

# Collateral 2020

Operationalising Un-cleared Margin Rules - Together



May 26 2016



# THE POWER OF COLLABORATION

**NEWS:** AcadiaSoft Collateral Hub Named Best New Sell-Side Service by Waters Technology

[Learn more](#)



# Resources

AcadiaSoft resources provide up-to-date research, analysis and insights on the key trends and topics shaping the collateral industry.

## Selected resources for download



Whitepaper

Collateral 2020: Uncleared Margin Rules Overview

DOWNLOAD

Article

Are you ready for the new derivatives margin rules?

VIEW



Whitepaper

PwC: Implications of Collateral Settlement Fails

DOWNLOAD



Webinar

2nd AcadiaSoft 2020 Webinar: April 20th



Whitepaper

Mapping and risk mitigation for non-centrally cleared



Whitepaper

Basel III: A global regulatory framework for more resilient

# Initiatives

AcadiaSoft fosters openness and collaboration across the collateral industry by leveraging its working groups and partnerships to jointly explore industry trends, generate benchmark insights, create standards, and coordinate standards implementation across the market.

## Working Groups

AcadiaSoft Working Groups develop industry standards and practices in response to regulatory changes and other shared industry concerns.

[WORKFLOW](#)[DATA](#)[IMPLEMENTATION](#)[BEST PRACTICES](#)[INDUSTRY INITIATIVES](#)[RESEARCH](#)

### WORKFLOW GROUP

Working Group defines standards and practices for the cycle that extends from trade position capture through transfer.

## Collateral 2020 – Un-cleared Margin Rules Topics

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- Uncleared Margin Rules – Overview March
  - Impact of New ISDA CSA April
  - Impact of UMR on Margin Workload April

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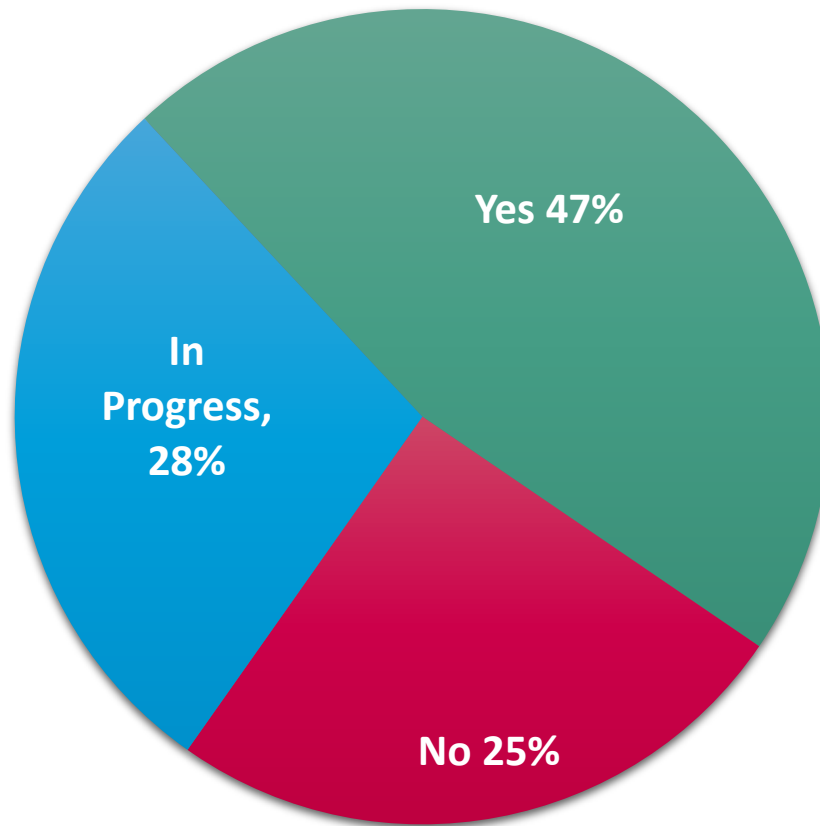
  - **Compressed Settlement Times** **May**

