

PRODUCT BROCHURE

COLLATERAL MANAGER

As a collateral manager who uses collateral to mitigate credit risk, you need a tool for measuring credit exposure to determine collateral requirements. To save you time and reduce operational risk, Collateral Manager gives you an online position-view and offers real-time margin call functionality – both indispensable in your daily work.

COLLATERAL
MANAGER

COLLATERAL MANAGER: TAKE CONTROL OF THE COLLATERAL PROCESS

As a collateral manager, you know that volatility in today's financial markets, increased trading volumes, complex instrument types and uncertainty about the credit environment have heightened awareness of counterparty credit risk. This has pushed collateralization of exposure to the top of many institutions' priorities.

HANDLE CROSS-PRODUCT COLLATERALIZATION AND CREDIT EXPOSURE WITH CONFIDENCE

With Collateral Manager, you get real-time calculation of margin requirements, support for the collateral processes, and an online position-view of available and eligible collateral. You can monitor margin call results, the current status of each call including dispute tracking, and settlement status of collateral trades.

This gives you a comprehensive overview and saves you valuable time. You have all the relevant information easily accessibly gathered in one system, thereby reducing operational risk. And, with an integrated system design, you profit from an easy and cost-efficient collateral management process.

COLLATERAL MANAGER ENABLES YOU TO REDUCE CREDIT RISK ON COLLATERALIZED TRADES TRANSACTED UNDER DIFFERENT TYPES OF COLLATERAL AGREEMENTS

You have a real-time position-view of available and eligible assets including securities received under agreements allowing for rehypothecation. Further, you can calculate margin calls online or through batch jobs, saving you time and giving you a competitive edge. Collateral Manager’s efficient workflow allows you to reduce operational risk, and the effective risk management offers you the opportunity for increases in trading volumes and thereby growing your business.



SIMCORP DIMENSION MANAGERS, EXPLAINED

Our integrated system is made up of different components covering all functions in your front, middle, and back offices. We call these components 'Managers' because they refer to the relevant role they support within your company.

Throughout the investment management value chain, your operations are in the hands of different people in different roles, where each role has its unique requirements. This is why we've built SimCorp Dimension in a role-based manner so that all your roles (Managers) are covered, front-to-back.

MANAGE YOUR CREDIT EXPOSURE

With Collateral Manager, you get an efficient tool for cross-product collateralization and for managing the credit exposure of trades agreed under legal agreements such as GMRA, GMSLA, or ISDA and the associated credit support annexes (CSA).

REGISTER COLLATERAL TRANSACTIONS

Collateral Manager enables you to register preliminary or actual collateral transactions. You can also utilize collateral block trades, which allow you to treat positions across portfolios as a single delivery of collateral to counterparties. In addition, you benefit from the collateral rules functionality, which allows you to optimize the use of assets that are eligible and available for delivery when receiving margin calls.

SUPPORT FOR DIVERSE ASSET CLASSES

Collateral Manager provides you with support for major asset classes, from OTC derivatives and futures and options, through repos to securities lending.

MARGIN CALL AND RECALL MANAGEMENT

With Collateral Manager, you can calculate margin calls and automatically release the margin call notification to the counter party including a file of the portfolio trades. You also have online trade updates to support your margin calls for securities lending and repo transactions, and you can base the margin call calculation on assumed or actual settlement.

COLLATERAL MONITORING

Collateral Manager provides you with an overview of collateral, market positions, transactions, margin call conditions, positions that are eligible and available, and upcoming corporate action events. You can enter collateral transactions with a few clicks, and once a transaction is saved, it is immediately available for you in Collateral Manager.

WORKFLOW PROCESSING

If you experience disputes, you can use the workflow-processing tool to monitor the status of any disputes, and include escalation procedures to ensure that they are investigated and resolved in a timely manner.

COLLATERAL SUBSTITUTION

The collateral substitution functionality allows you to streamline the collateral substitution process and, in the process, facilitate transaction management. The functionality ensures users are notified of upcoming events necessitating substitution and includes standard linking of recall transaction(s) and new delivery transaction(s). The substitution link eases communication between you and your counterparties, as well as facilitating events reporting.

