

OMNIBUS ACCOUNTS

Chapter 7

General Information

The records of an FCM should clearly indicate all domestic and foreign omnibus accounts.

Customer and house omnibus accounts of the same entity must be separately established and reviewed for margin purposes.

Specific Topics

Reporting of Positions

Omnibus accounts are required to report gross positions to their carrying brokers. Thus, omnibus accounts generally contain concurrent long and short positions. Carrying brokers should take all necessary steps to ensure omnibus accounts are reporting positions on a gross basis.

An FCM shall obtain and maintain on file written instructions from omnibus accounts for positions which are entitled to be margined as spread or hedge positions.

For P&S offsets, the carrying broker should receive instructions on a daily basis. If there is a delay in closing out positions, the carrying broker should manually recompute the omnibus account's margin requirements. Such calculation shall be maintained on file along with any instructions for offsets.

Margin Rates and Requirements

Domestic and foreign omnibus accounts are required to be margined on a gross basis for all exchanges.

Omnibus accounts are margined using only maintenance margin requirements at exchanges; thus, initial margin requirements do not apply. An omnibus account's initial margin requirement equals the account's maintenance margin requirement.

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For an omnibus account to receive spread or hedge margin rates, the carrying broker must receive and maintain on file written instructions for such positions.

Undermargined Accounts

For both domestic and foreign omnibus accounts, margin calls should be met within four business days or an appropriate undermargined capital charge should be taken.

For further information refer to Chapter 4 - Margin Calls and Chapter 5 - Undermargined Capital Charges.

Unique SRO Policies

NFA Required Notification

An FCM must notify its designated self-regulatory organization (DSRO) or, if so directed by its DSRO, the NFA whenever it accepts other than immediately available funds from an FCM doing business on an omnibus basis. This notification must be received within 24 hours of the acceptance of such funds. For purposes of this notification, wire transfers and certified checks shall be considered immediately available funds. Refer to NFA Rule 2-33.