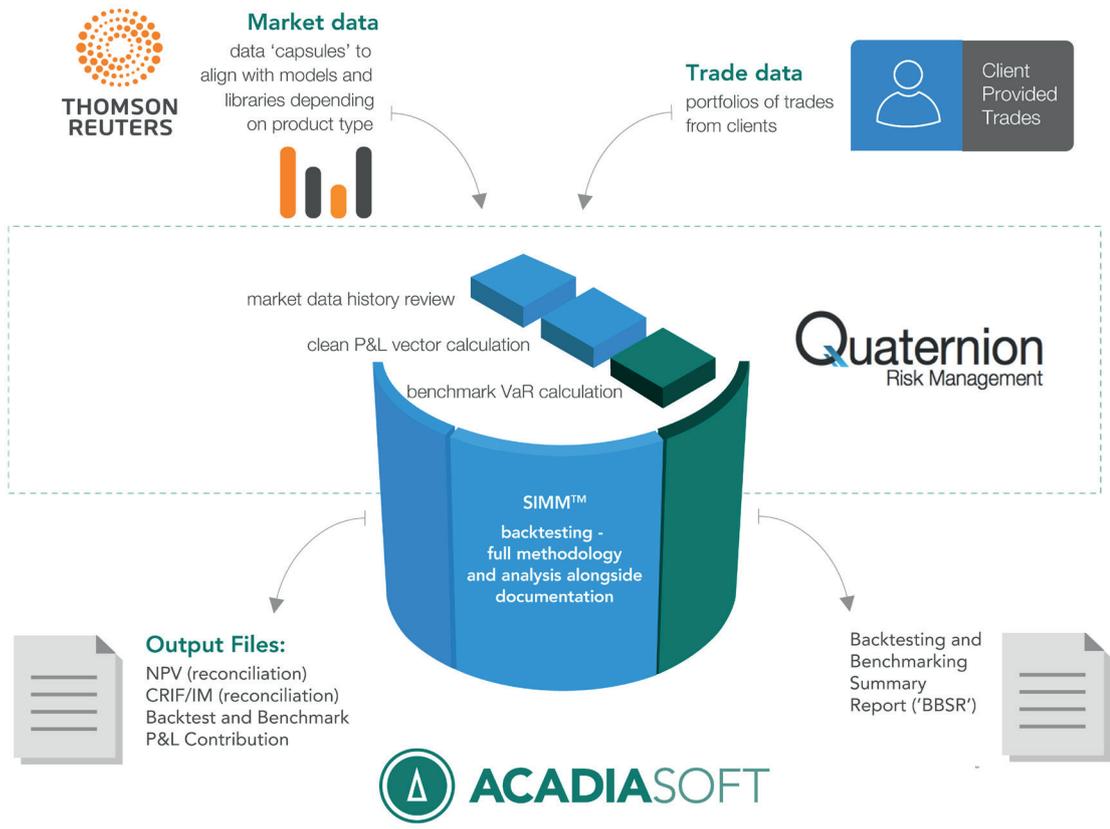**ACADIA**SOFT

Rely on AcadiaSoft's experience when your business depends on it.

AcadiaSoft offers an ISDA SIMM™ Back-Testing & Benchmarking Service that includes both back-testing of SIMM™ over a historical period and benchmarking SIMM™ against three industry-standard risk methodologies to assist in monitoring the effectiveness of SIMM™ as a margin model.

We know that complying with the latest regulations can be burdensome. it requires your firm to have access to experienced resources, investment in IT systems, a complete set of historical market data and a thorough understanding of the requirements in a timely and repeatable process. That is why AcadiaSoft brings firms a unique and cost-effective Backtesting and Benchmarking service for Initial Margin calculations that can be put in place ahead of regulatory approval or as a substitute for costly internal processes.

IM Backtesting & Benchmarking inputs and outputs

THOMSON REUTERS

Market data
data 'capsules' to align with models and libraries depending on product type

Trade data
portfolios of trades from clients

Client Provided Trades

market data history review

clean P&L vector calculation

benchmark VaR calculation

Quaternion Risk Management

SIMM™

backtesting - full methodology and analysis alongside documentation

Output Files:
NPV (reconciliation)
CRIF/IM (reconciliation)
Backtest and Benchmark
P&L Contribution

Backtesting and Benchmarking Summary Report ('BBSR')

ACADIASOFT

FEATURES

- **Transparency: standard, open process** enables firms to fully understand and monitor SIMM™* performance over a quarter as well as provide materials for regulatory review

- **Data security:** clients upload portfolios in a secure, tested environment

- **Standardized market data:** all users share common market data provided by market-leading, independent sources

- **Standard portfolios/risk factors:** includes standard portfolios and risk factors for performance to be monitored through changing market conditions

- **Intelligence:** the service uses differing specifications to allow for a more thorough understanding of the model's performance, including benchmarking of SIMM™ against multiple metrics:

  - Non-normal Parametric VaR – Parametric VaR output for some benchmarks will use non-normal, "fat tailed" distributions such as Student T or General Pareto distributions

  - DCO (CCP) monitoring – DCO (CCP) margin model specifications will be mirrored in the benchmarking VaR methods to ascertain what a CCP would calculate for an equivalent risk

- **Ad-hoc backtests:** the service provides for ad-hoc backtests to support clients' use of SIMM™ through volatile or changing market conditions

BENEFITS

- **Lower cost** through mutualisation

- Reduced regulatory and operational risk by utilizing an industry standard process that achieves maximum automation

- **Validation** of internal processes – a useful comparison tool

- **Voice of industry** – our service was developed with the industry via extensive input from working groups

*SIMM™ is a registered trademark of ISDA

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

AcadiaSoft, Inc. is a financial industry collaborative that is uniquely focused on delivering margin automation and standards for counterparties engaged in collateral management. Owned and backed by the investment of 17 major industry participants and infrastructures, the AcadiaSoft community has grown to over 650 counterparties exchanging approximately $400B of collateral on daily basis.