



Risk

Markets Technology
Awards 2023

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Adenza

Best UMR

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Adenza has won the *Best UMR* award for its end-to-end collateral management and margin solution, Calypso.

To comply with interdependent new regulations and optimise the corresponding total-cost-of-ownership impact, it is critical for firms adopting the new uncleared margin rules (UMR), regulatory initial margin (IM) and regulatory metrics such as the standardised approach to counterparty credit risk to integrate risk, UMR, clearing and collateral management functions.

Since Calypso is part of a comprehensive collateral, margin and securities finance solution, it offers firms the integration needed to build agile operating foundations for all their UMR needs. Integration also enables what-if simulation and optimisation at each lifecycle stage, pre- to post-trade, for optimal use of capital and collateral.

Through simulation and active monitoring, Calypso enables clients to transform a compliance exercise into an optimisation process. Margin optimisation activities include reducing exposure before managing collateral by running what-if analyses; optimising at the credit support annex level by comparing across currencies; and optimising exposure by simulating trades across accounts and comparing the standard initial margin model (Simm) with regulatory schedule grid-based methodology.

Calypso provides comprehensive coverage including margin calculation across exchange-traded derivatives (ETD), and cleared and uncleared over-the-counter (OTC) trades, with support for end-users. The solution also provides greater visibility and accuracy through headroom and IM trading limits, portfolio cross-margining, grid computing for rapid calculations and all-in cost calculation.

Calypso is fully integrated into a front- to back-office treasury system. It includes pre-trade analytics, trade processing, variation margin and IM calculations, risk, settlement processing and regulatory reporting. It also includes average aggregated notional amount calculation, enables firms to monitor group UMR thresholds from pre-trade what-if to backtesting and simulates and compares all types of margin exposures. Calypso is seamlessly integrated with industry-standard data providers and reconciliation tools, and supports sensitivities calculations and the exchange of IM calls.



Gil Guillaume, Adenza

By centralising collateral management and margin estimation in the trade and processing lifecycle, Calypso enables firms to reduce risk, identify hedging requirements, optimise inventory and confidently respond to UMR and other regulations. This is a streamlined regulatory compliance tool.

Adenza is an International Swaps and Derivatives Association (Isda) Simm licensee and has all the relevant Isda credentials to meet industry expectations in maintaining margin calculations.

Last year Adenza delivered several new features, including UMR threshold intraday monitoring, Isda vega risk, margin management for risk-free rate-based products, Libor-migrated trades and cloud hosting for IM. Other key components for successful implementation include headroom checks for clearing novation, end-of-day margin calculation, intraday market data catch-up, clearing member margin reporting, what-if IM application programming interface and real-time clearing risk monitoring.

Judges said:

- “Adenza has shown Calypso to be a truly comprehensive product, covering ETD, cleared OTC and non-cleared OTC, front to back office and different types of analysis and optimisation.”
- “Excellent product, which meets the needs of the industry.”

Gil Guillaume, head of strategy, capital market solutions at Adenza, says:

“We are delighted to receive this accolade. Our integrated collateral, clearing and securities finance solution enables clients to manage cleared and uncleared trades processing and compliance within a comprehensive environment. With Adenza’s unique, cohesive solution, clients can go beyond UMR compliance to optimise their pre- and post-trade processes and related collateral and capital charges. We will continue to help firms manage risk, inventory and cost – and comply confidently.” ■