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  - Trickle Down Impact of Bank Requirement to Post IM
  - Determination and Self Declaration for IM
  - Added regulatory / administrative responsibilities
- To Be Scheduled*

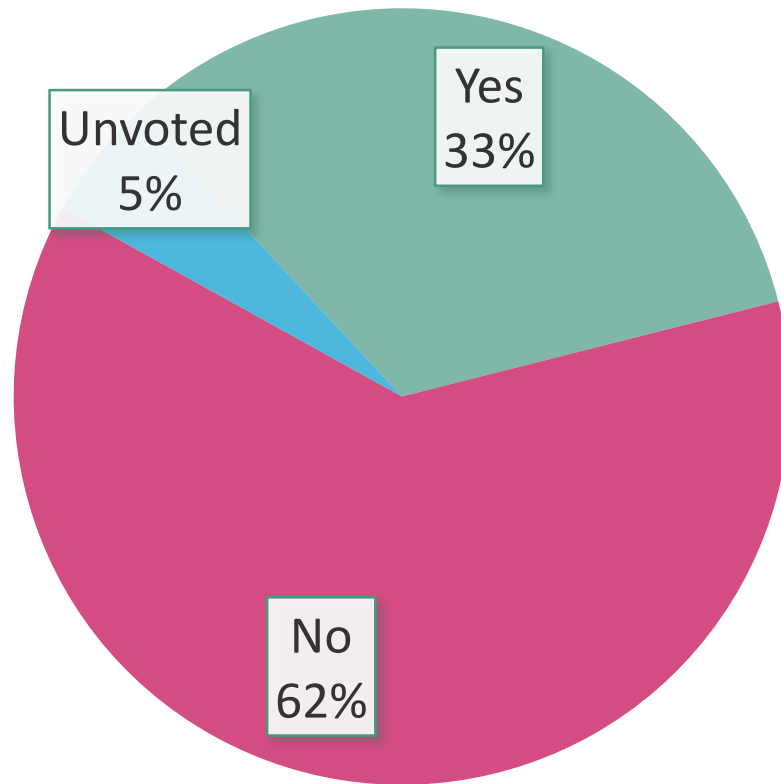
April 2017

