

# Managing Inbound Clearing Reports

## The Requirement

Our client, a G14 bank, is a significant market participant for derivatives trading across Rates, Credits and FX. In addition, it has established an OTC Client Clearing business and acts as a Clearing Broker across multiple CCPs around the globe. MA has already been helping the bank to connect to multiple CCPs for Client Clearing trade acceptance flows via a harmonised data layer.

## Key Business Drivers



Improved  
Productivity



Improved  
Regulatory  
Oversight



Improved  
Productivity

## The Project

Within days of the project scope being agreed, the **futureLANDSCAPE** components were installed. This included connecting the software to the bank's internal network where all reports were collected having been retrieved from the CCPs. MA and the bank worked closely together to prepare an initial road map for the harmonisation and delivery of high priority reports. The CCPs in scope for this initial phase were LCH (Swapclear, Forexclear, Clearnet, Repo Clear), CME (US and Europe), Eurex, ICE (US and Europe). Some 240 reports had been identified as relevant for this initial phase of the project covering both House and Client requirements. MA is expanding its existing library of harmonised reports to ensure that it covers all of these data items.

## Extending the relationship

Based on their previous experience of working with us, we were approached to see if we provide similar support for their inbound clearing reports. The initial requirement was to receive multiple in-bound CCP reports and extract information about client initial and variation margins in a harmonised data format that could be fed into the bank's client clearing booking system. At the same time, the bank had identified an urgent need to upgrade the way it was extracting information from CCP reports for its own house clearing business. Specifically the risk teams evaluating CCP credit risk required regular information on overall CCP exposures both at a trade margin and collateral level but also as at a default fund contribution level. The bank's senior management quickly recognized that there were potential synergies to be gained by satisfying both the house and the client OTC requirements through a single cross-asset class, cross-CCP solution and were keen to realise the potential advantages of this approach as quickly as possible.

## Fast to value

The bank took delivery of batches of reports on a six week cycle which allowed for scoping, configuration, delivery, testing and promotion to live. In this way, deliveries can be tailored in a very agile manner. The elapsed time from engagement to initial delivery of harmonised reports was achieved in six weeks. During this period users around the world also received training on the **insideTRACK** dashboard to enable them to perform ad-hoc or regular queries of the database.

## Post-Project

The initial business requirement came from two separate business areas – CCP risk monitoring and Client Clearing. These alone provided the financial justification to go ahead with the project but the bank appreciated that this solution was truly scalable and could be leveraged by other parts of the bank –

- Prime services who need to monitor CCP margin exposure intraday against prime broker limits
- Cross-product margining departments who need to consolidate OTC margin exposures and listed derivative exposures and therefore need ready access to margins
- Collateral departments who need to feed their systems margin and collateral information
- Operations and recs teams who need to ensure trades reported by CCPs agree to internal books and records
- Finance who need CCP information for reporting to investors, regulators and management
- Middle Office who need to report CCP valuations etc as part of their EMIR and DFA reporting
- Treasury who need cash flow information to be able to fund or invest margins at multiple CCPs

## The Benefits

Automating the collection, harmonisation and routing of data from hundreds of CCP reports has hugely reduced the manual effort involved and helped to ensure that end users in a variety of departments across the banks have timely, accurate information on which to manage risk and collateral, and make key business decisions.

## About Us

Message Automation is a specialist company completely focused on assisting organisations improve the efficiency of their OTC derivatives processing since 2003. Our clients include several tier one investment banks and buy side firms.

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