

R.J. O'Brien Limited
EMIR Pricing and Fee Disclosure Document for Listed
Derivatives Clearing Services 2021

EMIR Pricing and Fees

1. Business Activity Structure

R.J. O'Brien Limited (RJOL) is part of the RJO Group, one of the oldest and largest independent futures and clearing groups, with a leading position in the execution and clearing of listed derivative products. RJOL is authorised and regulated by the UK Financial Conduct Authority.

2. The European Markets and Infrastructure Regulation (EMIR) and Markets in Financial Instruments Directive II / Markets in Financial Instruments Regulation (together MiFID II)

2.1. Introduction

On 16 August 2012 the European Market Infrastructure Regulation (EMIR) came into force in the European Union effecting changes in the legal and regulatory landscape for central counterparties in the EU (CCPs) and clearing members of such CCPs, in relation to both listed and OTC derivatives.

EMIR enables direct clients of a Clearing Member ("CM") to facilitate clearing of OTC derivatives to their clients without those clients becoming direct clients of the CM, a concept known as 'indirect clearing'.

Under MiFID II the concept of indirect clearing arrangements was both expanded to include exchange-traded derivatives (ETDs) under the newly implemented Markets in Financial Instruments Regulation (MiFIR) within Article 30 and updated within EMIR in order to align the two approaches. These changes were achieved via two new Commission Delegated Regulations (Delegated Regulations).

On 21 November 2017, the two documents were published in the Official Journal of the European Union (OJEU):

- Delegated Regulation ((EU) 2017/2154) (MiFIR Indirect Clearing RTS), which supplements the Markets in Financial Instruments Regulation (Regulation 600/2014) (MiFIR) with regard to regulatory technical standards (RTS) on indirect clearing arrangements); and
- Delegated Regulation ((EU) 2017/2155) (EMIR Indirect Clearing RTS), amending Delegated Regulation (EU) 149/2013 with regard to RTS on indirect clearing arrangements, to reflect a mandate under Article 4(4) of the European Market Infrastructure Regulation (Regulation 648/2012) (EMIR).

These Delegated Regulations applied starting from January 3, 2018. The aim of the Delegated Regulations is to:

- simplify and clarify the requirements relating to managing the default of a direct client providing indirect clearing services;
- adapt account structures to rationalize the offering of indirect clearing services;
- allow indirect clearing services to be provided in chains going beyond the client of a direct client, with certain limitations, so long as appropriate and equivalent protection is ensured throughout the chain; and
- set out homogenous requirements for indirect clearing arrangements relating to both over-the-counter and exchange-traded derivatives.

2.2. Fee Disclosure Requirements

One of the objectives of EMIR is to provide greater transparency in relation to the services provided by CCPs and clearing members and to that end it imposes new disclosure requirements related to the fees charged for services.

- EMIR Article 38 paragraph 1 requires that a CCP and its clearing members shall publicly disclose the prices and fees associated with the services provided (including discounts and rebates and the conditions to benefit from those reductions).

- EMIR Article 39 paragraph 5 requires that a clearing member shall offer its clients, at least, the choice between omnibus client segregation and individual client segregation and inform them of the costs and level of protection associated with each option.
- EMIR Article 39 paragraph 7 requires that CCPs and clearing members shall publicly disclose the levels of protection and the costs associated with the different levels of segregation that they provide.
- Additionally, MiFIR Indirect Clearing RTS Article 4(2) requires that a clearing member providing indirect clearing services in relation to ETDs shall offer its clients, at least, the choice between basic omnibus segregation and gross omnibus segregation.

This document is intended to provide customers and prospective customers with information relating to the costs and fees associated with different segregation account types to be offered by RJOL. As with most clearing firms, RJOL's cost structure is client-specific and based on a large number of factors, many of which are set forth herein. This document may be updated from time-to-time, as RJOL comes into possession of information from CCPs regarding their costs for certain account types and other relevant information. Customers are encouraged to review this document, along with other important EMIR and MiFID II-related disclosure documents provided by RJOL relating to its clearing services, and contact their RJOL Account Executive to agree on the actual account type costs to be charged.

3. Clearing: Fee Considerations

3.1. Overview

RJOL fees are based on a number of different criteria, the most important being a client's individual circumstances, and may vary over time (for example, to take into account changes in the legal, regulatory, tax or business environment). Some of the common factors which may be taken into account as of the date of this document are set out in the table below. As a general matter, there is a correlation between the level of protection chosen by the client and the overall costs charged by RJOL. Typically, our internal and external costs will be higher for the services associated with providing the higher levels of protection, for example, as provided by individual segregated accounts.

