

OSTRA

# Credit Replatform - TradeServ

Powered by MarkitServ

August 2021

The new home of MarkitServ, Traiana, TriOptima & Reset

# Project Summary

1.

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In 2018 MarkitServ and Deriv/SERV announced they would be moving aspects of their credit derivatives businesses and processes to new emerging technologies to address certain limitations of the current post-trade process by modernizing, streamlining, and simplifying the siloed design of the financial industry infrastructure that developed over 40+ years

2.

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Currently MarkitServ's DSMatch platform & DTCC's Trade Information Warehouse (TIW) share mainframe systems architecture that will be replaced with cloud technology to create operational efficiencies and increase development agility while adding security through virtual separation of environments

3.

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In a highly coordinated migration, the platforms are separating, as both firms upgrade technologies

4.

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MarkitServ will retire its DSMatch system and replace it with a modern cloud based system architecture called TradeServ

5.

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DTCC will re-platform its TIW to a cloud based system that will leverage distributed ledger technology (DLT)

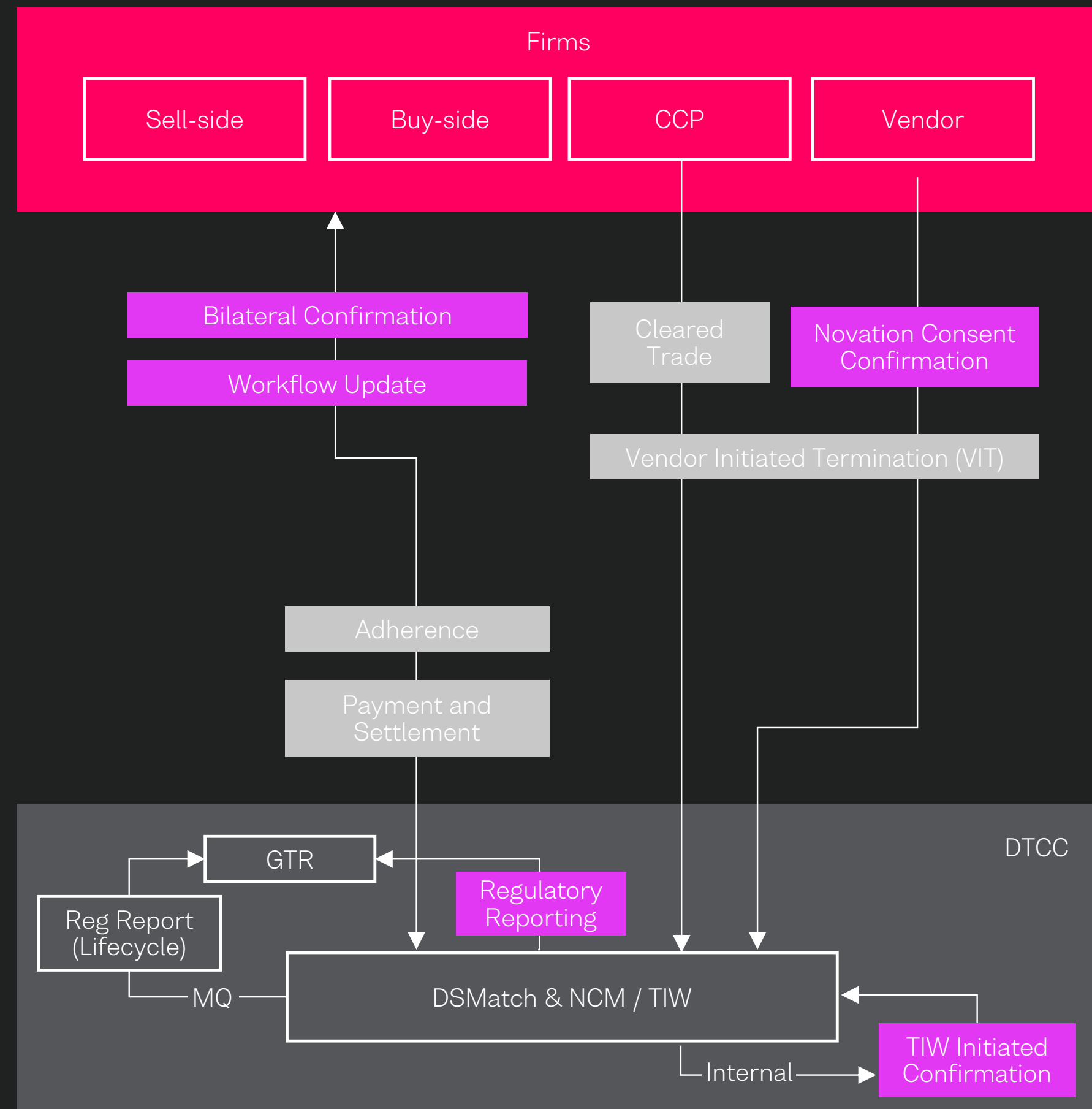
6.

