



ACADIA SOFT

GUIDANCE & CLARITY FOR UNCLEARED MARGIN RULES (UMR)

In June 2018, AcadiaSoft hosted a webinar on UMR, and the many ways our new Expert Services offering can provide guidance, clarity and confidence to market participants. This paper provides unique analysis and insight on the challenges and opportunities of UMR, with the results of polls held throughout the webinar.

AcadiaSoft by the numbers:

- Owned & backed by **16** major participants & infrastructures
- Launched the industry standard, MarginSphere, in 2008
- Community of **650** clients
- Exchanging **~\$400bn** of collateral and tens of thousands of margin calls every day
- Maintains **150,000** active VM CSA agreements
- And **99%** of all regulatory IM CSA agreements
- AcadiaSoft Hub receives over **1m** trades and **30m** sensitivities every day

Uncleared Margin Rules (UMR)

The challenge of UMR compliance spans across cost, complexity and time – particularly for those who chose to go it alone. Before mobilizing on projects, firms must identify key areas of decision-making including initial SIMM™ calculation set-up, model validation, ongoing operation end-to-end control process, daily margin exception processing monthly/quarterly SIMM™ monitoring/remediation processes, annual industry backtesting and new client on-boarding.

Each area above has multiple potential solutions – all of which must be considered in terms of optimal budget and resource allocation. An 'each to their own' approach makes no guarantee that firms' decisions will integrate or align with the rest of the market.

Introducing AcadiaSoft Expert Services

AcadiaSoft's **Expert Services** supports firms to make the right decisions on UMR compliance projects. Tailored consultancy that enables clients to leverage our experience, insight and knowledge to meet operational and regulatory requirements while optimizing budget and resource. Providing firms with all the information, analysis and guidance to:

- Secure regulatory approval to use SIMM™ for bilateral derivatives franchises
- Establish SIMM™ model governance and validation frameworks
- Design and establish SIMM™ operational set-ups

The AcadiaSoft Approach

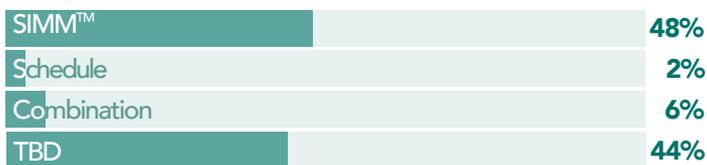
At AcadiaSoft, our global community of market participants is at the heart of everything we do, and one of our greatest assets. We host monthly meetings on relevant IM compliance topics when deadlines are still 20 months away – breaking up into working groups of in-scope peer organizations when their specific go-live dates are 9 months away.

This approach – driven by commitment to our clients – enables firms to tackle compliance issues with their in-scope peers: working to a common schedule, performing test reconciliations with counterparties, standardizing data sets to help simplify coordination. AcadiaSoft working groups deliver results that are strategic, effective, and greater than the sum of their parts.

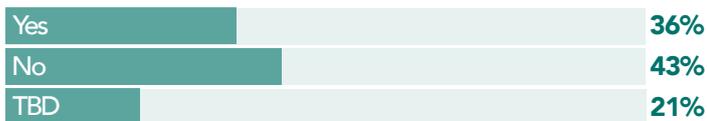
Presenting the Latest Market Data

The objective of these poll questions below was to gauge clients' preparedness on key components of UMR go live. As expected for most of the questions below, the participating clients are at an early stage of exploring options. It also means that they have the opportunity to make the optimal decision with the help of AcadiaSoft.

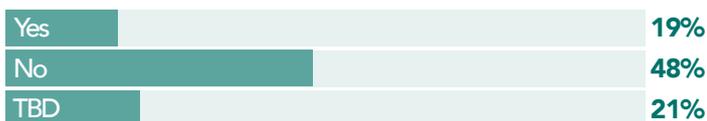
Has your firm decided on an IM methodology?



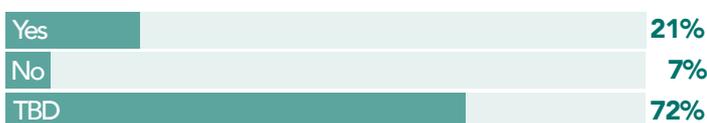
Does your firm have the infrastructure capabilities to perform in-house IM calculations?



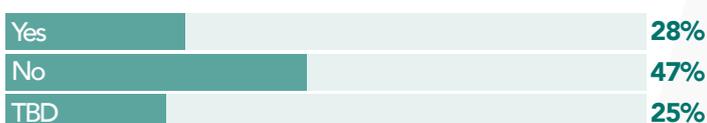
Has your firm started model validation to get SIMM™ permission from regulators?



Does your proposed risk policy and governance framework meet the regulatory requirements that will enable you to use SIMM™?



Has your firm started defining the go-live operational and control setup to support daily IM margining processes?



Working With You, Every Step of the Way

AcadiaSoft's **Expert Services** combines our expert specialists with an unrivalled technology suite, into a one-stop shop for firms implementing regulations (sensitivities, backtesting and benchmarking) and day-to-day processing of IM calculations, margin calls and collateral management. Designed to cover all user product requirements over time, and with a range of lookback periods and specifications, the Backtesting and Benchmarking process has been successfully reviewed by an inter-agency panel consisting of CFTC, FRB, NFA, OCC, SEC and FDIC representatives.

Delivering Long-term Industry Success

AcadiaSoft partners with clients and community members – collaborating with the industry via working groups to achieve optimal outcomes for individual clients and the market as a whole. We are dedicated to assisting firms implement standards and best practice. As a consortium-owned initiative, firms can trust our approach and objectives.

Download the AcadiaSoft **Expert Services** factsheet today for more details.

Learn more about AcadiaSoft's comprehensive **IM Backtesting and Benchmarking Service**.

Click here to view a recording of AcadiaSoft's recent **Expert Services** webinar.

Click the links below to learn more about the benefits of AcadiaSoft's **Expert Services**. Email us today info@acadiasoft.com to schedule a meeting with our Expert Services team.