THE ODP MANUAL / NON-BANK PROVIDERS

Building the business behind your ODP license

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Build the business, not only the application

If your company is considering an ODP build do not start with policies and forms. Start with clarity on what your OTC desk will actually do. The real value lies in how products, contracts, cash, data, people, systems and controls fit together. Your application must capture that operating model because once licensed it becomes the framework for all ODP business going forward.

> **MDB STACK PRINCIPLE**
> *Do not show us a file built for the regulator. Show us a business that can explain how it trades, who is accountable and what evidence each control produces.*

Are you actually building an ODP?

Map your OTC build in one page. A single picture exposes gaps that pages of legal description hide. It also gives your Legal, Treasury, Risk, Compliance, Technology and Operations a common model to work from.

> **MDB STACK CHECK 01 - PERIMETER**
> *Can you explain where the risk, cash, data and responsibility sit?*

Every stack begins with the trade

The best way to test your OTC build is to introduce a transaction from start to end. Start with a simple product like an FX forward. Now walk the trade through business questions like: *Who deals with client? Is exposure being hedged? Who approves product, credit limit and ISDA terms? Who quotes and binds the ODP? Where are client data and hedges recorded? How are they valued, secured, funded, settled,* *reconciled and reported? And when something goes wrong?* These answers become the practical know-how of your OTC desk.

> **MDB STACK CHECK 02 - ONE TRADE**
> *Can we trace one trade from client approval to settlement and reporting including the hedge and produce the evidence at every step?*

Reporting begins long before your first report

ODP reporting is not a form to be completed at the end of your ODP build. You are required to map every trade event to specifically prescribed data fields which are fed into two public reporting streams:

- Umoja (already in effect): Umoja is the Prudential Authority's channel for daily margin-information returns. Reports must be submitted every business day by 16:00 on T+1.
- Strate (effective from March 2027): Strate is a separate trade-repository stream which will cover new trades, lifecycle events, valuations and margin information.

The practical point is: build both streams into your ODP systems and workflows from the outset so that each trade event produces the correct data for the correct reporting channels.

> **MDB STACK CHECK 03 - DATA**
> *For every reportable field, can you show where it comes from, who owns it, how it is checked and where the evidence is kept?*

Capital has to follow the real business

In May 2026, the FSCA released a discussion paper on revising capital requirements for non-bank ODPs. While not yet final, its direction is clear: *capital must reflect the ODP's actual activities, exposures and resilience needs.*

During your ODP build, map the events that consume cash or capital like client defaults, market moves, replacement hedges, settlement timing, collateral calls, system incidents or operating losses. Capital, liquidity, stress testing and wind-down must all use consistent assumptions. Likewise, all trade, operating and funding lines must reconcile. If your numbers shift from one policy to another, your Board cannot rely on the story they tell nor will FSCA be convinced.

> **MDB STACK CHECK 04 - RESILIENCE**
> *Can Finance, Treasury and Risk produce the same base case and stress case from the same assumptions - and show the Board exactly when action is triggered?*

You can show readiness before the first live trade

New ODPs do not have any history of ODP trades. Your proposed model must be tested before its first live trade. Develop a set of controlled samples which records mock trades, stress tests, reporting workbooks, data maps, user-acceptance tests and Board implementation gates. Each sample should record why it was prepared, assumptions used, who prepared and reviewed it, the result, any gaps and what must happen before launch.

Do not invent a trading history. Design and test the evidence that your future ODP business must produce. The best part is that this work is not discarded after authorisation. The same tools become the daily infrastructure of your OTC desk: approval matrices, onboarding assessments, risk registers, valuation checks, liquidity ladders, reconciliations, client reports, incident packs, error logs and wind-down actions. That is why the build creates lasting IP rather than application paperwork.

> **MDB STACK CHECK 05 - EVIDENCE**
> *Can each pre-launch sample show what was tested, who tested it, what the result was and what still needs to happen before the first live trade?*

Seven questions for your Board

Your Board does not have to operate the OTC desk but it should be able to see the whole business model. Before sign-off, the Board should be comfortable with the following seven questions:

- Can management walk us through one trade from onboarding to termination, including the client leg, hedge, valuation, security decision, settlement, accounting and reporting?
- Do the product list, legal documents, policies, procedures and system fields use the same language?
- Can we clearly distinguish regulatory margin, contractual collateral, commercial security and an option premium - and explain when each applies?
- Do capital, liquidity, stress testing, contingency funding and wind-down use the same volumes, exposures and settlement assumptions?
- Who owns daily valuation, T+1 completeness, validation, rejected-report correction, reconciliation and evidence retention?
- What must work on day one, what may be outsourced and what remains subject to a formal implementation gate?
- If a system, counterparty or service provider fails, who can stop new business and how will the ODP continue to value, settle, report and communicate?

The license is a milestone. The Stack is the asset

ODP authorisation matters: without it, you cannot conduct the business. However, the license is the permission not the operating capability. The lasting value is your ODP's ability to explain each trade, show who made each decision, adapt its systems as the business changes and produce reliable evidence when challenged. MDB Law's ODP Stack is built for this outcome. A new entrant can use the full ODP Stack from build, authorisation to implementation. Existing non-bank ODPs can use components of our ODP Stack to repair gaps or test readiness.

> **MDB STACK CHECK 06 - CONCLUSION**
> *In practice, this means the dealers, lawyers, Treasury, Risk, Finance, Compliance, Operations, Technology and the Board working from one model.*

If you are considering an ODP build or want to test whether your existing model works as one connected business contact MDB Law for a confidential ODP Perimeter and Stack Diagnostics.

MBD ODP Stack Diagnostic

MDB Law works with non-Bank companies considering an ODP build, reviewing existing models or preparing for changing capital, margin and reporting requirements. Our diagnostic can focus on one gap or provide the starting point for a full non-bank ODP build.

- Is the proposed model within the ODP perimeter?
- Do the product, legal documents and trade lifecycle fit together?
- Do governance, risk, valuation, liquidity, stress testing and wind-down use one model?
- Can the systems support margin, Umoja and trade-repository data?
- Can readiness be shown through controlled samples, UAT and implementation gates?

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About the author

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Publication note

This article is a general information publication, not legal advice. Regulatory instruments, consultation proposals and implementation dates should be checked against the position in force for the institution and transaction concerned. Information is stated as at 4 August 2026.