

Omnibus Accounts

Benefit from CQG's pre-trade risk controls.

Introduction

Do you have a clearing relationship with another FCM? If so, CQG provides a way for you to:

- Ensure that your traders are anonymous to the clearing firm

Are you a clearing member of an exchange? If so, CQG provides a way for you to:

- Manage risk for one consolidated account without having to consider individual account risk settings
- Profit from simplified back office processes
- Benefit from a second layer of risk above individual account risk settings

CQG's advanced pre-trade risk controls provide, through the introduction of omnibus accounts, these benefits to our FCM partners.

What They Are

Omnibus accounts, set up by clearing firms for non-clearing firms, are used to funnel orders from individual accounts at a non-clearing firm into one omnibus account at the clearing firm. All orders placed for a particular exchange from those individual accounts are sent to the clearing firm and exchange using the omnibus account.

In this way, customers of the non-clearing firm are not disclosed to the clearing firm.

Non-clearing firms are able to manage risk separately from the omnibus account and can have multiple omnibus accounts with a range of clearing firms.

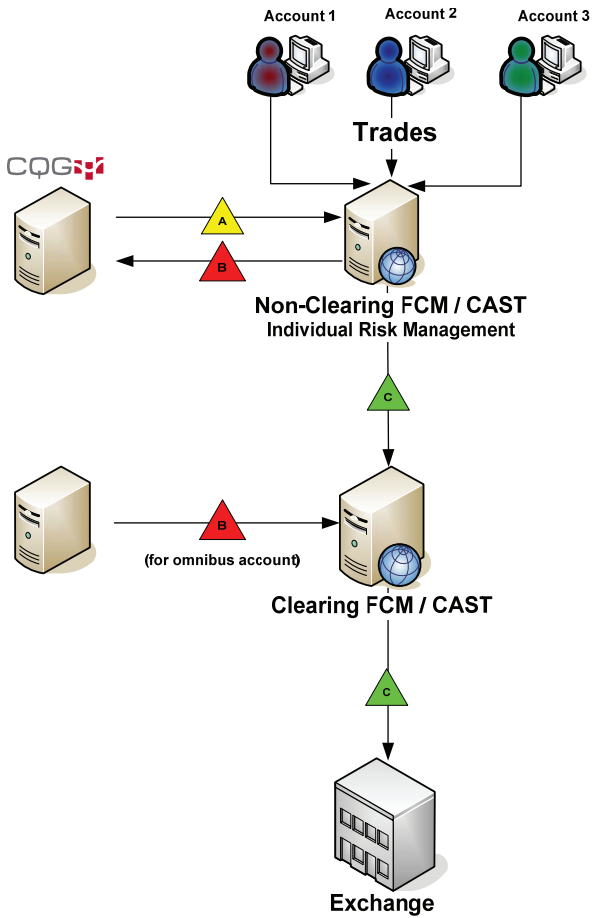
How They Work

A separate omnibus environment is created. The clearing FCM sets up the omnibus account, making sure to set the location and risk server for the omnibus route. The non-clearing FCM sets up the individual accounts. Traders associated with the non-clearing firm place orders using that firm's account, and the orders are sent to the clearing firm and exchange using the omnibus account.

Suppose that a non-clearing firm needs to clear Eurex through a specific clearing firm:

- The clearing firm provides their Eurex ID to be used by the non-clearing firm to CQG.
- CQG creates an Omnibus Eurex route.
- In CAST, the clearing firm creates an omnibus account for the non-clearing firm, sets the route for the account as Omnibus Eurex route, and then sets risk for the omnibus account. The total individual accounts at the non-clearing firm cannot place trades beyond the risk parameters set for the omnibus account.
- In CAST, the non-clearing firm creates individual accounts and sets risk for those accounts.
- When any of those non-clearing individual accounts trade on Eurex, trades from the non-clearing firm are submitted to the clearing firm and Eurex using the omnibus account. Because they all use the same route, they remain anonymous.

How Data is Transmitted



A MODES file: CQG sends daily file detailing the fills on each account to Non-Clearing FCM as often as requested.



B Backoffice feed: Non-Clearing FCM sends CQG a file at the end of the day detailing the account positions and balance, which is used to update the account for risk purposes and for the customer to see their proper position and balance on CQG. Clearing FCM receives file from CQG or a third-party.



C Omnibus account number: CQG routes orders using the omnibus account number to the Clearing FCM, and the Clearing FCM uses that number when submitting orders to the Exchange. The Clearing FCM will have set levels for risk on the omnibus account.

Contact

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