The table below is provided as an illustration of the criteria, not necessarily exhaustive or determinative, which may be used in consideration of the level of fees to be applied:

Products, CCPs and execution		Lower Fees	Higher Fees
Products	Listed or OTC cleared ¹	Listed Products	OTC Products
CCPs	Choice of CCP	Dependent on individual CCP fees	
	Account opening, maintenance and transactional costs charged by each CCP	Dependent on individual CCP fees	
Processing	Straight-through processing	STP Markets	Non-STP Markets
Execution method	Direct, electronic or voice	Direct / Electronic Execution	Voice Execution
Account Types and Volumes		Lower Fees	Higher Fees

¹ Please note that we do not currently offer OTC Derivatives clearing services.

Type	Omnibus Segregated Account or Individual Segregated Account	Omnibus Segregated Account	Individual Segregated Account
Number of Accounts	Number of Accounts required to be held at the CCP	Low Numbers of Accounts	High Number of Accounts
Volume of Transactions	Number of Transaction cleared	High Volumes of Transactions	Low Volumes of Transactions
Collateral Allocation and Settlement		Lower Fees	Higher Fees
Type of collateral	Cash or Non-Cash	Cash Collateral	Non-Cash Collateral
Settlement	Cash or Physical Delivery	Cash Settlement	Physical Delivery
Allocation	Pre- or Post-Clearing	Pre-Clearing Allocation	Post-Clearing Allocation
Additional factors		Lower Fees	Higher Fees
Internal Operational costs		Low Internal RJOL Operational Costs	High Internal RJOL Operational Costs
Application of Client Money Rules to Client Cash Collateral		Client Agreement subject to Title Transfer Collateral Arrangements	Client Agreement subject to CASS Client Assets Protection
Credit and Internal Risk Weighting of Client		High Client Credit Rating	Low Client Credit Rating
Capital and Liquidity Costs		Low Capital and Liquidity Impact on RJOL	High Capital and Liquidity Impact on RJOL
Impact on Default Fund contributions and concentration risk margin requirements arising from provision of services to the Client		Low Impact on RJOL's Default Fund Contributions	High Impact on RJOL's Default Fund Contributions

4. Omnibus and Individual Segregated Accounts Fees

As tabled above, clients may incur higher fees if they opt for individual segregated accounts rather than omnibus accounts. The higher account maintenance fees reflect the additional operational complexity of the individual segregated account which require additional reconciliations and movements of cash and non-cash collateral.

The Omnibus Segregated Account (OSA) and Individual Segregated Account (ISA) will be subject to the following fees types and maximum fees:

Fee Type	Description	Fee		
		OSANet	OSAGross	ISA
CCP Charges	CCP charges directly incurred by us in connection with your positions and collateral. (pass-through of costs)	Yes	Yes	Yes
Third Party Charges	Third party charges directly incurred by us in connection with your positions and collateral (pass-through of costs)	Yes	Yes	Yes
Account Opening Fee	Charge per account opened	None	£5,000 per account	£5,000 per account
Account Maintenance Fee	Charge per account per month	None	£20,000 per month	£20,000 per month
Portfolio Fee	Charge based on the balance of assets held	None	50 bps	75 bps
Funding Charge	To meet intra-day shortfalls incurred on your supporting margin payments to CCPs (daily shortfalls will incur a funding charge across all account types)	None	Market overnight rate plus 325 bps	Market overnight rate plus 325 bps

Please note the fees and charges are indicative and are subject to individual negotiation and are also subject to change or amendment from time to time as indicated in the Commercial Terms.

5. Minimum Account Fee

RJOL may apply a minimum account fee (MAC) to those clients whose activity is below thresholds set by the Firm. The details are set out in the Commercial Terms.

6. Additional Services

RJOL fees are also based on the extent to which any additional services are extended to a Client. These may include, but are not limited to the following services:

- Single Currency Margining
- Margin Financing Facility

The fee charges for additional services are likely to be higher with the level of complexity of the solution provided.

7. Discounts and Rebates

Customers may be able to benefit from certain discounts or rebates with regard to RJOL clearing services. Such discounts or rebates, and the conditions to benefit from such reductions, should be discussed with your RJOL account executive.

8. CCP Fees

As above, RJOL will pass on to the client any costs charged by CCPs for holding those accounts. Further information on the CCP fees can be found from their relevant website.

Disclaimer

This document provides a high level indication of RJOL's fee charging structure. It does not provide all the information you may need to make the decision on which account type is suitable for you. It is intended as a basis for further discussion and for further detailed information regarding the costs of an omnibus or individual segregated account. Please contact your Account Executive or usual RJOL contact for further information.

RJOL shall not in any circumstances be liable, whether in contract, tort, breach of statutory duty or otherwise for any losses or damages that may be suffered as a result of using this document. Such losses or damages include (a) any loss of profit or revenue, damage to reputation or loss or any contract or other business opportunity or goodwill and any indirect loss or consequential loss. No responsibility or liability is accepted for any errors, misstatements or omissions in this document or any differences of interpretation of legislative provisions and related guidance on which it is based. This paragraph does not extend to an exclusion of liability for, or remedy in respect of, fraudulent misrepresentation.