

A Guide to Calculating Average Aggregate Notional Amount ("AANA")

The first step in complying with the regulatory requirements for non-centrally derivatives is determining if your firm is in scope for the rules. The way to do this is to calculate your "Average Aggregate Notional Amount" or AANA. To calculate your firm's AANA is to sum the total outstanding amount of non-cleared derivative positions during the prescribed observation period on a gross notional basis. Once a firm determines if they are in scope they should be in the process of disclosing to their counterparty group(s).

In the US: CFTC/USPR-How do you calculate?

- AANA is calculated on an average daily notional amount of uncleared swaps (non-cleared security based swaps, FX forwards including physically settled FX, FX swaps)
- The calculation is inclusive of all affiliates within the counterparty group
- Calculation is at the principal level, for example pension funds must look across all their portfolios across asset managers
- Calculate for each business day of March, April and May of the year you believe you are in scope.
- Summing up the AANA number calculated for each business day, and dividing the number by the number of business days in the Observation Period

CFTC/PR Margin Rules Compliance Schedule – Upcoming Phases

Phase	AANA Threshold	Calculation Period	IM Compliance date
4	> USD 750 billion	March, April + May of 2019	September 1, 2019
5	> USD 8 billion	June, July + August of 2019	September 1, 2020

Products to include in your calculation:

On any date of calculation, all outstanding over-the counter derivatives of the trading entity's Consolidated Group, including:

- Uncleared swaps
- Uncleared security-based swaps
- Deliverable FX swaps
- Deliverable FX forwards
- FX swaps and deliverable FX forward even though they are exempt from calculating regulatory IM

What not to include:

Do not include cleared derivatives

Other items of note:

- This is Gross Notional calculation. Offsetting/netted positions must be counted.
- Security based swaps that are either exempt pursuant to the SEC clearing exemption for affiliates of end users or satisfy the criteria for the SECs end-user exception for clearing would not be included in the calculation.
- Firms will need to calculate their AANA annually as it is possible to fall in and out of scope for the rules if you fall below the USD 8 BILLION threshold for Phase 5 firms.

What does Consolidated Group mean?

All entities that are (or that would be if US accounting rules applied) included in the same consolidated financial statements as the relevant trading entity.

The in-Scope OTC Derivatives of all such entities must be included in the relevant trading entity's AANA calculation.

In the EU/EMIR-How do you calculate AANA?

- AANA is calculated for each counterparty group as of the last business day of the previous March, April, and May.
- Intra Group transactions, regardless of exemptions on the EMIR rules, are counted once.
- Summing up the notional amount of all In-Scope OTC Derivatives on the last business day of each month in the Observation Period.

EU Margin Rule Compliance Schedule - Upcoming Phases

Phase	AANA Threshold	Calculation Period	IM Compliance date
4	> EUR 750 billion	March, April + May of 2019	September 1, 2019
5	> EUR 8 billion	March, April + May of 2020	September 1, 2020

Products to include in your calculation:

The calculation includes:

- Physically settled FX Swaps and Forwards
- Currency Swaps
- Covered Bond Swaps
- Derivatives with exempted counterparties
- Hedging trades

What not to include:

- OTC derivatives that are considered centrally cleared
- Exchange-traded derivatives on a non-EU equivalent market
- Exchange-traded derivatives trades on an EU regulated market

Other items of note:

- This is a Gross Notional calculation. Offsetting/netted positions must be counted.
- Deliverable FX forwards, FX swaps, currency swaps, single-stock equity options or index options and derivatives with counterparties in non-netting jurisdictions that are (or may be) exempt from the regulatory variation margin and/or initial margin requirements **must be included** in your AANA calculation.
- Intra-group transactions are included but only counted once.

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What does Consolidated Group mean?

An entity's group for purposes of the AANA calculation includes its ultimate parent company and any affiliates are located outside of the EU.

The in-Scope OTC Derivatives of all such entities must be included in the relevant trading entity's AANA calculation.

For more information contact us on info@acdiasoft.com or visit www.acdiasoft.com

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