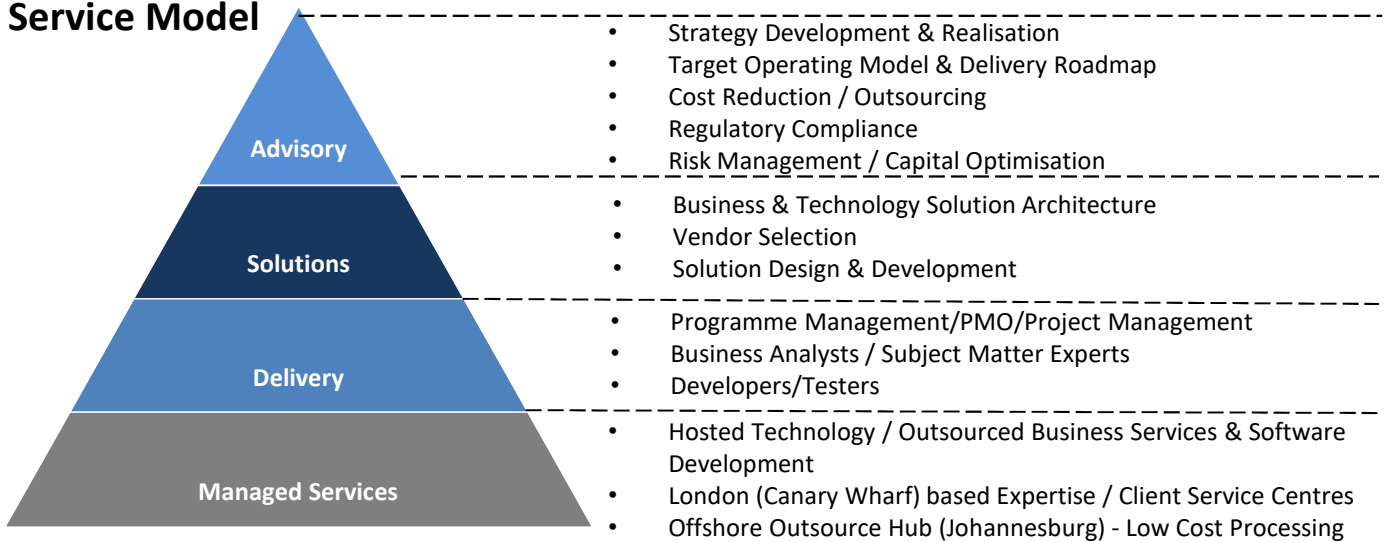


Collateral Management

Collateral Management has evolved from a counterparty exposure risk mitigation procedure to a sophisticated range of techniques by a broad range of institutions to maximise the use of assets in the management of liquidity risk, revenue generation (collateral transformation), meeting collateral obligations, and well as collateralising guarantee funds and initial margin at central counterparties and exchanges.

The Delta Capita collateral management practice can help firms navigate this deep domain, irrespective of business or institution, whether it be the mechanics of the topic through to the selection of technology system or utility.

Service Model



Multi-Sector Coverage

Delta Capita service model supports the business and regulatory challenges facing all collateral managers irrespective of institution

Investment Banks / Prime Brokers

Cross Product / cross agreement (GMRA, GMSLA, ISDA CSA, Cleared products) multi-entity solutions, optimisation (eligibility, VaR, RWA, settlement, bilateral, triparty)

Treasury

Multi location Liquid Asset Buffer real-time inventory management & emergency liquidity compliance solutions

Asset Managers

Solutions to address liquidity risk and yield drag, regulatory compliance (e.g. Variation Margin rules changes – non-cleared OTC derivatives, optimisation & transformation)

Agent / Direct Lenders

Collateral segregation solutions for principal / agent lending. Bilateral & triparty collateral transformation deal capture

Exchanges & CCPs

IM and Guarantee fund management and trade pair novation

Hedge Funds

Collateral solutions for self clearing and PB management

Triparty

Integration

- Euroclear, Clearstream, JPMorgan, BNYMellon
- SWIFT MT527, MT558, MT569
- Collateral Exchanges – Collex, Elixium

Tools

- Efficient 'longbox' management solutions (custodian triparty agents)
- Issuer/asset/domicile exposure across ALL engaged triparty agents
- Linking triparty allocations to header trades

Multi-Agreement Coverage

- Global Master Repurchase Agreement (GMRA) & Annexes e.g. Triparty
- Global Master Securities Lending Agreement (GMSLA) & Annexes
- ISDA Credit Support Annex (CSA) & Annex
- OTC Cleared and Exchange Traded Derivative Agreements

Regulation

EMIR – OTC Derivative Margining

The ESAs interpretation of BCSB IOSCO directive following the financial crisis to for OTC derivatives to be cleared through a Central Counterparty or for non-cleared OTC derivatives a timetable of Variation Margin and Initial Margin rules (see diagram)

