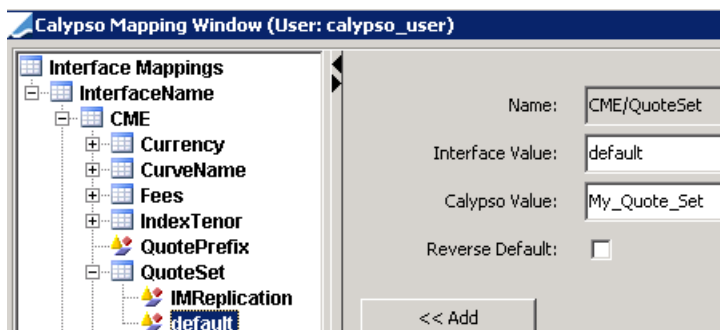


Sample rate reset quote mapping:



**[NOTE: The Calypso Value depends on the interest rate definition: “MM.<currency>.<rate index>.<tenor>.<source>”]**

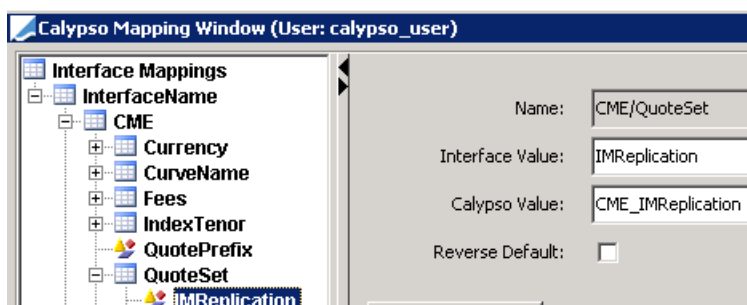
The quotes for the rate indices are stored into the default quote set, unless the user maps the default quote set to another quote set using the mapping below.



The CLEARING\_IMPORT\_MARKET\_DATA scheduled task also imports the FX rates used by CME for IM replication into a specific quote set (because CME publishes unique FX rates that are specific to Initial Margin calculations).

The quote set must be defined in the Data Mapping window for InterfaceName = CME/QuoteSet, and Interface Value = IMReplication.

Example:



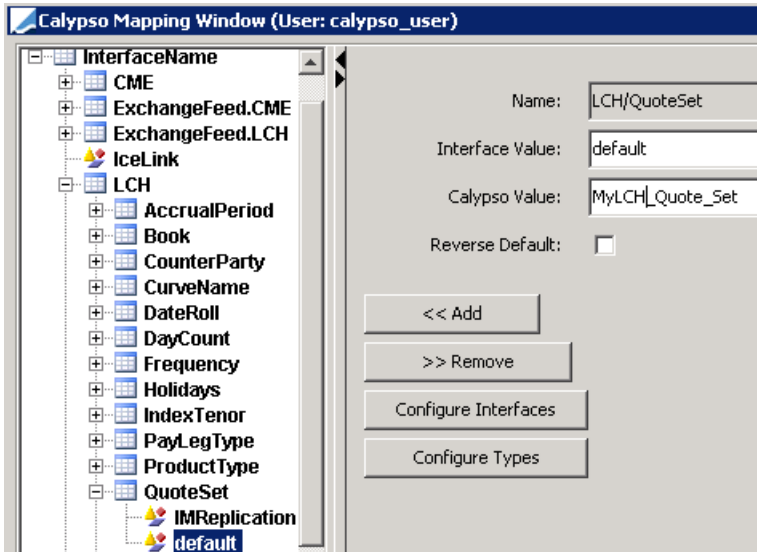
## LCH Quotes

Sample rate reset quote mapping:

Name:	LCH/Quotes
Interface Value:	AUD~BBR~1m~BBSW
Calypso Value:	MM.AUD.BBSW.1M.BBSW

**[NOTE: The Calypso Value depends on the interest rate definition: "MM.<currency>.<rate index>.<tenor>.<source>"]**

The quotes for the rate indices are stored into the default quote set, unless the user maps the default quote set to another quote set using the mapping below.



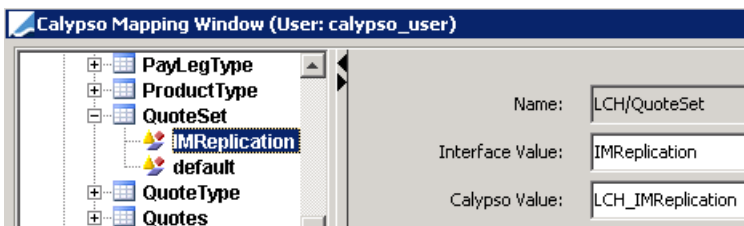
The CLEARING\_IMPORT\_MARKET\_DATA scheduled task also imports the FX rates used by LCH for IM replication into a specific quote set (because LCH publishes unique FX rates that are specific to Initial Margin calculations).

No Calypso mapping is necessary for FX quotes, as LCH directly provides Quotes in the form "FX.cur1.cur2".

Please note that both CME and LCH are only providing the "Close" FX quotes – So only Close quotes are saved in the system.

The quote set must be defined in the Data Mapping window for InterfaceName = LCH/QuoteSet, and Interface Value = IMReplication.






Example:

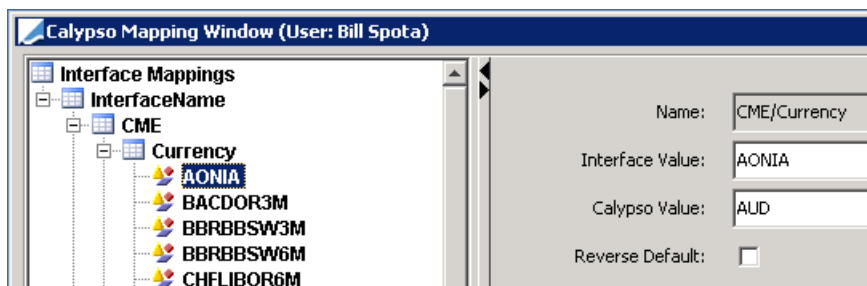


## CME Curves

This scheduled task is used for importing the various IRSDFR curves published by CME so that IM can be reconciled. Sample mapping is shown below, and you will need to create simple shell curves for a date that is before the date you intend to import.

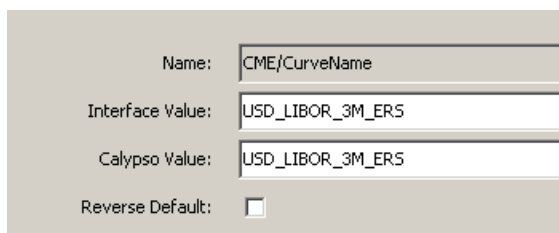
Let's start with the Calypso Mapping Window.

 IRSDFR\_AONIA\_20120925.nr.csv  
 IRSDFR\_BACDOR3M\_20120925.nr.csv  
 IRSDFR\_BBRBBSW3M\_20120925.nr.csv  
 IRSDFR\_BBRBBSW6M\_20120925.nr.csv  
 IRSDFR\_CHFLIBOR6M\_20120925.nr.csv

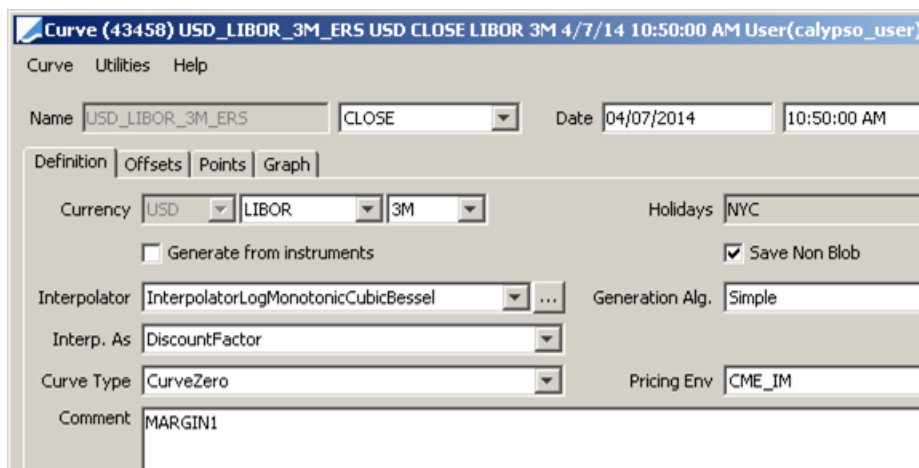


In the above example, you will map the middle section of the IRSDFR file name to a specific currency. This takes some basic knowledge of IRS Clearing to determine what currency is associated with what name. Example AONIA is the discount curve used for VM in AUD whereas BACDOR3M is the forecast curve for CAD.

You then need to map that name to an actual curve name in Calypso, a simple discount curve.



The curve "USD\_LIBOR\_3M\_ERS" in this example, must be defined under [Market Data > Interest Rate Curves > Zero Yield Curve](#).



The interpolator should set as InterpolatorLogMonotonicCubicBessel and Interp. As DiscountFactor.

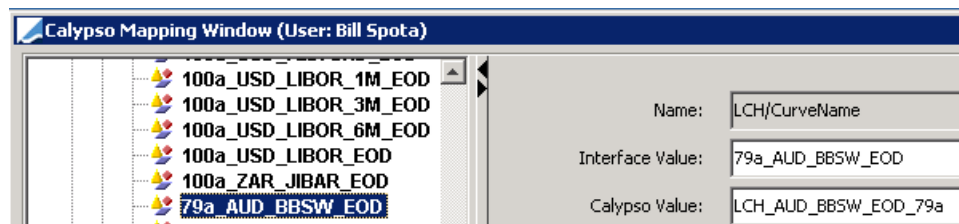
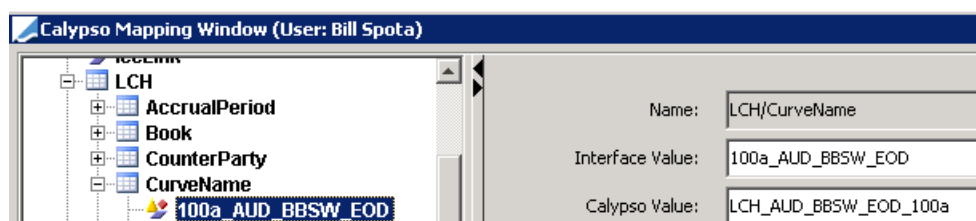
## LCH Curves

This scheduled task is used for importing the various IM and VM curves published by LCH on reports 79/100 so that both can be reconciled. Additionally, it is used to import the FX and PAI rates.

