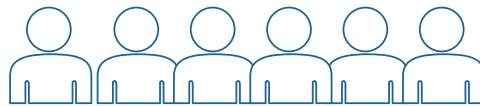


## UMR Phases 4 & 5: How is the Industry Preparing?

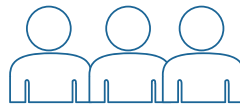
In a recent [DerivSource webinar](#), industry experts from **AcadiaSoft**, **BNY Mellon Markets** and **Coremont** discussed how firms can prepare for the upcoming phases of Uncleared Margin Rules (UMR) in Sept 2019 and 2020. The panel explored the key elements of an implementation plan, and discussed industry advocacy, realistic timeframes and available industry resources industry participants can use to comply in time and within budget. Webinar attendees weighed in (see polls) on how they are preparing for the upcoming rules.

### Is your firm prepared to calculate your Average Aggregate Notional Amount (AANA)?

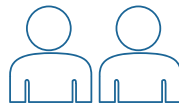
Yes: 56%



No: 28%



What is AANA?: 16%



*"The regulators have absolutely created a tail event in 2020 with respect to a big bang scenario with a number of participants entering into the UMR regulations. The industry, both service providers and participants alike, are extremely concerned just about capacity for the street to stand itself up in the next year and half with so much to do."*

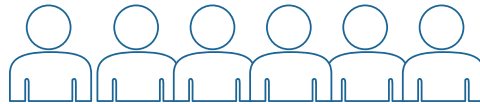
**Allen Lewis, BNY Mellon Markets**

# DID YOU KNOW?

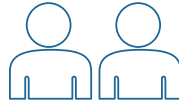
Industry analysis estimates that UMR Phase 5 introduces over 1,100 newly in-scope counterparties (NISCs), having over 9,500 new relationships with other counterparties that are subject to UMR.<sup>(1)</sup>

Will your firm disclose your in scope status or self disclosure to your counterparties via any of the following methods?

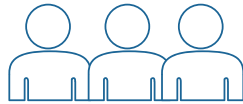
**Not Sure**  
62%



**Automated**  
15%



**Email**  
23%



*"The question now becomes...do I go it alone and plan to do everything in house, which of course, everyone is free to do. Or do you want to join a community that has the vast experience and the knowledge and ability to use standardised workflows and solutions that are not only going to save you time and the effort but also save you money."*



**John Pucciarelli, AcadiaSoft**

## Will your firm use ISDA SIMM™ to calculate regulatory Initial Margin?

**Yes**  
**76%**



**No, we will use the standard  
regulatory schedule / grid**  
**24%**



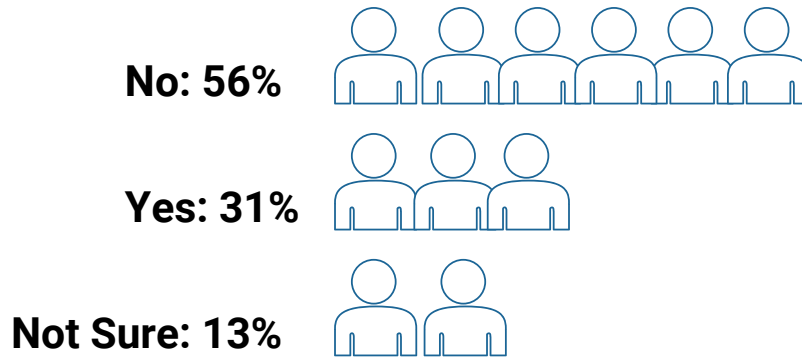
*"When considering the methodology used to charge margin for the whole portfolio, you might want to abandon the old VaR/stress-based house IA methodology and just agree on ISDA SIMM™ - based margin. If ISDA SIMM™ is less than \$50m and going to be much higher than house IA, agree with your counterparty on scaling as their credit appetite didn't really change. You will probably end up saving a lot on operations, infrastructure and resources."*

**Yaron Katz, Coremont**

Without regulatory relief, new or amended documentation must be tested and upload into systems for up to 9,500 new Initial Margin relationships. <sup>(1)</sup>

**DID YOU KNOW?**

## Has your firm begun to prepare to negotiate and execute new legal agreements (CSA, CTA, or ACA/ Custodial Agreements) to comply with UMR?



### DID YOU KNOW?

Without regulatory relief, up to 19,000 segregated IM custody accounts may need to be setup and tested – two per new relationship – for the posting and collection of IM under UMR.<sup>(1)</sup>

(1) [Trade association letter](#) – Sept 12 2018

ISDA SIMM is a registered trademark of the The International Swaps and Derivatives Association, Inc

Information in this infographic is based on the speakers quotes and polls taken with webinar attendees during the live event April 3 2019. See terms of use at [DerivSource.com](http://DerivSource.com) for further details.