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DERIVATIVES EXECUTION & CLEARING

BNP Paribas (“BNPP”) - Disclosure of prices and fees for clearing of OTC Derivatives under EU Regulation 648/2012 on OTC Derivatives, central counterparties and trade repositories.

1. Introduction

The above regulation, commonly referenced as European Market infrastructure Regulation (EMIR), entered into force on 16th Aug 2012. EMIR established specific requirements to which clearing members need to adhere where they clear derivatives on behalf of clients.

One such requirement is to provide transparency on the fees charged for clearing services as set out in EMIR Article 38(1), which states that both CCPs and their clearing members shall publicly disclose the prices and fees (“Fees”) associated with the services provided.

Under EMIR Article 39(7) there is a requirement for CCPs and clearing members to publicly disclose the levels of protection and the costs associated with the different levels of segregation they provide.

Further information regarding the levels of protection associated with the various levels of segregation available can be found on BNPP’s EMIR Clearing Member Disclosure Document.

2. Purpose of This Document

The purpose of document is to disclose the Fees for the provision of clearing services for OTC derivative trades cleared for clients at a CCP authorised to clear derivatives under EMIR. In addition, this document sets out the costs associated with the different levels of segregation that are available.

The exact Fees charged in respect of the provision of OTC derivatives clearing and related services will be agreed with each client and the terms and conditions governing the charging and payment of such fees will be documented in the client agreement and ancillary documentation between the client and BNPP.

3. Client Clearing Fees

The BNPP Fees for the provision OTC derivatives clearing services on the CCP services currently offered are set out below. The Fees charged will be subject to a minimum fee threshold as set out below. The Fee schedule set out below is indicative only and remains subject to the criteria set out in Section 5. Pricing Considerations.

The Fees set out are exclusive of additional charges relating to the provision of segregated accounts. In addition to the Fees charged by BNPP, clients will be required to meet charges levied by third parties for the provision of clearing services, as set out below.

As explained below, the exact basis of the Fees will be agreed with each Client, having regard to the nature of the service and in accordance with the terms of the client clearing agreement. Subject to this, BNPP reserves the right to change at any time and without notice the Client Clearing Fees described in this document (which will be updated as appropriate) and subject to the terms set out in the contractual agreement between the client and BNPP.

Eurex OTC Clear – IRS,
LCH.Clearnet SA – CDSClear,
LCH.Clearnet Ltd. - SwapClear.
CME Clearing Europe – IRS
ICE Clear Europe – CDS

Fee Type	Standard Fee Charged
Transaction Charge	€500 per cleared transaction.
Maintenance Fee	€250 per outstanding transaction per annum.
Capital Charge	75bps on the initial margin requirement calculated by the CCP.
Margin Financing	Currency benchmark index plus 200bps

3.1. Minimum Revenue

For each client a minimum Fee threshold of €250,000 per annum will be applied for the provision of OTC derivatives clearing services. Where a client does not meet the minimum Fee threshold, BNPP reserves the right to apply a monthly service charge for the provision of the OTC derivatives clearing services.

3.2. Third Party Fees

In addition to the fees charged by BNPP for the provision of clearing services, clients are required to meet any charges levied by third parties and incurred by BNPP in relation to their cleared transactions. These charges may include, but are not limited, to the following:

- CCP fees,
- Regulatory charges,
- Taxes,
- Third party broker fees, and
- Third party vendor fees

4. CCP Client Account Structures Fees

EMIR Article 39(5) sets out a requirement for CCPs and clearing members to offer a choice to each client of an Omnibus Segregated Account (“OSA”) or an Individual Segregated Account (“ISA”).

Where a client elects to use an ISA, additional charges apply in relation to the provision of this type of account compared with the use of an OSA.

A number of factors are taken into account when assessing the charges to be levied for the provision of an ISA, including the funding requirements and operational costs required to maintain these accounts. Clients should note that when selecting an ISA, they may also be subject to additional third party charges.

BNPP reserves the right to change at any time and without notice the CCP Client Account Structure Fees described in this document, subject to the terms set out in the contractual agreement between the client and BNPP.

A one-off fee of €20,000 per ISA will be charged per client to open an ISA.

In addition, a monthly fee of €8,000 per ISA will be charged for the provision of an ISA.

The pricing considerations set out in Section 3 of this document will be applied when determining the CCP Client Account Structure Fee.

5. Pricing Considerations

When calculating Fees for clients, a number of variable factors and criteria are considered. These factors may result in a client receiving a discount to the Fees charged. Alternatively, higher Fees may be charged to clients that require more complex solutions.

Criteria used when calculating fees for the provision of clearing services for a client include, but are not limited to, the following:

Client	Client credit rating
	Trading strategy
	Portfolio composition
	Wider client relationship with the BNPP group
Onboarding Set Up	Onboarding complexity
	Number of accounts to be onboarded
	Legal structure of client, e.g. fund
Clearing	Product types cleared
	Volume of trades cleared
	Capacity required, i.e. trading and clearing limits
	Agreed CCP Service
	Allocation method (where applicable)
	Capital costs associated with client's cleared portfolio
Client Service	Operational complexity
	Reporting requirements
	Margin settlement requirements
	Collateral services requirements

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