REDUCE OPERATIONAL RISK AND MANUAL WORK WITH **COLLATERAL MANAGER**

- Reduces operational risk as you benefit from an efficient workflow, with all the relevant information gathered in one system, thereby reducing your operational risk.
- Curbs credit risk as you will value the additional comfort of collateral management when dealing with weaker counterparties, when market conditions are volatile or when managing long-dated transactions.
- Saves costs as you have access to an easy-to-use and cost-efficient collateral management process, utilizing collateral block trades, which reduces the number of transactions required and cuts your costs.
- Cuts time spent as leveraging the collateral rules functionality, online position-view, and real-time margin call calculation enable you to reduce the time spent on collateral management.
- Facilitates growth since you have access to more trades and to trades that involve a higher risk with collateralized trading. Using Collateral Manager allows you to effectively manage risk, enabling you to grow your business.
- Increases competitiveness since using collateral, you reduce the credit component of a derivatives spread. Reduced credit charges directly affect deal pricing and therefore boost your competitiveness in relation to peers not using collateral.
- Provides regulatory capital savings as you obtain regulatory capital benefits when using collateral where there is an increased coverage of the types of collateral to which capital adequacy haircuts can be applied.

THE TOOLS YOU NEED TO ENSURE EFFICIENT COLLATERAL MANAGEMENT

Collateral Manager features the flexible rules engine that allows you to define rules regarding eligibility, while ad-hoc rules may be used to set limitations on availability and restrictions on acceptable collateral.

COLLATERAL RULES

In order to meet market requirements for the use of securities in collateral arrangements, Collateral Manager allows you to apply generic rule sets, formula groups, and rule groups. This gives you a prioritized list of eligible inventory for delivery as well as simple overview of the rules effective for each agreement. These features are especially important when collateralizing either OTC derivatives or Repo and Lending contracts.

Forming part of the collateral optimization algorithm are the rules registered for eligible assets and haircuts. These are specific to each collateral agreement, be it from a credit support annex (CSA), Global Master Repurchase Agreement (GMA), or Global Master Securities Agreement (GMSLA). Based on these generic rules, formula groups and rule groups, the tool enables you to come up with a prioritized list of the best suitable assets to deliver to each counterparty.

AUTO ALLOCATION

Auto allocation automates the process of allocating collateral, making it possible to handle large volumes of margin requirements. Based on the rules, auto allocation will suggest the best collateral to deliver in response to each received margin calls. If accepted by the user, a notification regarding the proposed collateral can be sent to the counterparty.

MARGINSPHERE INTERFACE

Collateral has become increasingly important in order to manage credit risk and comply with global central clearing regulation. This is driving a virtual explosion in the amount of traffic related to collateral management, which can no longer be managed manually. With the MarginSphere Interface, you can automate collateral communication with counterparties by using electronic import of margin calls. You benefit from a secure electronic management of margin calls, which makes the margin call process faster and minimizes the operational risk inherited in the communication.

COLLATERAL MANAGEMENT DASHBOARD AND ALERTS

The Collateral Management Dashboard gives you a consolidated overview of all the information available on Collateral Manager's Results tab. You can view margin details across collateral agreements, applying flexible selections and filters independent of the set-up in Collateral Manager. While the dashboard is a view-only application, it allows you to drill down into Collateral Manager for one or several results selected from the dashboard.

READY, SET, GROW

Collateral Manager belongs to SimCorp’s portfolio of integrated front-to-back solutions for business process automation in investment management. Efficient workflows seamlessly integrate your organization and provide accurate and up-to-date information when you need it, empowering you and your business to mitigate risk, reduce cost, and enable growth.

SimCorp’s flexible and scalable solutions allow you to capitalize on opportunities as they arise and swiftly adapt to changes in business requirements. Leading investment management institutions world-wide rely on SimCorp solutions to provide optimal business conditions and secure competitive advantage. Get ready for growth with SimCorp.

Explore SimCorp’s solutions at www.simcorp.com/en/solutions

SIMCORP DIMENSION - AN INTEGRATED SYSTEM



ABOUT SIMCORP

SimCorp provides integrated, best-in-class investment management solutions to the world's leading asset managers, fund managers, asset servicers, pension and insurance funds, wealth managers and sovereign wealth funds. Whether deployed on premise or as an ASP solution, its core system, SimCorp Dimension[®], supports the entire investment value chain and range of instruments, all based on a market-leading IBOR. SimCorp invests more than 20% of its annual revenue in R&D, helping clients develop their business and stay ahead of ever-changing industry demands. Listed on NASDAQ Copenhagen, SimCorp is a global company, regionally covering all of Europe, North America, and Asia Pacific.

For more information, please visit www.simcorp.com.

ONE SYSTEM FOR A COMPLEX WORLD



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