ACTIVEVIAM

SIMM Accelerator

Calculations User Guide: Schedule Methodology

v1.1.0

Contents

1 Overview

The Accelerator provides measures computing margin per Schedule Methodology.

1.1 Gross Initial Margin per trade

The Gross Initial Margin per trade is computed as: $Notional \cdot MarginRate$.

Margin rate is looked up based on Product Class and Maturity Bucket (can be visualized using RegulatoryBucket hierarchy):

- Maturity Bucket 0y-2y includes all trades having an EndDate within the next 2 calendar years (inclusive exactly 2y from now),
- 2y-5y includes all trades maturing after 2y and up to 5y from now (inclusive exactly 5y),
- and 5y+ bucket includes trades expiring after 5y.

1.2 NGR per netting set

NGR = net replacement cost / gross replacement cost, where

- net replacement cost = max(0, sum across trades in the netting set PV)
- gross replacement cost = sum across trades in the netting set of max(0, PV) (in-the-money trades)

1.3 Net standardized initial margin per netting set

Schedule = 0.4 * Gross initial margin + 0.6 * NGR * Gross initial margin

The 0.4 and 0.6 factors can be changed - please see SIMM Parameters.

2 CRIF fields

- RiskType {“Notional”} and IMModel { “Schedule”} - filter “AmountUSD” to obtain “Notional” (see Step Gross Initial Margin).
- RiskType {“PV”} and IMModel { “Schedule”} - filter “AmountUSD” to obtain PV (see Step NGR)
- ProductClass {“Rates”, “FX”, “Credit”, “Commodity”, “Equity” or “Other”} - is used to look up Margin Rate
- EndDate - is used to compute maturity in years and look up Margin Rate.