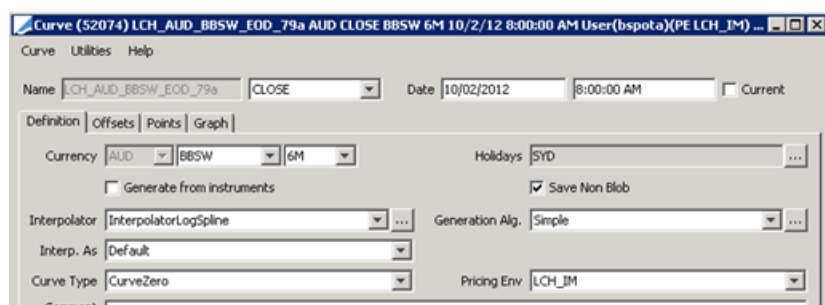
In the Calypso Mapping Window, under the interface LCH > CurveName, specify the value of the interface name. For example this could be AUD\_BBSW\_EOD, and map this to a Calypso value (example LCH\_AUD\_BBSW).

However, there are two LCH reports we use to import these data, REP00079 and REP000100. The same CurveName can exist in both reports but yet have different values as “79” is for IM and “100” is for VM. To ensure we distinguish the two data from both reports with same name, you should use the following naming convention:

- 79a\_CHF\_LIBOR\_EOD mapped to Calypso value (example LCH\_CHF\_LIB\_3M\_EOD\_79a)
- 100a\_CHF\_LIBOR\_EOD mapped to Calypso value (example LCH\_CHF\_LIB\_3M\_EOD\_100a)



The curves “LCH\_AUD\_BBSW\_EOD\_100a” and “LCH\_AUD\_BBSW\_EOD\_79a” in this example, must be defined under **Market Data > Interest Rate Curves > Zero Yield Curve**.



In the above examples you can see that there is a curve named "AUD\_BBSW\_EOD" in both reports 79 and 100, and that each LCH curve is mapped to a different curve in Calypso.

## 4.5.2 CLEARING\_IMPORT\_MARKET\_DATA

This scheduled task is used to import curves, quotes, and rate resets.

Task Type	CLEARING_IMPORT_MARKET_DATA
External Reference	
Description	
Attempts	1
Retry After, In Minutes	0
Memory Settings	Min Memory 512 m Max Memory
Allow Task To	<input type="checkbox"/> Send Emails <input type="checkbox"/> Publish Business
Common Attributes	
Task Attributes	
CCP	CME
Market Data Types	All

## Attributes

- Select a CCP.
- Select the market data types: All, Curves, FX Rates, Holidays, Quotes, QuotesIM, or Rate Reset.

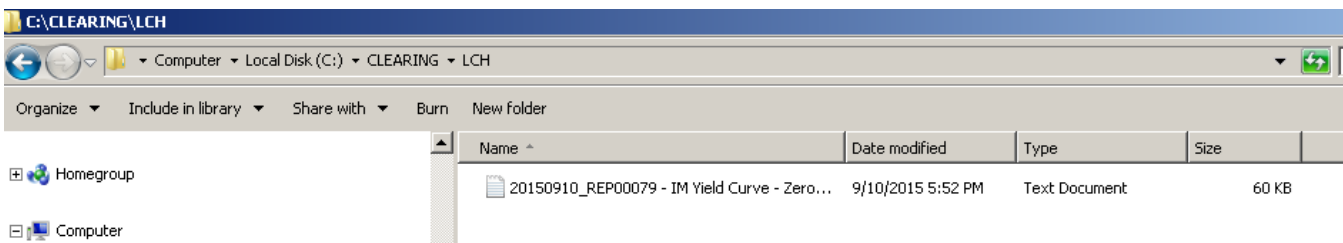
The files are imported based on the locations defined in “clearingconnection.properties” file:

```

LimitsMultiplexer_MARGIN_150013.log  clearingconnection.properties
1  # Key format is
2  #
3  # <CCP short name>.<Firm ID (PO LE attribute)>.<configurationKey>
4  #
5  # URI format must include protocol, host and port (where applicable)
6  #
7  # For public key SFTP authentication, keyPassphrase is optional. Key
8  # path can be an absolute filesystem path, or a resource path within
9  # the classpath. Filesystem paths take precedence
10 #
11
12 CME.4Q0.URI=sftp://sftpng.cmeigroup.com:22
13 CME.4Q0.user=4Q0_SFTP_user
14 CME.4Q0.password=*****
15
16 LCH.CC1.URI=file://c:/clearing/LCH
17
18 LCH.CC2.URI=sftp://195.246.228.9:6022
19 LCH.CC2.user=CC2_SFTP_user
20 LCH.CC2.key=/path/to/CC2/key
21 LCH.CC2.keyPassphrase=CC2_key_passphrase
22
23 EUREX.ABCFR.URI=file:///home/clearing/Calypso/EUREX
24

```

Example:



This scheduled task is used to import the market data from the following CCP files:

## LCH

- VM and IM Curves - REP00079 and REP00100
- Quotes - DailyExchangeRates REP00018
- Rate Reset – HistoricalIndexRates REP00003 and FX rates REP00016c
- Holidays – Holidays REP00006 - The holiday calendars must be mapped in the Calypso Mapping Window for the interface name LCH/Holidays.

## CME

- VM Curves – IRSDFRCurve\_\* “IRSDFR\_\*.csv”
- IM Curves - “Base\_Curves\_\*DATE.csv”
- Quotes – CMEPAIQuote “CMEPAI\_\*.csv”
- Rate Resets - CMEIRSRateReset “IRSRR\_\*”
- QuotesIM – FX rates “IRSMR3\_\*.csv”

**[NOTE: The performance can be improved by adding the value CLEARING\_IMPORT\_MARKET\_DATA to the domain “Clearing.ParallelDownloadTasks”. This allows the scheduled task CLEARING\_IMPORT\_MARKET\_DATA to perform parallel download]**

## CME Example

### Sample CME Curves

Once all the mappings are done for each currency/curve name for discount and forecast curves, you then run the CLEARING\_IMPORT\_MARKET\_DATA scheduled task.

Note: There is not a discount curve for every currency, and in this case, the forecast curve is used for both discounting and forecasting.

Task Type	CLEARING_IMPORT_MARKET_DATA	
External Reference	CME Curves	
Description		
Attempts	1	
Retry After, In Minutes	0	
Memory Settings	Min Memory 512 m	Max Memory 1024 m
Allow Task To	<input type="checkbox"/> Send Emails <input type="checkbox"/> Publish Business Events         To user <span></span>	
<b>Common Attributes</b>		
Task ID	36622	
Processing Org	PO4SWAP	
Trade Filter		
Filter Set		
Pricing Environment	CME_VM	
Timezone	America/Chicago	
Valuation Time Hour		
Valuation Time Minute		
Undo Time Hour		
Undo Time Minute		
Valuation Date Offset		
From Days		
To Days		
<b>Task Attributes</b>		
CCP	CME	
Trade Model Type	default	
Market Data Types	Curves	

## Sample CME QuotesIM

The CLEARING\_IMPORT\_MARKET\_DATA scheduled task also imports the FX rates used by CME for IM replication. The data comes from the report “IRSMR3\_yyyymmdd.csv”.

If the FX rate supplied on this report comes in nonstandard market quote convention, there is logic in the scheduled task to use the position pair reference as per each currency pair definition. For example, the report provides USD/JPY quotes, whereas the convention is JPY/USD quotes so the scheduled task will invert the quote in that case.

The configuration of the task requires the user to choose the QuotesIM attribute located under Market Data Types:

<b>Task Attributes</b>	
CCP	CME
Market Data Types	QuotesIM

By choosing this attribute, the task will look for the CME IRSMR3 report, and will save the FX rates as of the day before.

## LCH Example

### Sample LCH Curves

Once all the mappings are done for each curve name for discount and forecast curves, you then run the CLEARING\_IMPORT\_MARKET\_DATA scheduled task.

Task Type	CLEARING_IMPORT_MARKET_DATA		
External Reference	Market Data: LCH Curves (Calypso US)		
Description	2.2.0 Testing Setup Refresh		
Attempts	1		
Retry After, In Minutes	0		
Memory Settings	Min Memory	512 m	Max Memory 1024 m
Allow Task To	<input type="checkbox"/> Send Emails	<input type="checkbox"/> Publish Business Events	To user <span style="border: 1px solid black; padding: 0 5px;"> </span>
<b>Common Attributes</b>			
Task ID	36621		
Processing Org	CALYPSO_US		
Trade Filter			
Filter Set			
Pricing Environment	FromDB		
Timezone	Europe/London		
Valuation Time Hour			
Valuation Time Minute			
Undo Time Hour			
Undo Time Minute			
Valuation Date Offset			
From Days			
To Days			
<b>Task Attributes</b>			
CCP	LCH		
Market Data Types	Curves		

### Sample LCH Rate Resets and FX Rates

The CLEARING\_IMPORT\_MARKET\_DATA scheduled task also imports the FX rates used by LCH for IM estimation. The data comes from the report “REP00016c”.

If the FX rate supplied on this report comes in non-standard market quote convention, there is logic in the scheduled task to use the position pair reference as per each currency pair definition. For example, the report provides USD/JPY quotes, whereas the convention is JPY/USD quotes so the scheduled task will invert the quote in that case.

The configuration of the task requires the user to choose the Rate Reset attribute located under Market Data Types:

Task Attributes	
CCP	LCH
Market Data Types	Rate Reset

By choosing this attribute, the task will look for the REP00016c report, and will save the FX rates as of the day before.

### 4.5.3 CLEARING\_IMPORT\_SCENARIO\_SHIFTS

This scheduled task is used to import curve shifting scenarios into Market Risk. This is used for margin replication.

