**FinDatEx – TPT/SII TWG Additional guidelines**

# Additional guidelines TPT V6

This document provides additional guidelines related to the modelling of FX forward, FX options, FX Futures, Swap, Credit Derivatives transactions

# Additional guidelines on FX Forward Transactions

FX forward transactions should be modelled in **2 lines (buy leg / sell leg)** of the report, following the additional guidelines.

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| **Data field** | **Additional guidelines** |
| 12\_CIC\_code\_of\_the\_instrument | “XLE2” or “XTE2” may be used. |
| 16\_Grouping\_code\_for\_multiple\_leg\_instruments | It is very important that the same value / ID is assigned to both legs. This makes it possible to connect both legs to the same instrument. |
| 24\_Market\_valuation\_in\_portfolio\_currency\_(B) | There are 2 options:   * (1) “**gross approach**”: fill the valuation of each leg * (2) “**net approach**”: or by putting the valuation of the transaction in one leg and 0 in the other one.   We recommend using the same approach as the one used in your accounting system to avoid creating discrepancies between accounting and prudential views. In all cases the sum of the 2 lines should equal the valuation of the transaction used for the calculation of the NAV of the portfolio or the fund. |
| 27\_Market\_exposure\_amount\_in\_quotation\_currency\_(A) | Unless specified overwise in S2 regulation, common practice is to put the notional amount of the transaction. This allow participant to be consistent with CESR approaches and Asset Management Prudential regulations such AIFMD for assessing leverage on funds with derivatives.  Some participants may indicate the actual valuation of future cash flows in each leg. |
| 28\_Market\_exposure\_amount\_in\_portfolio\_currency\_(B) | The exposure amount in portfolio currency should be filled with the value, in portfolio currency, of the market exposure in quotation currency. |



# Additional guidelines on FX Options Instruments

FX options transactions should also be modelled in 2 lines (call leg / put leg) for the report adopting the same principles as for the FX forward transaction. Nevertheless, for practical reasons, it is possible to modelled one leg in case one the currency is the one used for the valuation of the portfolio

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| **Data field** | **Additional guidelines** |
| 12\_CIC\_code\_of\_the\_instrument | “xxB3” or “xxC3” may be used. “xx” is the country of quotation for listed options or “XT” or “XL” for OTC product.  The cic code of the transaction should be the same for both legs in case the transaction is modelled with 2 legs. (for example, a call EUR/YEN and a put YEN/EUR are the same). |
| 16\_Grouping\_code\_for\_multiple\_leg\_instruments | If required, it is very important that the same value / ID is assigned to both legs. This makes it possible to connect both legs to the same instrument. |
| 24\_Market\_valuation\_in\_portfolio\_currency\_(B) | Valuation of the option. In case the instrument is modelled on 2 lines, put the valuation of the option in one line and 0 in the other. |
| 27\_Market\_exposure\_amount\_in\_quotation\_currency\_(A) | Unless specified overwise in S2 regulation, common practice is put the notional or notional amount of the transaction, multiplied by the delta. This allow participant to be consistent with CESR approaches and Asset Management Prudential regulations such AIFMD for assessing leverage on funds with derivatives. |
| 28\_Market\_exposure\_amount\_in\_portfolio\_currency\_(B) | The exposure amount in portfolio currency should be filled with the value, in portfolio currency, of the market exposure in quotation currency. |



# Additional guidelines on FX future instruments

FX future transactions should be modelled in 2 lines.

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| **Data field** | **Additional guidelines** |
| 12\_CIC\_code\_of\_the\_instrument | “xxA3” should be used. “xx” is the country of quotation for listed options or “XT” or “XL” for OTC product. |
| 16\_Grouping\_code\_for\_multiple\_leg\_instruments | It is very important that the same value / ID is assigned to both legs. This makes it possible to connect both legs to the same instrument. |
| 19\_Nominal\_amount | The nominal amount is negative for the quotation currency leg and positive for the other currency’s leg, in case of long position and vice versa for a short position. |
| 24\_Market\_valuation\_in\_portfolio\_currency\_(B) | The valuation is indicated on one leg. |
| 27\_Market\_exposure\_amount\_in\_quotation\_currency\_(A) | Notional or nominal amount. |
| 28\_Market\_exposure\_amount\_in\_portfolio\_currency\_(B) | The exposure amount in portfolio currency should be filled with the value, in portfolio currency, of the market exposure in quotation currency. |



# Additional guidelines on IRS Instruments

IRS transactions should be modelled in 2 lines.

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| **Data field** | **Additional guidelines** |
| 12\_CIC\_code\_of\_the\_instrument | “XTD1” should be used. |
| 16\_Grouping\_code\_for\_multiple\_leg\_instruments | It is very important that the same value / ID is assigned to both legs. This makes it possible to connect both legs to the same instrument. |
| 24\_Market\_valuation\_in\_portfolio\_currency\_(B) | The valuation may be indicated on one leg or detailed on each leg.  We recommend using the same approach as the one used in your accounting system to avoid creating discrepancies between accounting and prudential views. In all cases the sum of the 2 lines should equal the valuation of the transaction used for the calculation of the NAV of the portfolio or the fund. |
| 27\_Market\_exposure\_amount\_in\_quotation\_currency\_(A) | Unless specified overwise in S2 regulation, common practice is put the notional amount of the transaction indicated as a nominal in datapoint 19. This allow participant to be consistent with CESR approaches and Asset Management Prudential regulations such AIFMD for assessing leverage on funds with derivatives. |
| 28\_Market\_exposure\_amount\_in\_portfolio\_currency\_(B) | The exposure amount in portfolio currency should be filled with the value, in portfolio currency, of the market exposure in quotation currency. |



For other type of Swap instrument, we kindly recommend addressing specialists that will be able to reconcile TPT modelling principles with insurance companies needs regarding S2 regulation.

# Additional guidelines on CDS Instruments

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| **Data field** | **Additional guidelines** |
| 19\_Nominal\_amount | A CDS may be considered as series of put spreads (buying puts on an underlying corporate bond and selling puts on an underlying credit risk free instruments). For consistency purposes we would recommend indicating negative figures for long instruments. |

# Additional guidelines on collateral

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| **Data field** | **Additional guidelines** |
| 138\_Collateral\_eligibility | Indicates if the asset manager has analysed the collateral to assess whether it is eligible or not to the simplified approach for SCR calculation (RD UE 2015/35 art 112) and which factor should be applied to estimate an adjusted value of the collateral. This approach is the only one applicable for doing the calculations at fund level.  Please refer to your counsel for more information on Solvency 2 regulation. |
| 139\_Collateral\_Market\_valuation\_in\_portfolio\_currency | Indicates the market value of the collateral in portfolio currency. This information will be used in the calculation of the SCR. |

