Margin processing: the clearing firm perspective

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Presenters

**Moderator: Don Byron**, Head of Global Industry Operations & Execution, FIA

**Alistair Sayers**, Head of Funding & Optimisation, Collateral Management, UBS

**Diane Sherman**, Director Head of Global Collateral Management, Bank of America Securities

**Jon Schlamp**, Sr. Vice President, Macquarie Futures USA
"A Day in the Life of a Margin Call"

**CCP**
- Positions
- Margin Req
- Collateral

**FCMs**
- Internal Groups
  - Operations
  - Risk Management
  - Treasury
  - Regulatory
  - Credit
  - Collateral Mgmt.
  - Client Service

**Clients**
- Positions
- Collateral

**Margin Calls**
- T+0

**Collateral**
- Banks/Custodians

**Margin Calls**
- T+1

**Collateral**
- Banks/Custodians
Margin Processing Challenges for Clearing Firms

• What are the internal challenges and considerations that clearing firms face?

• Are there challenges when it comes to managing margin calls with clients?

• How does the need to navigate bespoke margin methodologies, rules and processes across each CCP cause challenges for clearing firms?
Gradual “HVAR” versus SPAN/step up margin updates
Per contract margin requirements for three benchmark equity index futures, daily changes from Jan 1 to Jun 8, 2020

Source: data published on CCP websites and provided by FIA member firms
How does the industry overcome these challenges?

• Consistent technology integration across the industry
• Collateral management standards
• Improved data quality, consistency
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