**[NOTE: It is recommended to execute this schedule task every day as scenario shifts provided by CCPs are changing every day]**

Example for LCH:

<b>Task Type</b>	CLEARING_IMPORT_SCENARIO_SHIFTS		
<b>External Reference</b>	New LCH CLEARING IMPORT SCENARIO SHIFTS		
<b>Description</b>			
<b>Attempts</b>	1		
<b>Retry After, In Minutes</b>	0		
<b>Memory Settings</b>	<b>Min Memory</b> 512 m	<b>Max Memory</b> 1024 m	
<b>Allow Task To</b>	<input type="checkbox"/> Send Emails <input type="checkbox"/> Publish Business Events         To user		
Common Attributes			
Task Attributes			
<b>File</b>	/home/clearing25/Calypso/clearing/LCH/SHIFTS/*		
<b>Scenario Set ID</b>	8003		

## Attributes

- Select the file to be imported:
  - LCH - REP00090 – SwapClear Scenario Report
  - CME – Log Return
- Set the scenario set ID to the scenario defined in the parameters of the Sim analysis in Market Risk.

Attributes	
TYPEH	
Name	Value
Scenario Set ID	9003
Attribution Type	Standard
Number of observations	2500

If the TYPEH\_TENORS table is empty, the scheduled task fails. You need to run the scheduled task CLEARING\_INITIALIZE\_TENORS\_TABLE to re-initialize the TYPEH\_TENORS table. See below.

If the table exists and some tenors are missing, the scheduled task is successful, and a warning message reports the missing tenors in the table.

If the table exists and the file doesn't have data for all the tenors in the table, the scheduled task is successful, and a warning message reports the missing tenors in the file.

### 4.5.4 CLEARING\_INITIALIZE\_TENORS\_TABLE

This scheduled task should be run when the scheduled task CLEARING\_IMPORT\_SCENARIO\_SHIFTS fails.

<b>Task Type</b>	CLEARING_INITIALIZE_TENORS_TABLE		
<b>External Reference</b>	Import TYPEH tenors		
<b>Description</b>			
<b>Attempts</b>	1		
<b>Retry After, In Minutes</b>	0		
<b>Memory Settings</b>	<b>Min Memory</b>	512 m	<b>Max Memory</b> 1024 m
<b>Allow Task To</b>	<input type="checkbox"/> Send Emails <input type="checkbox"/> Publish Business Events         To user		
<div> <div>Common Attributes</div> <div>Task Attributes</div> </div>			
<b>Tenor File</b>	/home/clearing25/Calypso/clearing/Valid_Import_tenors.csv		

This scheduled task populates the table TYPEH\_TENORS with valid tenors only.

Example:

CCY INDEX TENOR

AUD BBSW O/N

AUD BBSW 1W

AUD BBSW 1M

## 4.6 Margin IM/VM Calculation

The scheduled task CLEARING\_RISK\_SERVICE can be used to calculate the IM/VM.

<b>Task Description</b>	
<b>Task Type:</b>	CLEARING_RISK_SERVICE
<b>External Reference:</b>	Risk service
<b>Comments:</b>	
<b>Description:</b>	
<b>Execution Parameters</b>	
<b>Attempts:</b>	1
<b>Retry After:</b>	0 minutes
<b>Expected Execution</b>	
<b>JVM Settings:</b>	-Xms512m -Xmx1024m -XX:MaxPermSize=256m
<b>Log Settings:</b>	
<b>Task Notification Options</b>	
<input type="checkbox"/> Send Emails	<input type="checkbox"/> Publish Business Events
<b>To User:</b>	
<b>Common Attributes</b>	
<b>Task Attributes</b>	
CCP	CME
Product	IRD
Calculate IM/VM	IM/VM
Save Additional Marks	No
Designation Pricing Env	INTRADAY
Save PL Marks	Yes
VM Aggregation	MA
VM View	PO
Include VM Cash	No
Stop on errors	No

## Common Attributes

- Trade Filter: Select the trade filter.

## Task Attributes

- CCP: Select the CCP.
- Product: Select the product type.
- Calculate IM/VM: Select IM, VM, or IM/VM for both.
- Save Additional Marks: Select Yes to save additional PL Marks for NPV and DELTA, or No otherwise.
- Designation Pricing Env: Select the pricing environment used to calculate the marks.
- Save PL Marks: Select Yes to save the PL marks, or No otherwise.
- VM Aggregation: Select the aggregation level for the VM: MA for margin account or PA for position account.
- VM View: Select the direction of the VM: from PO or from Counterparty.
- Include VM Cash: Select Yes to include VM\_CASH in VM\_EXPOSURE, or No otherwise.
- Stop on errors: Select Yes to stop when an error is encountered, or No to continue.

If the scheduled task is run for valuation date = T, it uses a HistSim output with valuation date = T, and PL Marks are stored with valuation date = T.

The scheduled task creates the following PL Marks:

- VM
- VM\_CASH
- VM\_EXPOSURE
- NPV\_ADJ
- IM\_EXPOSURE
- MARGIN\_CALL = IM\_EXPOSURE for IM Collateral Exposure trades, or VM\_EXPOSURE for VM\_EXPOSURE trades
- PAI
- Additional measures: NPV and DELTA

They can be used to price the Collateral Exposure trades using "PricerFromDB", provided they are also defined as pricer measures.

## Variation Margin

T+1 currencies:

- $NPV\_ADJ(T) = NPV(T) - Cash(T+1)$
- $VM(T) = NPV\_Adj(T) - NPV\_Adj(T-1)$
- $VM\_CASH(T) = CASH(T) - PreviousDayVMCash + CASH(T+1)$

- $VM\_EXPOSURE(T) = VM\_CASH(T) + VM(T) + PAI(T)$

T+2 currencies:

- $NPV\_ADJ(T) = NPV(T) - CASH(T+1) - CASH(T+2)$
- $VM(T) = NPV\_Adj(T) - NPV\_Adj(T-1)$
- $VM\_CASH(T) = CASH(T) - PreviousDayVMCash + CASH(T+2)$
- $VM\_EXPOSURE(T) = VM\_CASH(T) + VM(T) + PAI(T)$

GBP FRAs:

- $NPV\_ADJ(T) = NPV(T)$
- $VM(T) = NPV\_Adj(T) - NPV\_Adj(T-1)$

## 4.7 Scheduled Tasks Execution

The scheduled tasks are executed by the Calypso Scheduler once you have defined triggers as described in the Calypso Scheduled Tasks User Guide.

### *Important Note – Timezones Considerations*

In order to successfully process scheduled tasks which combine the import and processing of EOD files, you need to run the relevant scheduled tasks for a given day before the EOD of the books where the trades are saved, based on the book's timezone.

For example, the book's timezone is New York EOD 5pm. To process today's files, you need to run the scheduled tasks before 5pm New York time, regardless of where you run the scheduled tasks from, so that the trades are timestamped as of today, and the settlement date is computed from today.

## 4.8 Email Alert

You can setup an email alert if the available limit is close to preventing from clearing more trades. For example, if the warning level is 80% and the limit is \$10,000,000, if the limit utilization reaches \$8,000,000, a trade keyword is set on the trade (HEADROOM\_IN\_WARNING = Y), and an email is triggered.

### *Message Configuration HRC\_HEADROOM\_WARNING*

Message Configuration Setup Window - Version - 0

Utilities Help

PO: ALL  
PO: CALYPUK  
PO: CALYPUS  
PO: FCM  
Product: Swap  
VERIFIED\_TRADE  
id=310218 : HRC\_HEADROOM\_WARNING  
id=310219 : HRC\_IM\_WARNING

Edit Browse

Product Type Swap  
Event Type VERIFIED\_TRADE  
Message Type HRC\_HEADROOM\_WARNING  
Processing Org FCM  
PO Contact Type Default  
Receiver ALL  
Receiver Role CounterParty  
Rec Contact Type Default  
Grouping  
Config Id 310218

Language English  
Address Type EMAIL  
Gateway PRINTER  
Format Type HTML  
Template headroomcheckedwarning.html  
SD Filter Headroom Limit Warning  
Audit Filter  
Matching  
Do not Send Message

Delete Save Save As New

Id	Product	Event	Message Type	ProcessingOrg	PO Contact Type	Receiver	Receiver Role	Rec Cont
310218	Swap	VERIFIED_TRADE	HRC_HEADROOM_WARNING	FCM	Default	ALL	CounterParty	Default
310219	Swap	VERIFIED_TRADE	HRC_IM_WARNING	FCM	Default	ALL	CounterParty	Default

- Product Type = Swap
- Event Type = VERIFIED status of the trade. This can be changed according to client's requirement. E.g. client can decide when this message will be generated.
- Address Type = "EMAIL"
- Gateway = "PRINTER"
- Format Type = HTML
- Template can be a custom one
- SD filter filters trades with keyword Headroom Limit Warning

Static Data Filter Window [152018/MARGINV152\_QIAN4/calypso\_user]

Name Headroom Limit Warning  
External Ref.  
Comment  
Groups ANY

Criteria... Simulate

Attribute	Criteria	Filter Value(s)
KEYWORD.HRC_WARNING_HEADROOM_LIMIT	IS_NOT_NULL	

- PO Contact Type set to Default
- Rec Contact Type set to Default

## Message Configuration HRC\_IM\_WARNING

Message Configuration Setup Window - Version - 0

Utilities Help

PO: ALL  
PO: CALYPUK  
PO: CALYPUS  
PO: FCM  
Product: Swap  
VERIFIED\_TRADE  
id=310218 : HRC\_HEADROOM\_WARNING  
id=310219 : HRC\_IM\_WARNING

Edit Browse

Product Type: Swap  
Event Type: VERIFIED\_TRADE  
Message Type: HRC\_IM\_WARNING  
Processing Org: FCM  
PO Contact Type: Default  
Receiver: ALL  
Receiver Role: CounterParty  
Rec Contact Type: Default  
Grouping:

Language: English  
Address Type: EMAIL  
Gateway: PRINTER  
Format Type: HTML  
Template: headroomcheckwarning.html  
SD Filter: Total IM Limit Warning  
Audit Filter:

Matching ☐ Inactive ☐  
Do not Send Message ☐

Config Id: 310219 Delete Save Save As New

Id	Product	Event	Message Type	ProcessingOrg	PO Contact Type	Receiver	Receiver Role	Rec Cont
310218	Swap	VERIFIED_TRADE	HRC_HEADROOM_WARNING	FCM	Default	ALL	CounterParty	Default
310219	Swap	VERIFIED_TRADE	HRC_IM_WARNING	FCM	Default	ALL	CounterParty	Default

Static Data Filter Window [152018/MARGINV152\_QIAN4/calypso\_user]

Name: Total IM Limit Warning  
External Ref.:  
Comment:  
Groups: ANY

Criteria... Simulate

Attribute	Criteria	Filter Value(s)
KEYWORD.HRC_WARNING_IM_LIMIT	IS_NOT_NULL	

## Messenger Sender Configuration

Message Sender Config

Sender Config

Copy Config

Message Status

SENT

Product Type

Swap

Advice Type

CUSTOM

Address Type

EMAIL

Static Data Filter

...

