Q & A

Navigating Uncleared Margin Rules - Webinar

Attendee Questions	AcadiaSoft Answers
How can we find the IM model break on AcadiaSoft if we are using SIMM and Counterparty is using Schedule model?	The choice of IM model to be used by both parties is agreed as part of the CSA. Default selection maybe SIMM and bilaterally firms can decide Schedule for certain product types. If by mistake a one sides submits a trade under a incorrect IM model, it will show in the trade level drill down within AcadiaSoft's IMEM platform
Will we receive the slide-show later by email?	The slides and full recording are available on the Resources section of www.acadiasoft.com/umr_compass
Can you say something on needed input parameters/details for the IM backtesting to be provided by clients?	Typically you would need to send us your trade file. You can find details on the Backtesting process factsheet (http://acadiasoft.com/umr_compass/wp-content/uploads/2018/09/AcadiaFS-BackTesting_2018.pdf). For a specific list of products covered and field values required by product or for any further question please contact us at info@acadiasoft.com
How is the collaboration between Trioptima and Acadiasoft? We use Trioptima for reconciliation of the Derivative trades.	We have partnered with TriOptima to deliver the IMEM product. We have integration with TriResolve available through our IMEM product to ensure that a matched trade on TriResolve is the same match created on IMEM.
What % of the phase 1 2 and 3 firms are using IMEM?	100%
What is the expectation of phase 5 firms demanding that sell side institutions act as calculation agent on their behalf, either on schedule or SiMM, given their expected IM requirement being very far below the threhold they expect to negotiate?	It is anticipated that some phase 5 firms will ask their dealers to calculate regulatory initial margin on their behalf, however we expect that this will not be a long term workable solution as not all dealers may agree to do so. AcadiaSoft is in the process of finalizing a solution which will facilitate dealers being calc agent for some Phase 4/5 clients thereby alleviating some the concerns from the dealer community. Please note firms will still be required to go through the entire compliance process regardless of whether their dealer is their calc agent.
How important is it to evaluate the methodology behind sensitivity calculation within upstream feeder models to SIMM?	The question is about validation of sensititvities before it feeds into CRIF. For clients who intend to generate their CRIF, they will have to come with a process to model validate the inputs. Some firms use their existing risk being used for trading/hedging (and potentially already model validated) and other will set up new risk infrastructure to generate them. Clients should be ready to describe these checks and validation as part of the regulatory model approval process.
Is your T-9 twice a month testing unilateral or bilateral?	T-9 is unilateral testing, bilateral testing is generally expected in T-7

If we use AcadiaSoft is that an end to end solution? Or are we required to backtest or anything in house as a comparison against AcadiaSoft?	If you use our Sensitivity Calculation services, IMEM and Backtesting/Benchmarking services then it would be a true end to end solution for you catered by AcadiaSoft. You won't have to do anything on your end.
Can you clarify the relationship between TriOptima and Acadia? e.g. where service calculates sensitivities. We've heard TriCalculate does this.	AcadiaSoft's Sensitivities Calculation service is independent of TriOptima. We have partnered with TriOptima to deliver the IMEM product. We have deep integration with TriResolve built into our IMEM product to ensure that a matched trade on TriResolve is the same match created on IMEM. If you want to use SIMM but can't calculate sensitivities – AcadiaSoft can do this via our partnership with Quaternion.
Does your service actually calculate SIMM, or just the Sensitivities?	Our Sensitivities calculation services will take care of the trade level sensitivity calculation and CRIF generation. Our IMEM service will then use the generated CRIF to calculate SIMM. It is a complete end to end solution.
Can a bank could use the sensitivities and SIMM calculation of AcadiaSoft and the import the result in their own Collateral Management System to process the IM Margin Call with the counterparty?	Yes absolutely
Which markets/currencies will the AcadiaSoft sensitivity calculation service cater to?	The Sensitivities Calculation service is designed to provide full global product coverage, including complex products. In the event of a particularly exotic instrument, we will work with clients to identify the optimal approach to sensitivities generation and/or CRIF file generation.
Where is the build required for xccy swaps? at AcadiaSoft or at the client?	If you use AcadiaSoft Sensitivities Calculation service, all development required for accurate treatment of XCCY will be AcadiaSoft's responsibility
Can you elaborate more on sensitivities calculation service? Who will provide market data? How do you allow Banks to validate the valuation models used? More so on exotic trades.	Market data is provided through Thomson Reuters. To validate our models, we share our detailed valuation methodology approach and then also provide you with our MTMs to compare vs your own or compare your CRIF vs our CRIF if applicable.
How does AcadiaSoft propose this solution will be deployed to ensure risk sensitivities in SiMM are reconciled to client's internal risk sensitivities?	To validate our models, we share our detailed valuation methodology approach and then also provide you with our MTMs to compare vs your own or compare your CRIF vs our CRIF if applicable.
Can AcadiaSoft provide a SIMM vs Schedule analysis to understand the effect of my firm's portfolio?	Yes, AcadiaSoft can provide a SIMM vs Schedule analysis that is tailored to your firm Contact advisoryservices@acadiasoft.com