Q. Have you reviewed the non cleared margin rules?



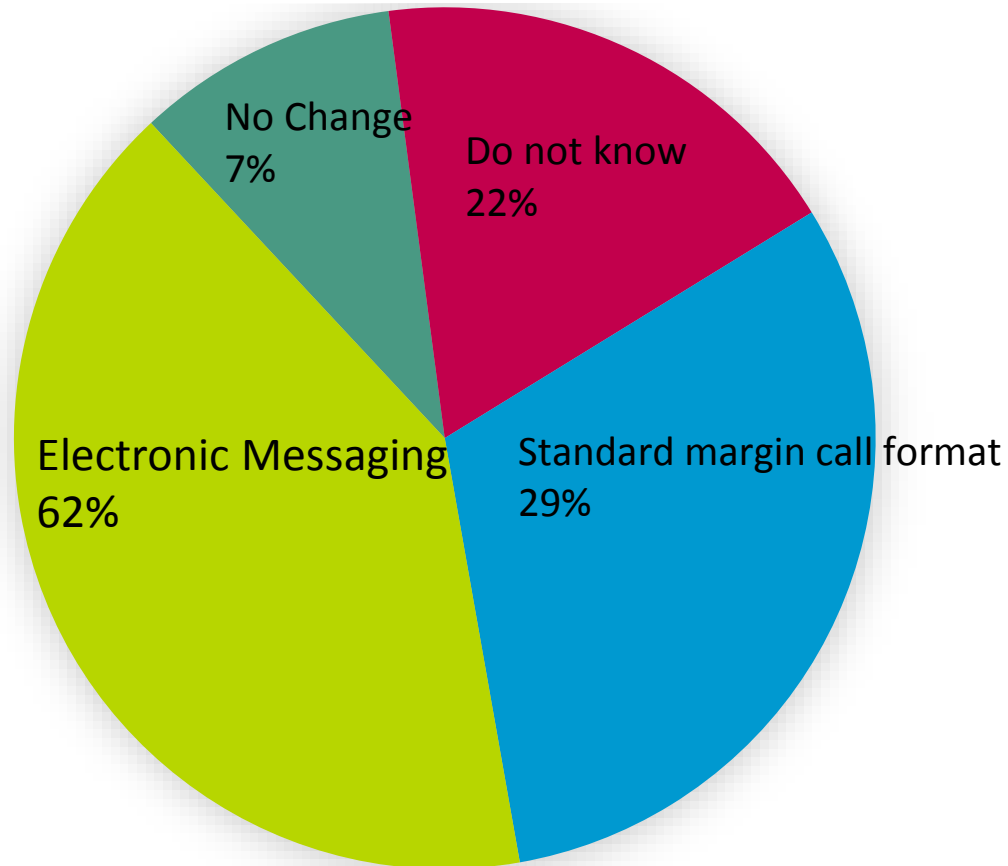
April 2017

Q. Have your banks explained the coming changes with you?



April 2017

Q. Which method of automation do you feel is best for you?





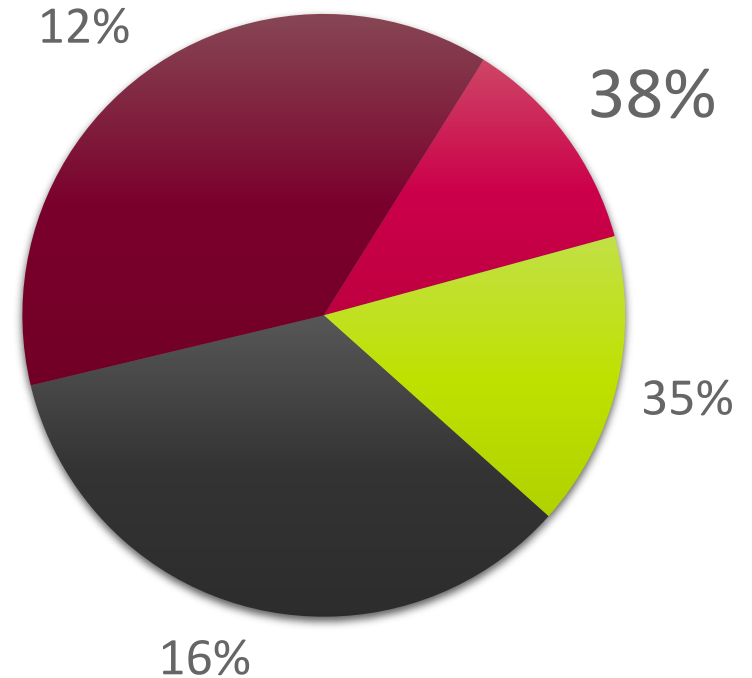
## Q. What are your biggest concerns?