Gateway

PRINTER

☒ Save
 Master and Copies AdviceDocuments will be saved in DB

☒ Send
     
 ☒ Sender By Method
     
 ☐ Sender By Gateway

EMAILDocumentSender class will be called

Save

Remove

New

Id	Status	Product	Advice Type ▲	Address Type	Gateway	SD Filter	Send	Save	By Gateway	By Method
281218	SENT	Swap	CONFIRM	EMAIL	PRINTER		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
1	TO_SEND	ALL	CONFIRM	SWIFT	SWIFT		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
850	SENT	ALL	CONFIRM	MAIL	PRINTER		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
142196	SENT	ALL	CONSENT	LCH_UK	MQ	NonCancelSubActionMsg	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
116698	TO_BE_SENT	ALL	CONSENT	LCH_UK	MQ	NonCancelSubActionMsg	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
83704	TO_BE_SENT	ALL	CONSENT	LCH	MQ	NonCancelSubActionMsg	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
64733	TO_BE_SENT	ALL	CONSENT	CME	MQ		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
281217	SENT	Swap	CUSTOM	EMAIL	PRINTER		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
273214	TO_BE_SENT	ALL	CVR_WORKSHEET	LCH	MQ	isLCHCVRValidToSend	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
910	PENDING	ALL	DKCONF	DTCC	DTCC		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Email address is configured on the sender's and receiver's contact specified in the Message Setup.

**Contact Window -Version - 1 [140022SP2/masterv14Sp2/calypso\_user]**

Utilities Help

Legal Entity: CUS01 ... Role: ALL Product: ALL

Processing Org: ALL Effective From: Effective To:

Last Name: I First Name: Max

Address: 99 Park Avenue City: New York

State: NY Country: UNITED STATES

Phone: Telex:

Swift: ... E-Mail: calypso@localhost

Email address is configured on the sender's and receiver's contact specified in the Message Setup.











## 5. OTC Margin Collateral Setup

The collateral can be taken into account in the limits check. You can use the collateral computed for Calypso Margin Call Contracts, or you can import external collateral amounts.

### 5.1 Collateral Management Engine

#### Engine Configuration

Unable to edit a running engine. Displaying in read-only mode.

Engine Name: 	Engine ID: 	Max Queue Size: 	Max Batch Size: 	Number of Threads: 																																				
CollateralManagementEngine	103																																							
Engine Class:	com.calypso.engine.collateral.CollateralManagementEngi																																							
Display Name: 	Application Type: 	Event Pool Policy: 	Pricing Environment: 																																					
Collateral Management Engine	EngineServer																																							
Description:	Save settle position changes: 																																							
Persisted Event Configuration:	Configuration attributes																																							
PSEventAccountBilling	<table border="1"> <thead> <tr> <th>Attribute Name</th> <th>Attribute Value</th> </tr> </thead> <tbody> <tr><td>BALANCE_MODE</td><td></td></tr> <tr><td>CLASS_NAME</td><td></td></tr> <tr><td>DISPLAY_NAME</td><td></td></tr> <tr><td>DateType</td><td></td></tr> <tr><td>EVENT_ORDER</td><td></td></tr> <tr><td>EXCLUDE_PRODUCTTYPE</td><td></td></tr> <tr><td>EXCLUDE_STATUS</td><td></td></tr> <tr><td>HANDLE_FUTURE_LIQ_CASH_FLOWS</td><td></td></tr> <tr><td>IGNORE_ACTION</td><td></td></tr> <tr><td>INSTANCE_NAME</td><td></td></tr> <tr><td>INV_MAX_POSITION</td><td></td></tr> <tr><td>LIQUIDATION_TIMEOUT</td><td></td></tr> <tr><td>MAX_TIMER_POSITION</td><td></td></tr> <tr><td>MCC_DATE_KEYWORD</td><td></td></tr> <tr><td>MCC_FEED_NAME</td><td></td></tr> <tr><td>MCC_IGNORE_CONFIG_CHANGES</td><td></td></tr> <tr><td>MCC_INTRA_DELAY</td><td></td></tr> </tbody> </table>				Attribute Name	Attribute Value	BALANCE_MODE		CLASS_NAME		DISPLAY_NAME		DateType		EVENT_ORDER		EXCLUDE_PRODUCTTYPE		EXCLUDE_STATUS		HANDLE_FUTURE_LIQ_CASH_FLOWS		IGNORE_ACTION		INSTANCE_NAME		INV_MAX_POSITION		LIQUIDATION_TIMEOUT		MAX_TIMER_POSITION		MCC_DATE_KEYWORD		MCC_FEED_NAME		MCC_IGNORE_CONFIG_CHANGES		MCC_INTRA_DELAY	
Attribute Name	Attribute Value																																							
BALANCE_MODE																																								
CLASS_NAME																																								
DISPLAY_NAME																																								
DateType																																								
EVENT_ORDER																																								
EXCLUDE_PRODUCTTYPE																																								
EXCLUDE_STATUS																																								
HANDLE_FUTURE_LIQ_CASH_FLOWS																																								
IGNORE_ACTION																																								
INSTANCE_NAME																																								
INV_MAX_POSITION																																								
LIQUIDATION_TIMEOUT																																								
MAX_TIMER_POSITION																																								
MCC_DATE_KEYWORD																																								
MCC_FEED_NAME																																								
MCC_IGNORE_CONFIG_CHANGES																																								
MCC_INTRA_DELAY																																								
PSEventInventorySecPosition																																								
PSEventMarginCallEntry																																								
PSEventTrade																																								
PSEventTransfer																																								
Event Filters:																																								
AllTransfersKnownEventFilter																																								
CollateralManagementEventFilter																																								
Engine Manager Configuration:	Start on Startup: <input checked="" type="checkbox"/>																																							
engineserver																																								

Go Back

## 5.2 Margin Call Contracts

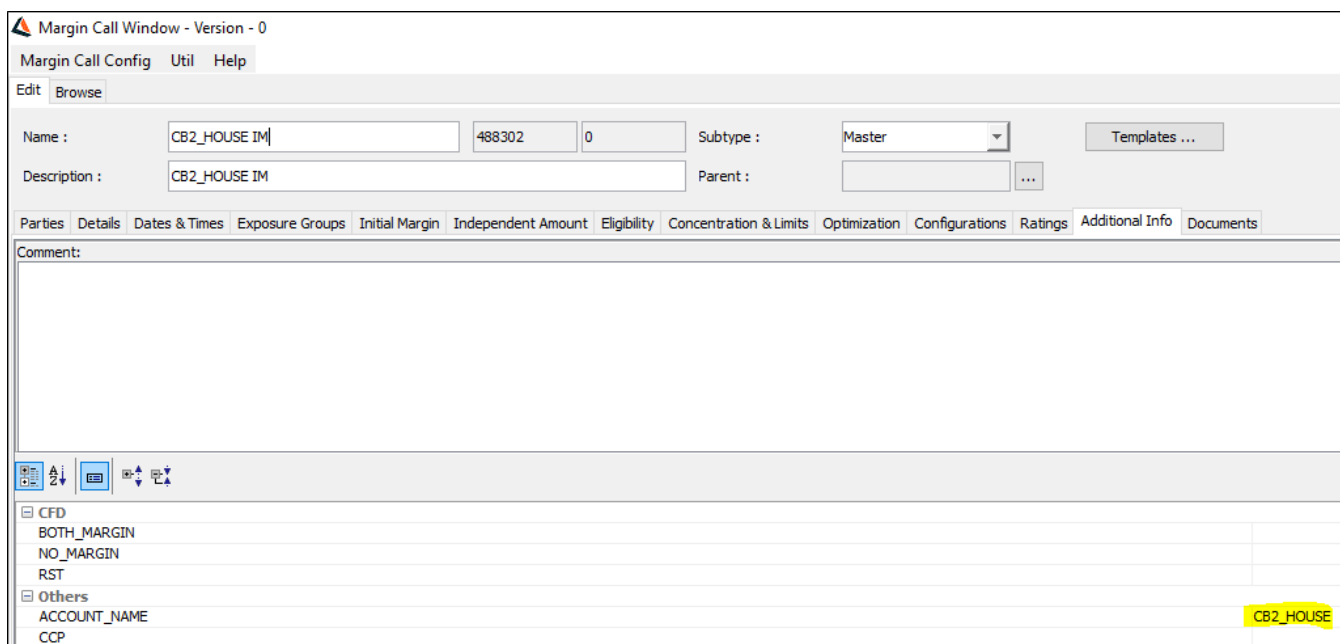
For the IM Clearing Member contracts, you need to add a margin call contract attribute that matches the clearing member account node.

Sample account node in the Market Risk Hierarchy



The screenshot shows a tree view of the Market Risk Hierarchy. The root node is **CCP\_AUTO2**. Under it is a node **CB2**. Under **CB2** is a node **CB2\_HOUSE [CB2\_HOUSE]**. To the right of the tree are buttons for **Attributes**, **Node**, and a document icon.

Set the margin call contract attribute ACCOUNT\_NAME to the account node.



