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TECHNOLOGY

SmartStream partners with Cassini Systems as uncleared initial margin obligations loom

The roll out of uncleared initial margin rules has now reached the buy-side with phase 4 firms coming into scope in September 2019.

By Jonathan Watkins March 20, 2019 2:28 PM GMT

SmartStream Technologies has partnered with Cassini Systems to help market participants comply with forthcoming margin requirements for uncleared OTC derivatives.

Since September 2016, authorities have been slowly phasing in initial margining requirements for users of bilateral OTC derivatives, as part of the European Market Infrastructure Regulation (EMIR).

At present, financial institutions with an average aggregate notional amount in excess of €1.5 trillion must post initial margin, although this threshold will drop to €750 billion in September 2019, and once again to just €8 billion in September 2020.

SmartStream said the partnership with the pre- and post-trade margin analytics provider for buy-side derivatives trading will "complement our ability to manage complex business and regulatory requirements in this space."

"As the roll out of UMR reaches phase five and impacts the full range of buy side firms, the need for a complete and flexible, front to back SIMM calculation, including the generation of sensitivities, is fundamental," said Liam Huxley, CEO of Cassini Systems.

Derivatives industry association – ISDA – has developed a Standard Initial Margin Model (SIMM) that can be used by market participants to provide a transparent and standardised margin methodology of bi-lateral trades. The roll out of uncleared initial margin rules has now reached the buy-side with phase 4 firms coming into scope in September 2019.

"Integrating Cassini's comprehensive margin and SIMM calculation capabilities will enable SmartStream to solve the regulatory IM requirements for its clients with a fully integrated and seamless solution".