



# Triparty Collateral Management

Solution for Initial Margin

Maximize efficiency and flexibility as collateral pledgor by outsourcing your day-to-day margin segregation responsibilities

## **The Simple Way of Handling Your UMR Obligations**

The Uncleared Margin Regulation (UMR) introduces more and more financial institutions to the world of regulatory Initial Margin (IM). The requirements for the UMR apply to OTC derivatives that are not cleared through a central counterparty. Regulatory IM takes the form of collateral posted to help reduce risk to a given counterparty.

The initial set-up and the daily posting and receiving regulatory IM is a complex and a costly endeavour. Setting up the necessary contractual documentation with each and every counterparty is time-consuming and involves a level of risk not all financial institutions are willing to accept.

## **Access the Flexible TCM IM Solution of SIX**

Are you looking for a solution to meet your regulatory IM obligations as a pledgor and to receive regulatory IM collateral from your counterparties? Or as collateral pledgor, are you looking to maximise efficiency and flexibility by delegating many of your daily segregation duties?

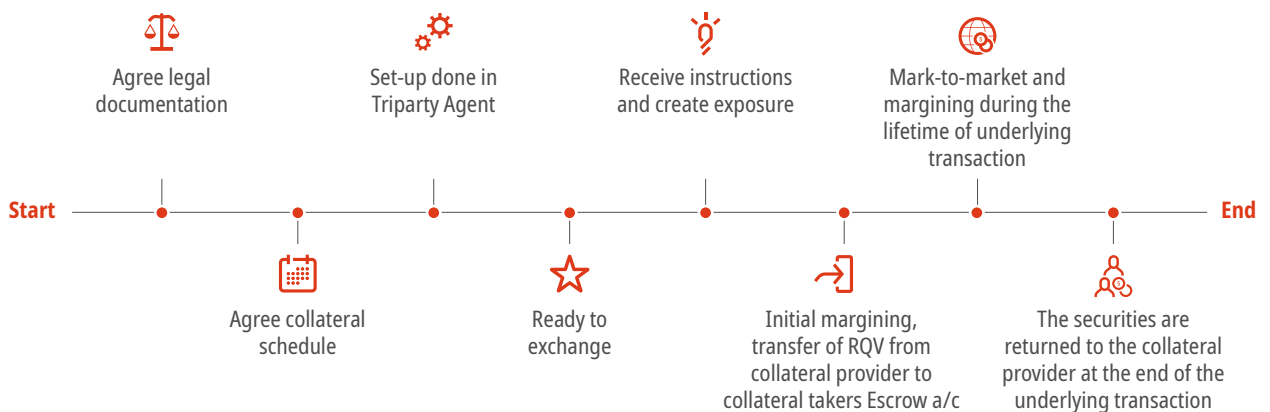
The state-of-the art triparty collateral management (TCM) solution from SIX is the perfect answer to your needs – it offers access to a TCM IM service that facilitates efficient operations.

## **Our Service to Support Regulatory IM for Non-cleared Derivatives**

- ✓ Required collateral value (RQV) received via Swift or entered in the Collateral Cockpit™
- ✓ Optimised allocation of securities collateral according to pre-defined eligibility criteria
- ✓ Ongoing mark-to-market of the collateral and carry out required collateral adjustments
- ✓ Automatic or manual substitution of allocated securities with a few simple clicks (e.g. securities subject to corporate action events)

## What You Need to Know

- SIX SIS Ltd is acting as Triparty Agent (TPA), i.e. your collateral is managed in Switzerland.
- The collateral is fully segregated and the collateral schedules are individually agreed.
- All activity is initiated and intimated on bilateral agreement level.
- Initial margin is pledged in favor of the counterparty, in a segregated collateral custody account (Escrow account).
- IM Collateral cannot be re-used or re-hypothecated (regular pledge).
- SIX offers internationally standardized contracts, comprising an Account Control Agreement and a Credit Support Annex (CSA).
- It is planned to integrate the main service providers which will enable the counterparties to use the services of licensed ISDA initial margin calculation service providers. The TPA will then accept instructions on behalf of their clients and report back to the order issuer and/or trading party.
- Whereas the collateral provider needs to be a custody client of SIX SIS Ltd., a collateral taker can but is not required to be a client of SIX SIS Ltd.



### Benefits:

- ISDA-reviewed custodian documentation
- Institutions can source collateral via the SIX repo trading market or re-use received collateral to cover IM requirements

### Key Elements of the TCM IM Lifecycle:

- ✓ Initial margining (coverage of the RQV)
- ✓ Exposure modification (adjustment of the exposure (RQV))
- ✓ Mark-to-market, including margining
- ✓ Each status is indicated with an intimation or a reporting

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