The screenshot shows the **Margin Call Window - Version - 0**. It has a menu bar with **Margin Call Config**, **Util**, and **Help**. Below the menu bar are tabs for **Edit** and **Browse**. The **Edit** tab is active. The form contains the following fields:

- Name :**    **Subtype :**
- Description :**  **Parent :**

Below the form are tabs for **Parties**, **Details**, **Dates & Times**, **Exposure Groups**, **Initial Margin**, **Independent Amount**, **Eligibility**, **Concentration & Limits**, **Optimization**, **Configurations**, **Ratings**, **Additional Info**, and **Documents**. The **Additional Info** tab is active. Below the tabs is a **Comment:** text area. At the bottom is a table with the following columns:

CFD	ACCOUNT_NAME	CCP
BOTH_MARGIN		
NO_MARGIN		
RST		
Others		
ACCOUNT_NAME		
CCP		CB2_HOUSE

## 5.3 Importing External Collateral Amounts

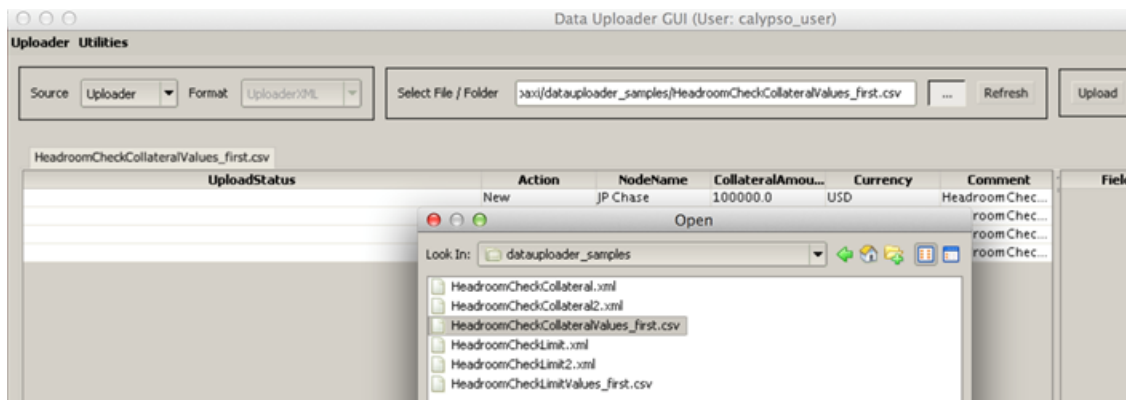
External Collateral Amounts can be imported using the Data Uploader.

The Data Uploader supports CSV and XML files. The file names should start with "HEADROOMCHECKCOLLATERALVALUES", for example "HEADROOMCHECKCOLLATERALVALUES\_<name>.csv".

Sample files are provided under <calypso home>/docs/calypso-datauploader/samples/HeadroomCheck.

Launch the Data Uploader window using **Processing > Tools > Data Uploader** from the Calypso Navigator.

Select a file from your machine, the content for the file is displayed:



» Click **Upload** to load the collateral amounts into Calypso.

Note that the collateral currency is the base currency of the pricing environment defined in the environment property HEADROOMCHECK\_PRICING\_ENV.

## 5.4 Collateral Workflow

In order to trigger the Limit Check for collateral positions updates, you need to add the following rules to the Collateral workflow provided out-of-the box by the Collateral module.

- All the transitions from NONE to EXECUTED should be STP.
- Add the rule StartMonitorEntryEvent on the transition NONE – NEW – PRICING. It allows the scheduled task COLLATERAL\_MANAGEMENT to monitor collateral positions changes. It generates PSEventMarginCallEntry events that are consumed by the CollateralManagement engine to update the Limit Check accordingly.
- Add the rule StopMonitorEntryEvent on the transition of your choice, (all PRICING – PRICE transitions for example). It stops monitoring collateral positions changes for those transitions.

LOCAL/calpso\_user]

Processing Org: ALL

Event Class: Collateral Subtype: ALL Product: ALL

Orig Status: AGREED\_NO\_CALL Action: EXECUTE Result Status: EXECUTED

☐ Different User ☐ Create Task ☒ Use STP ☐ Use KickOff/Cut Off  Priority

☐ Log Completed ☒ Preferred Action ☐ Update Only ☐ Generate Intermediary Event ☐ Needs manual Authorization

Rules:  Help...

Filter:  Custom Rules Definitions...

Audit Filter:

Comment:

ID	Orig Status	Action	Resulting Status	Different User	Use STP	Priority	Log	Subtype	Product Type	Rules	Processing Org
284237	AGREED_NO_CALL	EXECUTE	EXECUTED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284238	ALLOCATED	DISPUTE	DISPUTED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284239	ALLOCATED	VALIDATE	VALIDATED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
327719	CALCULATED	PROCESS	PROCESSED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284240	DISPUTED	RESOLVE_DISPUTE	ALLOCATED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284241	EXPOSURE_AGREED	ALLOCATE	ALLOCATED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284242	EXPOSURE_AGREED	CLOSE	CLOSED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	Close	ALL
284243	EXPOSURE_AGREED	EXECUTE	EXECUTED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284244	EXPOSURE_AGREED	RETURN	RETURNED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	Return	ALL
284245	EXPOSURE_AGREED	VALIDATE	PENDING_APPROVAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284246	NONE	NEW	PRICING	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	StartMonitorEntryEvent	ALL
284247	PENDING_APPROVAL	ALLOCATE	ALLOCATED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284248	PRICED_NO_CALL	AGREE_EXPOSURE	EXPOSURE_AGREED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284249	PRICED_NO_CALL	NOCALL	AGREED_NO_CALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284250	PRICED_PAY	AGREE_EXPOSURE	EXPOSURE_AGREED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	AutoAdjust	ALL
284251	PRICED_RECEIVE	AGREE_EXPOSURE	EXPOSURE_AGREED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	AutoAdjust	ALL
284252	PRICING	PRICE	PRICED_NO_CALL	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	CheckNoCall,StopMonitorEntryEvent	ALL
284253	PRICING	PRICE	PRICED_PAY	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	CheckPay,StopMonitorEntryEvent	ALL
284254	PRICING	PRICE	PRICED_RECEIVE	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	CheckReceive,StopMonitorEntryEvent	ALL
327720	PROCESSED	CALCULATE	CALCULATED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
327721	PROCESSED	EXECUTE	EXECUTED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	Execute,StopMonitorEntryEvent	ALL
284255	VALIDATED	EXECUTE	EXECUTED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	StopMonitorEntryEvent	ALL

Make sure that there are no entries for Margin call contracts you use for margin engine in PENDING\_MARGIN\_CALL\_ENTRIES DB table. If there are any MCC entries from some old dates then the user should go back to collateral manager and load MCC on the process date and apply the action which trigger the stopmonitorevent.

For example, there are entries for MCC 501801 AND 501804 on process date May 17 2019

Query: select \* from pending\_margin\_call\_entries where mcc\_id in ('501801','501804','522802')

Query Result: 2 in 0.006 seconds

ID	AUDIT_VERSION	LAST_UPDATE	LAST_USER	MCC_ID	NET_BALANCE	PREV_SECURITY_MARGIN	PREV_SECURITY_MARGIN_DATE	CONSTITUTED_MARGIN	CONSTITUTED_MARGIN_ROUNDED	MTA_AMOUNT	GLOBAL_REQUIRED_MARGIN
1	95511	317-MAY-19 08:48:14.000000000	FM calypso_user	501801	-7801.639999999999	0	(null)	-1007801.64	-1007801.64	0	-1007801.64
2	95513	330-MAY-19 09:30:10.000000000	FM calypso_user	501804	9522.619999999999	0	30-MAY-19 12:00:00.000000000 AM	-30477.38	-30477.38	0	-30477.38

Query Result: 2 in 0.006 seconds

E_DATE_SECURITY	TRADE_MARGIN	MARGIN_REQUIRED	TRADE_DATETIME	PROCESS_DATETIME	PROCESS_DATE	PREV_CASH_MARGIN	PREV_CASH_MARGIN_DATE	NETTABLE_EXPOSURE	ROUNDING_METH
1	-7801.639999999999	-7801.639999999999	18-MAY-19 03:59:00.000000000 AM	18-MAY-19 03:59:00.000000000 AM	17-MAY-19 12:00:00.000000000 AM	1000000	17-MAY-19 12:00:00.000000000 AM	0	BNONE
2	9522.619999999999	9522.619999999999	18-MAY-19 03:59:00.000000000 AM	18-MAY-19 03:59:00.000000000 AM	17-MAY-19 12:00:00.000000000 AM	40000	30-MAY-19 12:00:00.000000000 AM	0	BNONE

Load the MCC on 5/17/2019 and execute the contracts and make sure that the entries are not there in the DB table anymore.