How to get all new agreements in place with counterparts? = 35%

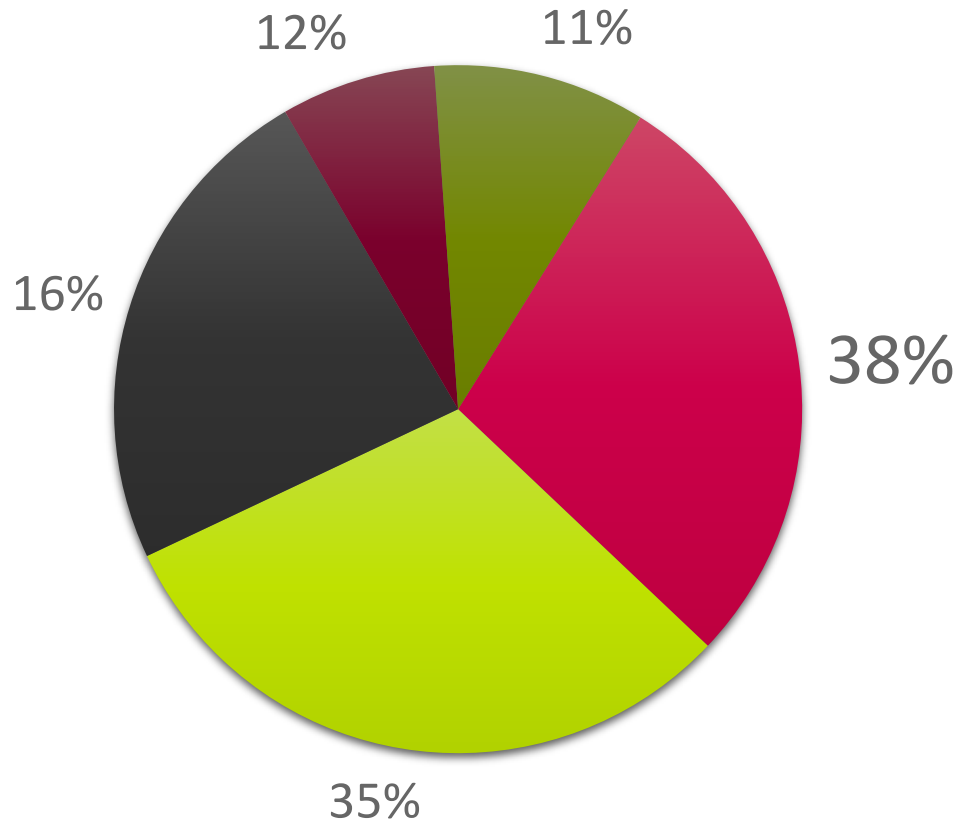
How to make sure my systems can support the new CSAs? = 16%

The impact on margin workload? = 38%

Other = 12%



2020 info now at *the NEW acadiasoft.com* site



**Q. Which factor of the new rules do you expect to have biggest impact on workload?**

- Call driver increase = 31%
- Call frequency (zero threshold/daily call/500K MTA) = 34%
- Requirement to collateralize all agreements = 26%
- Administrative overhead = 8%
- Other / Unsure = 11%

## Impact of Compressed Settlement Times

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## Compressed Collateral Settlement Timeframe

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- CFTC Final Rules (page 115 of federal register)
- *“The final rule largely retains the proposed rule’s requirement for variation margin to be posted or collected on a T + 1 timeframe. The final rule requires variation margin to be posted or collected no less than once per business day, beginning on the business day following the day of execution.”*
- How close is my firm to meeting this same day post or collect requirement? Where are the delays or gaps in my process? What are my options for minimizing these delays?

## Requirements to Meet Compressed Collateral Settlement Timeframe

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- Trade is Booked and Valued on a timely basis
- Trade is included in VM Margin call on T+1 basis
- Variation Margin collateral is settled same day

## Implications - Compressed Collateral Settlement Timeframe Trade is Booked and Valued on T

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- *How quickly do I value my trades post execution?*
- *How can I value trades more quickly?*
- *What are my options?*
  - *Implement follow the sun model,*
  - *Extend hours in current time zone,*
  - *Improve automation*

## Implications - Compressed Collateral Settlement Timeframe

Trade is included in VM Margin call on T+1 basis

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- *How effective is my firm in capturing all of new trades in the next day's margin call?*
- *How long does it take to process my daily margin calls?*
- *How many more margin calls do I expect due to the new CSA structure?*
- *How can I margin trades and agree collateral movements more quickly?*
- *What are my options?*
  - *Hire more people or outsource?*
  - *Margin call & collateral pledge automation*

## Implications - Compressed Collateral Settlement Timeframe Variation Margin Collateral Settled Same Day

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- ***How does the same day settlement requirement change what collateral I must post?***
- *If I am pledging more cash to meet the same day requirement will I be able to handle the increase in substitutions?*
- *If I am using a custodian, what is their cutoff for moving securities same day?*
- *What are my options?*
  - *Hire more people or outsource?*
  - *Automate the substitution process*



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  - Impact on Margin Workload April

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  - Compressed Settlement Times **May**

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