



ISDA: SIMM™

Initial Margin computation for non-cleared OTC Derivatives

A fresh take on risk and valuation

Table-based or ISDA approach to computation of the initial margin. Do you know what is best for you?

OTC DERIVATIVES

FINALYSE VALUATION SERVICE

REGULATORY COMPLIANCE

EMIR

COLLATERAL MANAGEMENT

VARIATION AND INITIAL MARGINS COMPUTATION

Since February 2017, the big players have been subject to the obligation of exchanging initial margin (IM) on non-cleared derivatives, while other players will see these IM obligations phased in for them over the next 4 years.

The schedule-based method has the advantage of simplicity, while internal models can reduce the cost of posting collateral on IM significantly by considering all deal features and allowing for less-crude diversification effects.

The ISDA SIMM™ model is based on the Sensitivity Based Approach which has been described by the Bank for International Settlements (BIS). Finalyse offers you a complete one stop shop for valuation and collateral calculation.



For more information, visit
www.finalyse.com/valuation-services/margin-calculation

Benefits

- ISDA SIMM™ Licensed Vendor
- Fully managed outsourced service
- Mark-to-market pricing of different instruments and sensitivities computation: SIMM™ methodology for bucketing
- Communication of prices and risk figures under the SIMM™ ISDA methodology
- Documentation for audit and regulators
- Data transparency and full auditability
- IM calculation and Reporting
- Decreased minimum collateral needed
- Improved liquidity
- Decreased disputes

Motivation

Considering the SIMM™ to be purely regulatory-driven is short-sighted. Implementing a solution that can calculate the SIMM™ as well as provide a detailed reallocation can be beneficial for the front office as well as the risk and treasury departments. The ultimate benefits of implementing SIMM™ methodology are an efficient allocation of collateral and a significant decrease in disputes.

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