Id	Contract Name	Status	Action	Contract Currency	Global Required Mrg	Dispute	Cpty Amount	Dispute Amount	Dispute Reason	Dispute Status	Acceptance Status	Dispute Comment	Agreed Amount	Direction
262503	MARGIN ENGINE CH203P_IRS IM	EXECUTED	NONE	EUR	-7,801.64		0.00	0.00		None	None		0.00	Pay
262504	MARGIN ENGINE CH203A_IRS IM	EXECUTED	NONE	EUR	-50,477.30		0.00	0.00		None	None		0.00	Pay
0	MARGIN ENGINE CH203A2_IRS IM	NONE	NEW	EUR	0.00		0.00	0.00		None	None		0.00	Pay

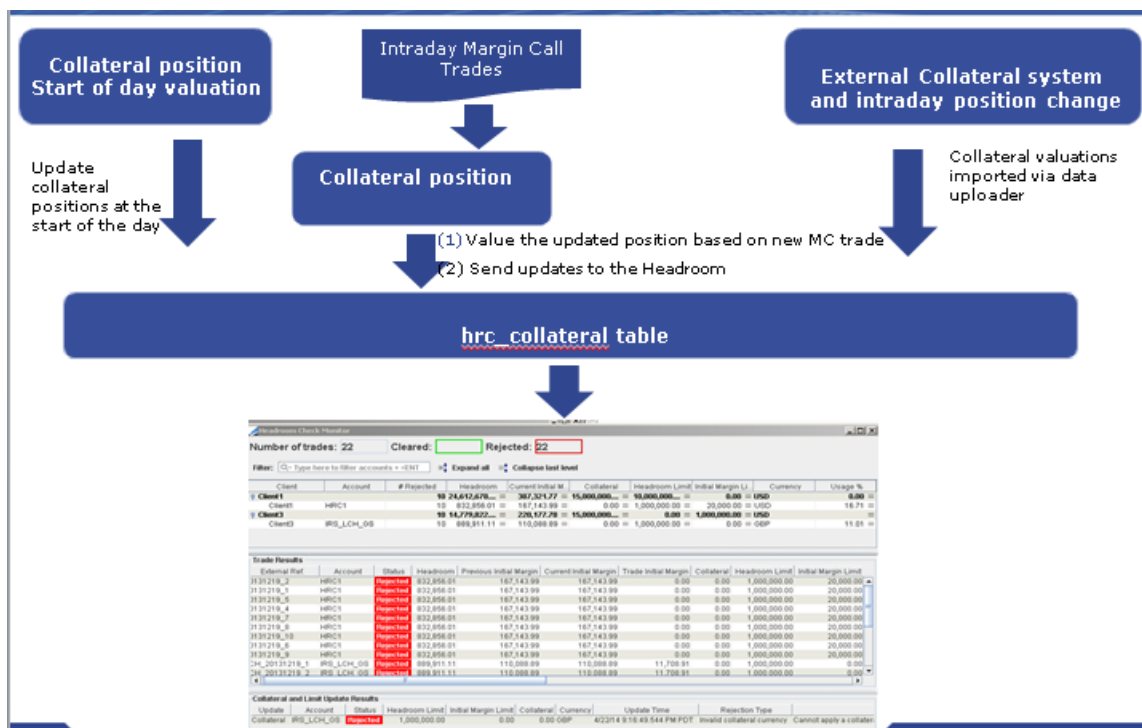
Query Builder

```
select *from pending_margin_call_entries where mcc_id in ('501801','501804','522802')
```

Query Result

All Rows Fetched: 0 in 0.002 seconds

ID	AUDIT_...	LAST_U...	LAST_U...	MCC_ID	NET_BA...	PREV_S...	PREV_S...
----	-----------	-----------	-----------	--------	-----------	-----------	-----------



## 5.5 Steps for Collateral Withdrawal and Limit Check

1. Margin Call Trade is saved

2. Transfer Engine generates transfers for margin call trade
3. Margin Call Position (Inventory Position) is created by Margin Call Position Engine.
4. Collateral Management Engine gets Inventory Position.
5. Collateral Management Engine creates Pending Margin Call Entries.
6. Margin Controller Engine gets a PSEventMarginCallEntry event.
7. Margin Controller Engine sends a specific message (Headroom Collateral Message) to the margin engine bus to request head room validation. This message will carry the trade information along with it, so the action accept, or reject could be applied as an outcome of the headroom check
8. The Margin Engine Head Room check either accepts or rejects the collateral request
9. The DataPersistor within Margin Engine receives the Accept/Reject result from the Margin Engine
10. The DataPersistor applies the "ACCEPT" or "REJECT" action to the Margin Call Trade
11. If rejected, the Margin Call Trade should have workflow that CANCELS the Transfers
12. If rejected, the transfers are canceled
13. The Margin Call Position engine receives the event for the canceled transfers and updates the Inventory Position

Margin Call trade and collateral workflow:

Processing Org

FCM

...

Event Class PSEventTrade

Subtype ALL

Product MarginCall

Orig Status NONE

Action NEW

Result Status PENDING

☐ Different User

☒ Create Task

☐ Use STP

☐ Use KickOff/Cut Off

0 Priority

☐ Log Completed

☐ Preferred Action

☐ Update Only

☐ Generate Intermediary Event

☐ Needs manual Authorization

Rules 

... Help...

Filter

Custom Rules Definitions...

Audit Filter

Comment

Id	Orig Status	Action	Resulting Status	Different User	Use STP	Priority	Log	Subtype	Product Type	Rules	Processing Org
295718	NONE	NEW	PENDING	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	MarginCall		FCM
310722	PENDING	AMEND	PENDING	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	MarginCall		FCM
295719	PENDING	AUTHORIZE	VERIFIED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	MarginCall		FCM
327218	PENDING	SUBMIT	PENDING_HRC_COLL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	MarginCall		FCM
310719	PENDING_HRC_COLL	ACCEPT	VERIFIED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	MarginCall		FCM
310720	PENDING_HRC_COLL	REJECT	CANCELED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	MarginCall		FCM
295720	VERIFIED	AMEND	VERIFIED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	MarginCall		FCM
310721	VERIFIED	CANCEL	CANCELED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	MarginCall		FCM

Processing Org ALL

Event Class Collateral

Subtype ALL

Product ALL

Orig Status AGREED\_NO\_CALL

Action EXECUTE

Result Status EXECUTED

☐ Different User
 ☐ Create Task
 ☒ Use STP
 ☐ Use KickOff/Cut Off
 

0 Priority

☐ Log Completed
 ☒ Preferred Action
 ☐ Update Only
 ☐ Generate Intermediary Event
 ☐ Needs manual Authorization

Rules

Filter

Audit Filter

Comment

Help...

Custom Rules Definitions...

Id	Orig Status	Action	Resulting Status	Different User	Use STP	Priority	Log	Subtype	Product Type	Rules	Processing Org
284237	AGREED_NO_CALL	EXECUTE	EXECUTED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284238	ALLOCATED	DISPUTE	DISPUTED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284239	ALLOCATED	VALIDATE	VALIDATED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284240	DISPUTED	RESOLVE_DISPUTE	ALLOCATED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284241	EXPOSURE_AGREED	ALLOCATE	ALLOCATED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284242	EXPOSURE_AGREED	CLOSE	CLOSED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	Close	ALL
284243	EXPOSURE_AGREED	EXECUTE	EXECUTED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284244	EXPOSURE_AGREED	RETURN	RETURNED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	Return	ALL
284245	EXPOSURE_AGREED	VALIDATE	PENDING_APPROVAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284246	NONE	NEW	PRICING	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	StartMonitorEntryEvent	ALL
284247	PENDING_APPROVAL	ALLOCATE	ALLOCATED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284248	PRICED_NO_CALL	AGREE_EXPOSURE	EXPOSURE_AGREED	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284249	PRICED_NO_CALL	NOCALL	AGREED_NO_CALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL		ALL
284250	PRICED_PAY	AGREE_EXPOSURE	EXPOSURE_AGREED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	AutoAdjust	ALL
284251	PRICED_RECEIVE	AGREE_EXPOSURE	EXPOSURE_AGREED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	AutoAdjust	ALL
284252	PRICING	PRICE	PRICED_NO_CALL	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	CheckNoCall,StopMonitorEntryEvent	ALL
284253	PRICING	PRICE	PRICED_PAY	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	CheckPay,StopMonitorEntryEvent	ALL
284254	PRICING	PRICE	PRICED_RECEIVE	<input type="checkbox"/>	<input type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	CheckReceive,StopMonitorEntryEvent	ALL
284255	VALIDATED	EXECUTE	EXECUTED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0	<input type="checkbox"/>	ALL	ALL	StopMonitorEntryEvent	ALL

## 6. OTC Margin Sample Process

### 6.1 Running the Servers

The following servers need to be running. They are located under `<calypso_home>/deploy-local/<environment>/`.

- authServer
- discoveryServer
- gatewayServer
- eventserver
- dataServer
- riskServer
- sharedServices
- dataGridNode
- dataGridEnabledCalculator
- dispatcher
- ersRiskServer
- engineServer
- calypsoMessagingServer
- riskMessagingServer
- marginEngineOtcCleared
- Scheduler
- Navigator

### 6.2 Computing the Margins

#### 6.2.1 Create a Batch Configuration

Bring up Market Risk and create a batch configuration under **Setup>>Batch**. Please refer to Calypso Market Risk documentation for details.

## 6.2.2 Populate the Data Grid

Create a DATA\_GRID\_HYDRATE scheduled task.

<b>Task Description</b>	
Task Type:	DATA_GRID_HYDRATE
External Reference:	Data Grid Population
Comments:	
Description:	
<b>Execution Parameters</b>	
Attempts:	1
Retry After:	0
JVM Settings:	-Xms512m -Xmx1024m -XX:MaxPermSize
Log Settings:	
<b>Task Notification Options</b>	
<input type="checkbox"/> Send Emails	<input type="checkbox"/> Publish Business Events
<b>Common Attributes</b>	
<b>Task Attributes</b>	
Global Trade Filter List	
Pricing Env List	_IM
ERS Analysis Config	
CCR Analysis Config	

- » Enter a trade filter
- » Enter a pricing environment
- » Enter the Market Risk Batch for which you want to use a data grid.

The CCR Analysis Config attribute **does not apply** to Market Risk.

Run the DATA\_GRID\_HYDRATE scheduled task.

## 6.2.3 Compute the Sim Analysis

Create a ERS\_ANALYSIS scheduled task.

<b>Task Description</b>	
Task Type:	ERS_ANALYSIS
External Reference:	
Comments:	
Description:	
<b>Execution Parameters</b>	
Attempts:	1
Retry After:	0 minutes
Expected Execution Time (SLA):	5 minutes
JVM Settings:	-Xms512m -Xmx1024m
Log Settings:	
<b>Task Notification Options</b>	
<input type="checkbox"/> Send Emails	<input type="checkbox"/> Publish Business Events
To User:	
<b>Common Attributes</b>	
Task ID	106120
Processing Org	
Trade Filter	
Filter Set	
Pricing Environment	IM
Timezone	America/Los_Angeles
Valuation Time Hour	0
Valuation Time Minute	0
Undo Time Hour	
Undo Time Minute	
Valuation Date Offset	
From Days	
To Days	
Pricing Measures	
Business Holidays	
<b>Task Attributes</b>	
Batch Name	HRC
Is Live	false
Dispatcher config	default
Save Results ?	true
Max Trade Per Task	5
Calculator Count	5
Gather Execution Stats	true

- » Batch Name – Select the Market Risk batch to run. It should be the same Market Risk batch specified in the DATA\_GRID\_HYDRATE scheduled task.
- » Is Live – Need to be set to False
- » Dispatcher config – Select the dispatcher configuration to use.
- » Save Results? – True or false. Set to true to save the analysis results to the database.  
If set to false or not set, you can save the results to the database using the scheduled task ERS\_SAVE\_RESULTS (described below). Optional.
- » Max Trade Per Task – For optimization, you can restrict the maximum number of trades that each calculator will process at a time. Optional.
- » Calculator Count – For optimization, you can enter the number of calculators. Optional.
- » Gather Execution Stats – True or false. Set to true to gather job execution statistics. Optional.