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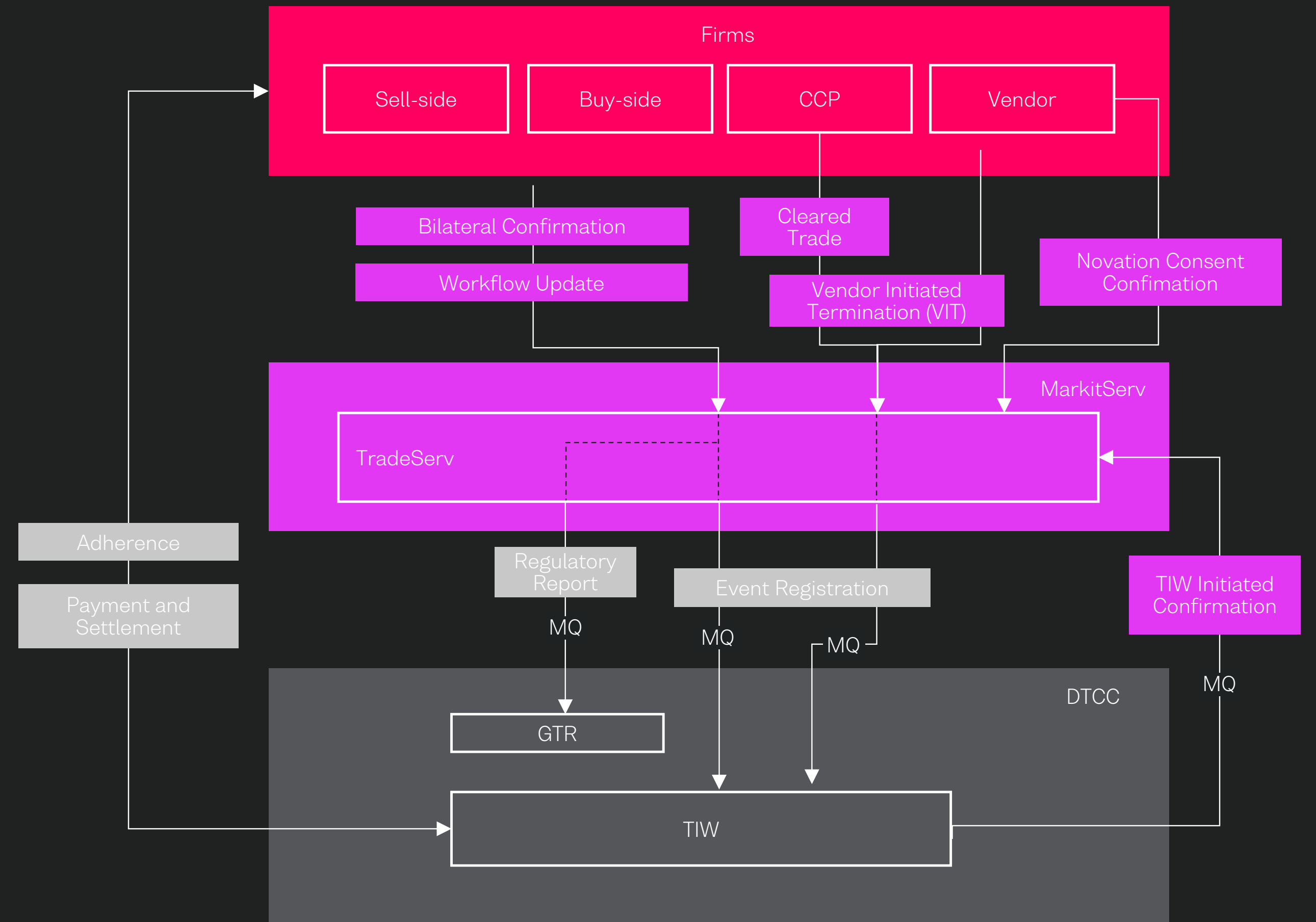
Now part of OSTTRA, MarkitServ will continue to work with Deriv/SERV to ensure that client-facing change is limited and that connectivity between our platforms remains as seamless as possible

