

Chapter 7A

Algorithmic trading



7A.5 Requirements when acting as a general clearing member

Application

7A.5.1 **R** This section applies to a *firm* which provides the service of acting as a general clearing member.

Requirements

7A.5.2 **R** A *firm* must:

- (1) have clear criteria as to the suitability requirements of *persons* to whom clearing services will be provided;
- (2) apply those criteria;
- (3) impose requirements on the *persons* to whom clearing services are being provided to reduce risks to the *firm* and to the market; and
- (4) have a binding written agreement with any *person* to whom it is providing clearing services, detailing the essential rights and obligations of both parties arising from the provision of the services.

[**Note:** article 17(6) of *MiFID* and *MiFID RTS 6* specifying the organisational requirements of *investment firms* acting as general clearing members]