

7 Steps to Seamless UMR Phase 7 Go-Live

01

Calculate AANA

Confirm the jurisdiction(s) your firm's entities fall under for Average Aggregate Notional Amount (AANA) methodologies. Calculate AANA for each jurisdiction to determine if your entities are in or out of scope.



02

Estimate REG IM with your Counterparties

Calculate the expected Regulatory Initial Margin (REG IM) for existing portfolios and engage your counterparties. Identify critical exposures.



03

Monitor Regulatory Initial Margin

If REG IM amounts are expected to be less than your threshold, work with your counterparties to setup daily monitoring and reporting. Monitoring allows firms to prioritize new CSAs & ACAs.



04

Proactively Negotiate Agreements

Finalizing agreements always takes longer than expected. As REG IM exposures breach roughly 50% of the threshold (up to 50mm per entity group), ensure your firm is reaching out to counterparties to begin negotiations.



05

Build SIMM & IM Calculations

Having your Standard Initial Margin Model (SIMM) and/or Schedule Model (GRID) approved by regulators is crucial. Ensure SIMM & GRID support ALL product types before go-live to minimize disputes.



06

Test Regulatory Initial Margin

Ask your key counterparties to exchange and reconcile REG IM values for a specific date range to confirm trade populations and accuracy of calculated initial amounts built by your firm.



07

Optimize OTC Activity

Reduce REG IM requirements where possible by working with counterparties to compress OTC trades or shifting to a centrally cleared OTC trading model.