Run the ERS\_ANALYSIS scheduled task.

**[NOTE: Make sure to set the timezone in the scheduled tasks – It is mandatory]**

## 6.2.4 Compute the Margins

It is mandatory to start the margin engine (using the engine server).

Then run the following scheduled tasks as needed:

### CCP OTC Margins:

- LIQUIDITY\_RISK\_INPUT - For CCP OTC margins only
- MARGIN\_OTC\_CALCULATOR
- MARGIN\_OTC\_VM\_CALCULATOR scheduled task.

### Clearing Member (FCM) Margins:

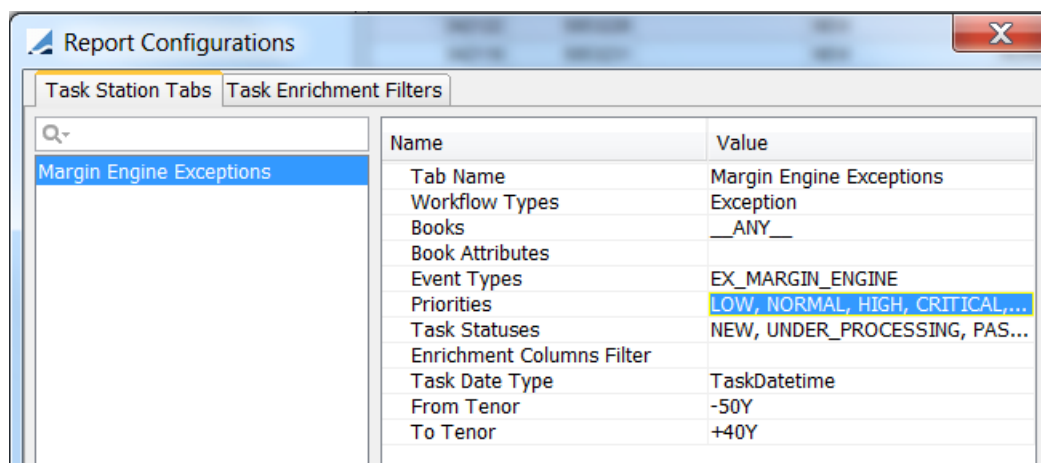
- CLEARING\_RISK\_SERVICE

## 6.2.5 Margin Engine Monitoring

### Margin Engine Monitoring

If the Margin Engine cannot start due to a missing FX rate or a missing batch, or any other “business reason”, the user can select Action/Retry after updating the market data or running the EOD batch. The Margin Engine will try to restart.

### Task Station Setup



**Report Configurations**

Task Station Tabs Task Enrichment Filters

Q-

Tasks

Name	Value
Tab Name	Tasks
Workflow Types	Trade
Books	__ANY__
Book Attributes	
Event Types	PENDING_HRC_TRADE, PENDING RE...
Priorities	LOW, NORMAL, HIGH, CRITICAL, VER...
Task Statuses	NEW, UNDER_PROCESSING, COMPLE...
Enrichment Columns Filter	
Task Date Type	TaskDatetime
From Tenor	-50Y
To Tenor	+50Y

**Summary Panel Configurations**

Browse and manage summary panel configurations

+ -

Workflow Subtype	PO	Product Type	Product Subtype
Workflow Type: Trade			
all	[all]	[all]	[all]

**Summary Panel Key Detail**

Workflow Type: Trade  
Workflow Type: all  
PO: all  
Product Type: all  
Product Subtype: all

Available Columns Column Names

Q- Type here to filter columns

- Clearing
  - Client Direction
  - Client Product Description
- ClientPricer
- Product
  - Trade
    - .Upfront Fee Settlement
  - Account
    - Action
    - Allocated Quantity
    - Alternate Date
    - Analysis Key
    - Benchmark
    - Block Size
    - Book
    - Book Base Ccy
    - Book EOD
    - Book Id
    - Book LE Parent
    - Book Legal Entity
    - Book Location
    - Book\_Attr
  - Bundle
    - Bundle Id

Trade Id  
Book  
CounterParty.Short Name  
Product Description  
Trade Date  
Nominal  
Quantity  
Trade Price  
Trade Currency  
Buy/Sell  
Entered Date  
Entered User  
Bundle Name  
Bundle Type  
TradeStatus  
Trader  
TRADE\_KEYWORD.HRCRejectCo  
TRADE\_KEYWORD.HRCRejectRe  
TRADE\_KEYWORD.HRCStatus  
TRADE\_KEYWORD.HRC\_WARNI  
TRADE\_KEYWORD.HRC\_WARNI  
TRADE\_KEYWORD.IM\_PORTFOL

Apply Cancel

## Sample Outputs

Task Station [160013/MARGINDEMO\_V16\_13/calypso\_user]

Task Station View

Report Catalog

q- Type here to filter tree elements

- TaskStation Configs [1]
  - Margin Engine [1]
    - Trades
    - Margin Engine Exceptions [1]
      - Margin Engine Trades
      - Tasks

Margin Monitor

Processor	Status	Queue Size	Consumers	Messages/Sec
What-If HRC Limit Checker	Suspended	0	0	0.00
EngineServer::CollateralManag...	Suspended	240	1	0.00
EngineServer::MarginController	Running	0	1	0.00
Trade VaR Calculator	Suspended	0	0	0.00
LiquidityRiskCalculator	Suspended	0	0	0.00
HRC Controller	Running	0	3	0.00
HRC Multiplexer	Suspended	0	0	0.00
HRC Aggregator	Suspended	0	0	0.00
HRC Limit Checker	Suspended	0	0	0.00
Data Persistor	Running	0	3	0.00
Engine Server::UpdateManager	Running	0	1	0.00

Margin Engine Exceptions [1]

Task Id	Task Owner	Task Status	Priority	Event Type	Comments
7102481		NEW	HIGH	EX_MARGIN_ENGINE	Portfolio: CUS02   Exception occurred while pricing FX rate not found for USDGBP on 08/18/2024

Task Station [160013/MARGINDEMO\_V16\_13/calypso\_user]

Task Station View

Report Catalog

q- Type here to filter tree elements

- TaskStation Configs [0]
  - Margin Engine [0]
    - Trades
    - Margin Engine Exceptions [0]
      - Margin Engine Trades
      - Tasks

Margin Monitor

Processor	Status	Queue Size	Consumers	Messages/Sec
What-If HRC Limit Checker	Running	0	1	0.00
EngineServer::CollateralManag...	Suspended	240	1	0.00
EngineServer::MarginController	Running	0	1	0.00
Trade VaR Calculator	Running	0	3	0.00
LiquidityRiskCalculator	Running	0	3	0.00
HRC Controller	Running	0	3	0.00
HRC Multiplexer	Running	0	3	0.00
HRC Aggregator	Running	0	3	0.00
HRC Limit Checker	Running	0	1	0.00
Data Persistor	Running	0	3	0.00
Engine Server::UpdateManager	Running	0	1	0.00

Margin Engine Exceptions [0]

Task Id	Task Owner	Task Status	Priority	Event Type	Comments
---------	------------	-------------	----------	------------	----------

## Margin Engine Logs

Following alerts are logged in the *ALERT* log file. These alerts are triggered when ...

- **System|Startup**  
--> When the technical wiring of a component is done
- **System|Disconnected**  
--> When the component is disconnected from the bus. A business error is preventing the component to connect properly. Business User is expecting to fix the issue and retry (through the task station)
- **System|Connected**  
--> When the component is disconnected from the bus. Business initialization is Successful
- **MarginEngine|ConsumerInfo**  
--> Each time the Number of Consumers (thread) changes
- **MarginEngine|QueueSize**  
--> Each time the Queue size of a Component is bigger than the threshold defined in the alerts.properties (default is 1), refreshes each time the queue size changes
- **MarginEngine|QueueSizeInfo**  
--> Each time the Queue size is changed, and not above threshold. So by default this alert is generated when the Queue Size comes back to 0.

Example of Log generated

```
2017-11-16 14:18:39,186-0800|1510870719184|WARN|SQL|GetConnectionTime|1|Mar
2017-11-16 14:18:44,000-0800|1510870724000|INFO|System|Startup|2|TopicClean
2017-11-16 14:18:46,199-0800|1510870726198|INFO|System|Startup|3|HRCMultipl
2017-11-16 14:18:46,678-0800|1510870726678|INFO|MarginEngine|ConsumerInfo|4
2017-11-16 14:18:46,679-0800|1510870726678|INFO|MarginEngine|QueueSizeInfo|
2017-11-16 14:18:46,733-0800|1510870726733|INFO|MarginEngine|ConsumerInfo|6
2017-11-16 14:18:46,734-0800|1510870726734|INFO|MarginEngine|QueueSizeInfo|
```

## 6.3 Limit Check Process

### 6.3.1 Initializing the Limit Check Process

At the start of day, a number of scheduled tasks need to be executed in the following order, to initialize the Limit Check process:

- HRC\_CLEAR\_NPV – Initialization of cumulative NPV for all portfolios.
- HRC\_COLLATERAL\_INITIALIZATION – Initialization of collateral amounts.
- HRC\_NODE\_INITIALIZATION – Initialization of Limit Check results.

You can also use the scheduled task HRC\_START\_OF\_DAY with everything set to true to initialize the process.