# Legacy vs. Target – Platforms Decoupled

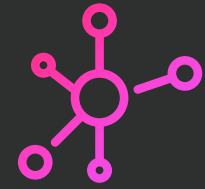
## Legacy



## Target



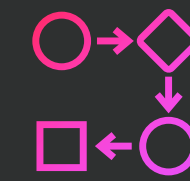
# Client impact



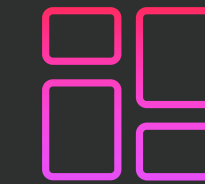
MQ  
Connectivity



Graphical User  
Interface



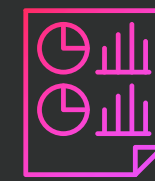
Workflows



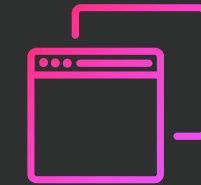
Novation  
Consent  
Module



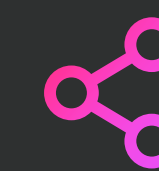
Regulatory  
Reporting



Transaction  
Reports



Onboarding



Data  
Migration



Schema  
Validation














# Connectivity

|                 |                          |   |
|-----------------|--------------------------|---|
| MQ Connectivity |                          |   |
|                 | Graphical User Interface | > |
|                 | Workflows                | > |
|                 | Novation Consent Module  | > |
|                 | Regulatory Reporting     | > |
|                 | Transaction Reports      | > |
|                 | Onboarding               | > |
|                 | Data Migration           | > |
|                 | Schema Validation        | > |

- Today, MQ connectivity into both DSMatch and TIW is routed over DTCC lines
- For TradeServ, MQ connecting firms will have to submit and receive their CDS confirmation messages to a MarkitServ destination
- Most banks have a private lease line connection into MarkitServ, allowing connectivity for rates/equities on MarkitWire
- These existing private lines will provide access to TradeServ
- MarkitServ will be reaching out to firms individually who have MQ connections to provide additional information on this topic
- If your trades are submitted into DSMatch by a third-party provider, we are liaising with them directly
- TIW Connectivity to remain as currently implemented



# GUI & Logins



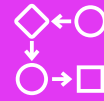






|   |                          |   |
|---|--------------------------|---|
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|  | Schema Validation        | > |

- Both DSMatch and TIW share the same graphical user interface (GUI) providing users with access to confirmation, reporting, clearing, warehousing and payment information
- A new and enhanced TradeServ GUI will replace the current DSMatch one, enabling users to better manage credit confirmation, clearing and regulatory reporting
- The TradeServ GUI will offer users an enhanced experience, allowing for...
  - Improved navigation to quickly filter and sort transactions
  - Introduction of workspaces to save views etc.
  - Easier and quicker access to MIS reports and downloads
- Your username for TradeServ will remain the same, but users when logging in for the first time will be requested to reset their passwords







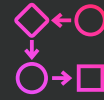






# Workflow

|   |                          |   |
|---|--------------------------|---|
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- Only once a transaction (new or post trade event) is legally confirmed on TradeServ, will it be submitted to the TIW to be registered which differs from today's process where trades are matched, confirmed and registered in one step
- In the future state, where TradeServ needs to register the transaction at the TIW, TradeServ will introduce 2 messages
  - TradeServ will respond with a confirmation message prior to the successful insertion into the TIW (opt in)
  - TradeServ will then also update with a secondary message inclusive of DTCC TRI once registered
- For post trade events TradeServ will 'reserve' the applicable notional at the TIW until such time that transaction is confirmed
- TradeServ will be sun setting the following transaction types
  - Backloads, Increase, Outside Assignment, Outside Termination, Self Trades
- TradeServ will also introduce new error codes that state the reason for submission failure



