

Meeting Bilateral Requirements: An Independent firm partners with Intellect to create a niche solution catering to the Initial Margin space

Designed to standardize the Initial Margin (IM) computation for all the products traded in the OTC derivatives marketplace

- Addresses the market need of meeting BASEL compliance requirements
- Provides a unique algorithm to reduce to Initial Margin using the TRUST model
- Deployed as a market infrastructure solution, which is compliant to a firm's regulatory needs on both technical and functional fronts

The client is an independent company, with offices in New York and London, which creates solutions designed to reduce risk and help financial institutions address upcoming regulations for non-cleared OTC products. It enables financial institutions to respond to global regulatory demands by providing them with next-generation risk management and risk mitigation solutions.

Intellect partnered with the client to develop an end-to-end initial margin (IM) Solution which ensures compliance with bilateral margining rules commencing from September 2016. It is designed to meet the reform requirements imposed by the G20 international forum for greater transparency, reporting and systemic risk reduction. It provides a single market infrastructure combining the client's IM Model, proprietary pooled segregation model and efficient release of collateral in default. The structure of the solution is designed to ensure that IM can be posted and returned via segregated Third Party Administration (TPA) accounts held at a Central Securities Depository (CSD).

The solution delivery was done using Intellect's smart build methodology – The final solution was stitched together by leveraging available product components. The entire solution meeting the core business functionality demanded by the client was developed in a short timeframe of six months. The implementation provided the client with an IM model, which calculates IM for all customers using the service. Intellect's solution had a transparent 'risk-factor' framework, which provided a common source from which customers could represent their respective risks.

Post-implementation, the client was equipped with centralized pre-default calculation services for the collection and return of IM; and centralized post-default calculation services for the distribution of IM. The client could now issue a single payment instruction to transfer IM across customer segments. Intellect has empowered the client to become the sole company offering an end-to-end solution in the Initial Margin space.

About iRTM

DRIVE DECISION MAKING. DELIVER VALUE FOR MONEY

iRTM comprises of three comprehensive solutions catering to the needs in Treasury, Liquidity Risk and Capital Markets domains. The world's largest treasury operations is run over iRTM's solution. iRTM solutions are designed to deliver extreme performance, ensure regulatory compliance and provide an unmatched customer experience. With 68 implementations across 90 countries, we are a brand which progressive firms can rely on to power their banking & capital markets businesses.