

Introduction

2020 has been a demanding year. It has driven people and companies to innovate their way out of problems, reinvent their environments and continuously transform to adapt to new and unpredictable challenges. During this year, at VERMEG, we accelerated our investments in Colline, our Collateral solution, to help our clients and the industry acquire the needed agility to be constantly ready to face similar situations in the future. While keeping a firm focus on the short term compliance to regulations and the reduction of the Total Cost of Collateral, we heavily invested in the componentization, the digitization of the front end, and the 'APIzation' of the back end of Colline, creating a flexible architecture capable of reacting quickly to market threats and opportunities and maintain constant readiness through its transformational nature.

Facts & News

Interestingly, 2020 was a good year for Colline with 3 new clients joining the user group. The list includes one of the largest global Asset Servicers. Presales, Sales, and Legal teams had to adapt to the situation and manage all the phases of the process remotely. One of those clients went live within a few weeks after the selection, all trainings, integration, and project management tasks were done remotely.

We continued to roll out our Third Party Agent connectivity module to many of clients and launched our Third Party Custodian connectivity introducing real time settlement for collateral bookings. Our ETD module went live with one of the largest global clearing brokers enabling them to manage both Agency and Principal activities. We also assisted many of our clients comply with the 'greater off' margining approach and integrate Initial Margin calculation (SIMM/GRID) in order to be ready for wave 5 UMR deadlines.

ISDA Create Integration

A major part of the standardization is driven by some of the industry organizations. At VERMEG, we support such initiatives and have begun working with ISDA to build the connectivity to exchange digital copies of the legal agreements and the eligible collateral schedules. The data is normalized according to the Common Domain Model (CDM) framework with a flexible mapping that can evolve through configuration and the ability to approve the data within Colline on a field by field level.

Longer term View: **Constant Readiness to change**

In the future, collateral resources will be a collection of cloud-enabled inter-connected microservices talking seamlessly to each other, integrating easily to existing systems, interacting with external utilities, and providing timely auto-recovering mechanisms. The orchestrator of such resources can ask for a robot or a human intervention in a digital manner whenever the automation is stopped.

Technology is the main enabler of such a transformation. Our strategy is to build a store of business and technical components that enables firms to use and offer collateral services in a way that provides a constant readiness to quickly transform and adapt to unpredictable changes.

UMR compliance new service: Colline.Cloud

Many of the small to medium sized buy and sell-side firms don't have the operational setup and the IT capacity to monitor or exchange the Initial Margin related to UMR. In order to assist these organisations we recently launched for those firms a service that helps them not only tick the regulatory box, but improve business performance through a sustainable and flexible cost structure, removing the need for burdensome IT infrastructure.

This is a One Stop Shop where firms can select the services according to their needs and strategy. They can choose from the basic Initial Margin monitoring (Sensitivities, SIMM/Grid, Thresholds, Reconciliation) to a wider set of services like Initial Margin settlement (through Triparty Agent or Third Party Custodian) and collateral optimization. Business lines coverage can also be strategically extended to cleared OTC derivatives, Repo, ETF, ETD and SBL collateralization.



A cost-efficient end to end collateral management service via SaaS

- ✓ Scalable, low-cost modular cross product cloud-based enterprise collateral management platform
- ✓ Complete web based regulatory compliant solution covering Cleared & Uncleared Margin Rules (UMR) across OTC, repo, and Securities Lending products (including FINRA 4210)
- ✓ A mature, highly available, certified, cloud based SaaS with flexible sizing and configuration
- ✓ Improved customer experience with quicker onboarding and out of the box connectivity
- ✓ Enhanced Inventory transparency to improve asset utilization and liquidity
- ✓ Agility and scalability to comply with changing industry standards and grow your business
- ✓ Award winning software, expertise and service from the market leading collateral management system

VERMEG