Task Attributes	
Initialize Collateral	true
Initialize Headroom Check Nodes	true
Restart Option	Restart IM, Init PLVectors, Restart VM, Clear VM, Init VM
Additional Calculation Params	

You can also use the scheduled task HRC\_BEFORE\_HISTSIM to initialize headroom statistics or to catch up intraday market data changes in order to update all statistics based on latest market data.

The scheduled task HRC\_BEFORE\_HISTSIM does not have any attributes.

And if you want to refresh the Market Risk batch and restart the Margin Engine components, you can run a scheduled task chain like below.

Task Chain Definition

Task Chain Definition

Task Chains are special types of task definitions which consist of other previously defined tasks.

External Reference

HRC Chain

Description

HRC Chain

Add

Remove

Move Up

Move Down

	Extern...	ID	Type	Trade Filter
<div><div></div></div>	HRC_B...	130621	HRC_BEFORE_HISTSIM	
<div><div></div></div>	LCHSA,...	119620	DATA_GRID_HYDRATE	
<div><div></div></div>	HRC_...	109620	ERS_ANALYSIS	
<div><div></div></div>	Margin ...	135620	MARGIN_OTC_CALCULAT...	
<div><div></div></div>	HRC_S...	130620	HRC_START_OF_DAY	

### 6.3.2 Starting the Limit Check Process

Start the following servers:

- Risk Messaging Server using "riskMessagingServer.bat\ .sh" (this server must be started first) – It creates in-memory trades for the imported trades.
- Margin Engine OTC Cleared using "marginEngineOtcCleared.bat\ .sh" – It takes trades routed by the Trade VaR Server and the Margin Controller engine and computes incremental VaR.
- Engine Server– It starts the Margin Controller engine that routes the collateral and limit changes to the Trade VaR process, and starts the Update Manager engine that routes the trades and limit changes to the Margin Controller.

### 6.3.3 Limit Check Monitor

You can add a menu item for the Limit Check Monitor to view the results of the Limit Check (menu action hc.apps.monitor.HeadroomCheckMonitor).

If "IM Exposure – Collateral" <= Limit

=> The trade is accepted

If "IM Exposure – Collateral" > Limit

=> The trade is rejected

In addition, limits are also checked at the trade pair level:

- If both trades of a trade pair are accepted, both trades are accepted
- If any trade of the trade pair is rejected, both trades are rejected

For the Headroom Limit Checker to send results to the Headroom Check Monitor, HRC\_MONITOR needs to be set to true in the Calypso environment property file.

```
MARGIN_APP_URL=http\://localhost\ :9140/margin-ui
DS_ENFORCE_UNIQUE=false
DBURL=jdbc\:oracle\:thin\:@localhost\ :1521\:CALYPSO
HTML_EDITOR=C\ :Program\ FilesMicrosoft\ OfficeOffice10WINWORD.EXE
BLOOMBERG_FTP_PASSWORD=]zHUu.sVLzK0DRXP
HRC_MONITOR=true
ERS_INTERNAL_LE_RULE=TRUE
EDEALINGWEBSERVER_NAMING_PROVIDER_URL=http-remoting\://localhost\ :8460
WEB_SERVER_LOCATION=SET\ PATH\ TO\ <CALYPSO_HOME>
PARTIAL_CASH_FOR_SECURITY_MATCHING=TRUE
ENTITLEMENTSERVER_NAMING_PROVIDER_URL=http\://localhost\ :8320
```

### 6.3.4 Trade Blotter

You can right-click a trade in the Trade Blotter and choose "Headroom Check Results" to view Limit Check information:

Headroom Check Trade Blotter Window												
Trade Blotter												
Trade Id	Client	Account	Status	Limit Type	Currency	Limit Util	Limit Util (%)	IM (End)	IM (Start)	Collateral	Date	Headroom Limit
44936	Client1	-	Rejected	Headroom	USD	24,612,678.23	-146.13%	387,321.77	387,321.77	15,000,000.00	04/23/2014 04:08:00 AM	10,000,000.00
44936	Client1	-	Rejected	Total IM	USD	14,612,678.23		387,321.77	387,321.77	15,000,000.00	04/23/2014 04:08:00 AM	10,000,000.00

The Limit Check popup window shows the following information:

- Time of Check
- Start initial margin (at the time of the check)
- Initial margin including the new submitted trade
- Trade NPV (if applicable)
- Initial margin Limit (at the time of check)
- Limit (at the time of check)
- Collateral value (at the time of check)
- Utilization

- Limit Utilization
- STATUS of limit check
- Corresponding trade in the pair (if applicable)

Limit Utilization is defined as follows:

HRC Utilization = Total IM

HRC Utilization % = Total IM / (Total Collateral+ Limit)

**For Headroom Limit, it translates into:**

HRC Utilization = Total IM – Total Collateral

HRC Utilization % = Total IM / (Total Collateral+ Limit), limit can be 0.

**For IM Limit, it translates into:**

HRC Utilization = Total IM

HRC Utilization % = Total IM /Limit (total Collateral = 0)

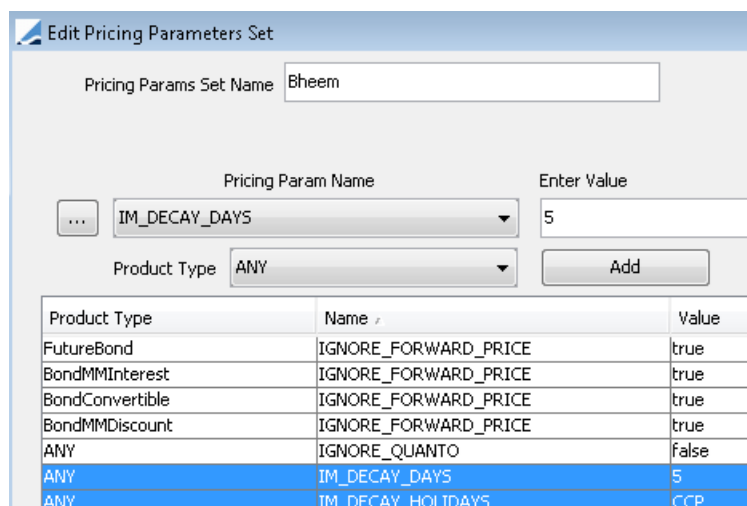
## 7. OTC Margin Forecasting the Initial Margin

The Expiry report allows forecasting the Initial Margin over a few days, taking into account trade lifecycle events.

### 7.1 Setup Requirements

#### 7.1.1 Pricing Parameters

Set the pricing parameters IM\_DECAY\_DAYS and IM\_DECAY\_HOLIDAYS for the default forecasting days and holiday calendar.



Product Type	Name	Value
FutureBond	IGNORE_FORWARD_PRICE	true
BondMMInterest	IGNORE_FORWARD_PRICE	true
BondConvertible	IGNORE_FORWARD_PRICE	true
BondMMDiscount	IGNORE_FORWARD_PRICE	true
ANY	IGNORE_QUANTO	false
ANY	IM_DECAY_DAYS	5
ANY	IM_DECAY_HOLIDAYS	CCP

#### 7.1.2 Configuring the Sim Analysis

Specify the Sim analysis parameters, under Market Risk > Setup > Risk Attribution Editor. Select the Sim analysis, and click Parameter Editor.

Sim Parameters Editor...

CME\_BASE ▼ [New...] [Delete] [Save As...]

Attribute Name :

Attribute Value :

[Add]

Attribute Name	Attribute Value
Scenario Set ID	8011
Attribution Type	Standard
Number of observations	100
Observation Start Date	
Horizon	5
Limit VaR Confidence	99.7
Methodology	TYPED
Description	Base Scenario 8011
Report Measures	Initial Margin, NPV

- Scenario Set ID – Enter the scenario set ID for the historical simulation.
- Number of observations – Enter the number of observations (scenarios) for the historical simulation.
- Methodology – Select the desired methodology.
- Confidence Level – Enter the confidence interval for the VAR calculation.
- Report Measures – Select the measures corresponding to the selected methodology.

## 7.2 Sample Process

### 7.2.1 Create a Batch Configuration

Bring up Market Risk and create a batch configuration under Market Risk > Setup > Batches > Editor.

### 7.2.2 Populating the Data Grid

From the Calypso Navigator, navigate to **Configuration > Scheduled Tasks** (menu action `scheduling.ScheduledTaskListWindow`) to configure the scheduled task.

Click New Task and select the DATA\_GRID\_HYDRATE task type.

Task Attributes	
Global Trade Filter List	CME_CALYPUS-C
Pricing Env List	CME_IM_EXPIRY
ERS Analysis Config	Expiry_Sim
CCR Analysis Config	

- » Enter a trade filter
- » Enter a pricing environment
- » Enter the Market Risk Batch for which you want to use a data grid.

The CCR Analysis Config attribute does not apply to Market Risk.

Run the DATA\_GRID\_HYDRATE scheduled task.

### 7.2.3 Running the Expiry Report

From the Calypso Navigator, navigate to **Configuration > Scheduled Tasks** (menu action `scheduling.ScheduledTaskListWindow`) to configure the scheduled task.

Click New Task and select the EXPIRY\_RISK\_REPORT task type.

Task Attributes	
Batch name	Expiry_Sim
Horizon Days	5
Quote Rolling Policy	
Output Processor	DefaultExpiryRiskOutputProcessor
Output CSV Dir	C:\Users\qian_liu\Calypso
Dispatcher config	default
Clear Results After Save	true
Max Trade Per Task	
Calculator Count	
Gather Execution Stats	false

- » Batch Name – Select the Market Risk Batch to run. It should be the same Market Risk Batch specified in the DATA\_GRID\_HYDRATE scheduled task.
- » Horizon Days – Number of forecasting days.
- » Output Processor – Set to Default ExpiryRiskOutputProcessor.
- » Output CSV Dir – Enter the directory where the CSV file containing the results should be saved.
- » Dispatcher config – Select the dispatcher configuration to use.
- » Max Trade Per Task – For optimization, you can restrict the maximum number of trades that each calculator will process at a time. Optional.
- » Calculator Count – For optimization, you can enter the number of calculators. Optional.
- » Gather Execution Stats – True or false. Set to true to gather job execution statistics. Optional.

Run the EXPIRY\_RISK\_REPORT scheduled task.