# Novation Consent Module (NCM)



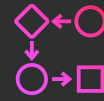






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- The current MarkitServ Novation Consent Module (NCM) that facilitates consent and conformation will also be transitioned over to TradeServ technology
- The new NCM will be launched in parallel and on the same underlying technology as TradeServ
- The new application will mirror all the current services that are available today
- Your username for the new NCM will remain the same, but users when logging in for the first time will be requested to reset their passwords







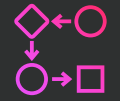



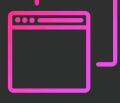


# Regulatory Reporting

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- The majority of regulatory reports sent to the DTCC Global Trade Repository (GTR) plus the additional services associated (jurisdiction determination, RCP determination USI/UTI generation) are performed by DSMatch
- For a small number of transactions, those that have been through event processing the TIW sends the applicable reports
- To ensure a common approach and no duplication of build, it has been agreed by that TradeServ will take on regulatory reporting of all transactions providing a single source to reconcile, simplifying the process for participants that utilize this service





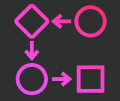






# Transaction Reports

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- The current DTCC Full Position Reconciliation Report (FPRR) contains both confirmed, unconfirmed and allege transactions
- In the future state with the TIW not knowing of a transaction until it has been legally confirmed on TradeServ the FPRR will only include confirmed transactions
- TradeServ will be creating its own position report that will contain all trades or PTEs that are unconfirmed, alleged, or confirmed
- If firms wanted continue to use the DTCC FPRR they will need to combine it with the unconfirmed/allege transaction report produced by TradeServ
- As per the current reporting functionality available on DSMatch, TradeServ will allow participants be to download or have sent to them reports containing unconfirmed and alleged transactions





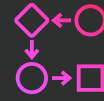






# Onboarding

|   |                          |   |
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- Current onboarding to both DSMatch and TIW is administered and performed by MarkitServ on behalf of both institutions
- MarkitServ and Deriv/SERV have new processes in place to onboard clients to the new TradeServ platform and the new TIW separately
- Both organisations are committed to develop operational and technical guidelines to ensure that onboarding steps are performed as seamlessly as possible
  - Onboarding requests will be initiated to MarkitServ and the two operations teams will have clearly defined handover steps to ensure cases are processed in a timely fashion and that all account details are aligned on TradeServ and the TIW
  - Account data will be reconciled between the parties on a daily basis to ensure that both systems are kept in sync



# Data Migration

|   |                          |   |
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- In a coordinated effort both organisations will be migrating production data into their new environments
- TradeServ account reference data will be migrated along with active users and their permissions
- Historic transaction data for Credit will be stored in an ‘offline database’ in order to satisfy data retention requirements and service requests for exports by firms and respond to adhoc queries by regulators and auditors
- Active Positions, Transactions and history will be migrated to TradeServ
- Inactive Positions, Transactions and history up to one year after maturity will be migrated to TradeServ
- UAT data will not be migrated



# Schema Validation

- MQ Connectivity
- Graphical User Interface
- Workflows
- Novation Consent Module
- Regulatory Reporting
- Transaction Reports
- Onboarding
- Data Migration
- Schema Validation**

- The structure of the FpML messages are defined by XML schemas
- Today a small number customers submit schema invalid FpML which is accepted by DSMatch, this will need to be corrected when submitting to TradeServ
- TradeServ will validate that the FpML submitted by firms conforms to the XML Schema
- Transactions which are not schema valid will be rejected, and submitters notified via FpML message over MQ
- Where a confirmation Exception FpML message cannot be constructed, submitters can opt to receive an email notification
- MarkitServ have reached out to affected firms to assist in this process



# JUSTRA

## Get in contact

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