

Technology is core in collateral management evolution

2021 has been an unusual and difficult year as the pandemic has dominated our lives since day one. We had to adapt to new ways of working in a global digitized workplace that is here to stay for the next years.

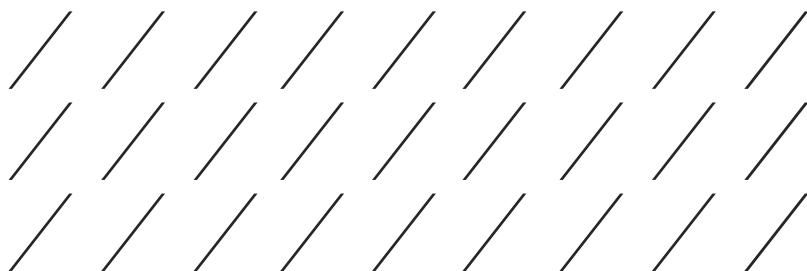
At VERMEG, we think that technology will accelerate the changes across all companies and businesses including collateral management. Technology is the main enabler to achieve sustainable efficiency and profitability while complying with an evolving regulatory framework.

COLLINE has been leveraged by many firms this year to transform their operating model toward consolidated post trade processing across derivatives and securities trades. This has enabled further standardization and automation of margin workflows and a streamlined integration to the global collateral messaging and settlement network.

COLLINE Collateral suite

As the largest provider of dedicated collateral management suite available COLLINE will receive product investments to deliver further automation and STP to operations, treasury and trading desks. VERMEG will leverage new technologies to provide additional operational and funding efficiencies to our clients.

COLLINE provides a package of cloud-enabled services that supports organizations to continuously transform their operating model across processes, technology, people and data.



Typically, firms combine many of the following services according to their collateral target operating model:

- / A comprehensive repository for **legal and collateral agreements** with interoperability based on Common Domain Model (CDM) standards
- / A rich rule builder for **Eligible Collateral Schedules** according to CDM standards
- / Initial Margin Calculation using **SIMM or Grid methodology** and 50M IM threshold monitoring
- / STP – SWIFT connectivity to **Triparty agents** (BNY Mellon, JPM, Clearstream, Euroclear, BNP Paribas, State Street) and Long-box inventory management.
- / STP – SWIFT connectivity to **Third Party custodians** (More than 100 custodians globally)
- / **Cross-agreement margining** for multiple business lines (Non cleared OTCs, Cleared OTCs, Repo, SBL, ETDs)
- / **Asset and Inventory Optimization** to automate delivery and recall bookings. The source of rules can be any combination of client-sourced rankings or COLLINE sourced algorithmic or asset-rank optimization which use agreement eligibility and haircuts along with collateral availability characteristics to determine cheapest-to-deliver and waterfall or greedy allocations across currencies and asset classes.
- / **Email processing automation** – The inbound email generates and automated set of tasks starting with the validation, identifies intent (e.g. margin response or trade confirmation), and uses the embedded information to automate entries in client downstream systems.
- / Integrated support and automation of ‘Greater of’ and ‘Allocation’ initial margin methodology.