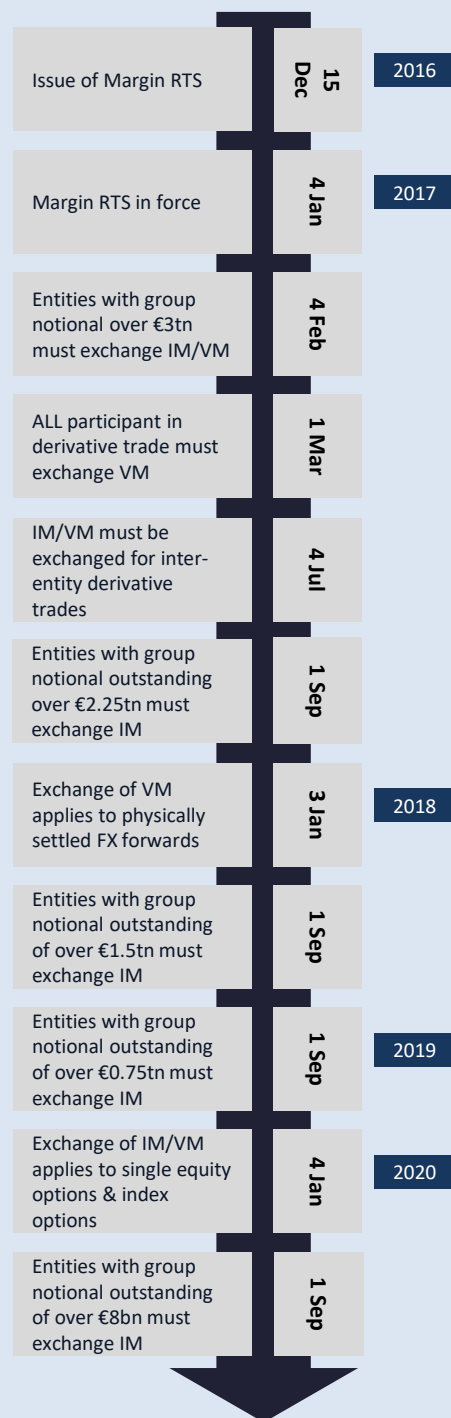
BASELIII

- Liquidity Coverage Ratio
- Capital Adequacy Ratio
- Risk Weighted Assets

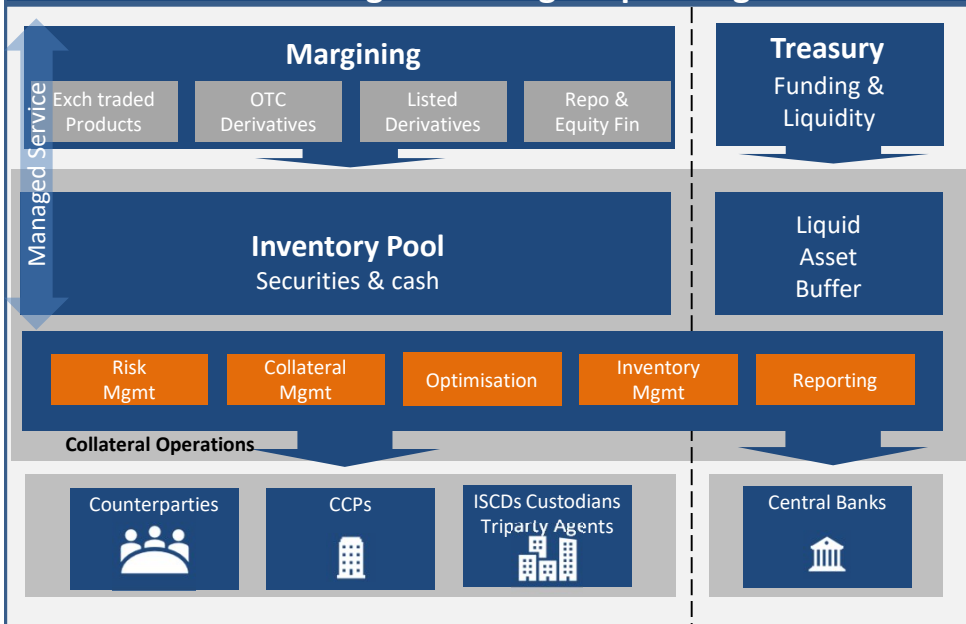
SFTR

- Impact of execution conditions on re-hypothecation of collateral
- Impact on collateral securities supporting derivative transactions
- July 2018 – trade repository reporting requirement for CCPs and CSDs
- October 2018 – trade repository reporting requirement for UCITs, insurers, AIFMs and pension funds

Non-cleared OTC Derivative Margining Regulatory Timeline



Collateral Management Target Operating Model



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