

Regulation and Collateral: What is the Operational Impact?

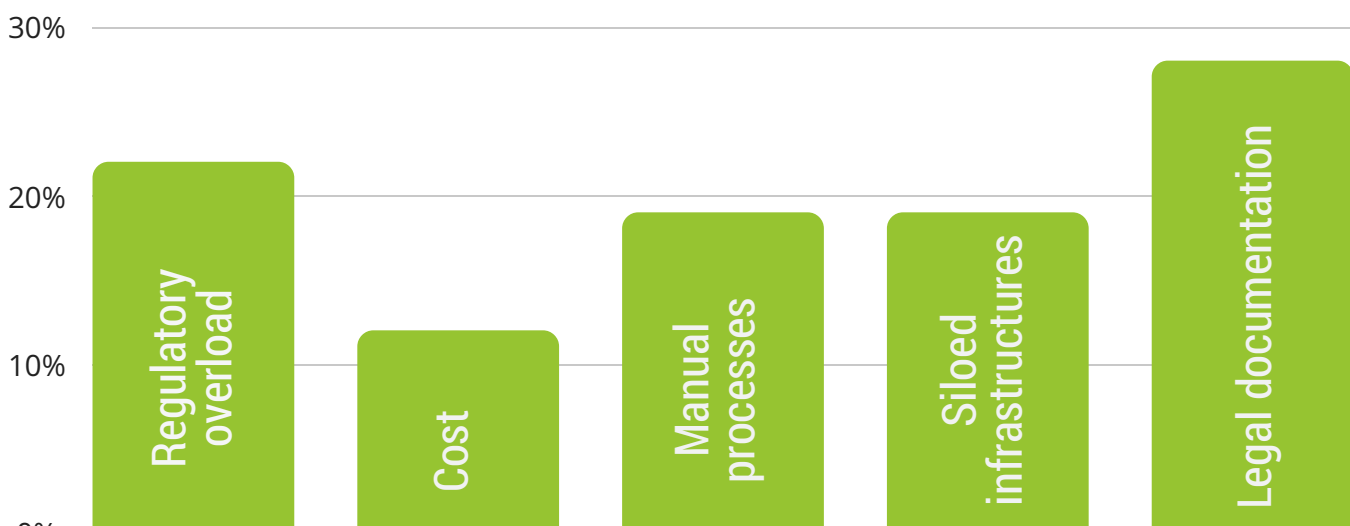
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A snapshot of the operational challenges and strategies for dealing with margin reform

In a recent DerivSource webcast, panelists from BNY Mellon, Covington and Burling, DTCC-EuroClear Global Collateral and webcast sponsor Lombard Risk discussed the wave of regulatory reforms affecting the buy and sell side, and the operational solutions firms are choosing to ensure compliance and improve efficiency in both the short and the long term. The live audience participated in a number of polls throughout the event, the results of which are highlighted below. To hear more on the topic, please watch the on-demand video of the webcast **“Margin Reform: Regulatory Update and Operational Impact”**.

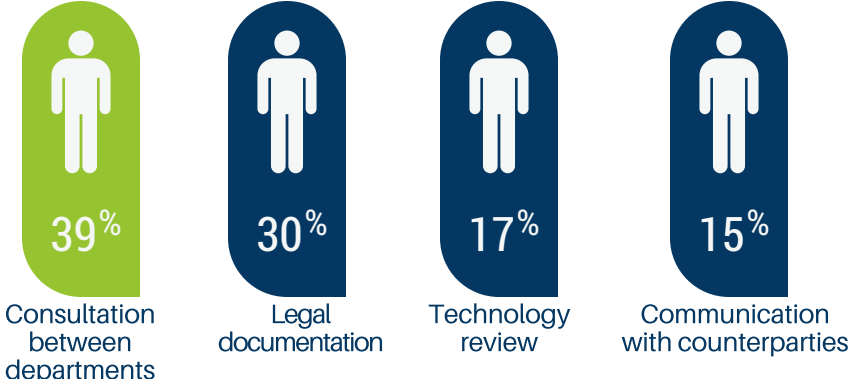
What is the biggest challenge to establishing an efficient and compliant collateral management operation?



Mark Higgins,
Managing Director
at BNY Mellon
Markets in EMEA

“Most people would like to be able to look at the holistic long-term view, and indeed, when working across the industry, we all recognise that the solution we implement, whatever it may be, shouldn't be just dealing with the here and now, but ideally should be looking at the long-term plan and picking up as many opportunities as possible.”

What were the first steps your firm took when assessing the impact of new regulation on your collateral management operations?

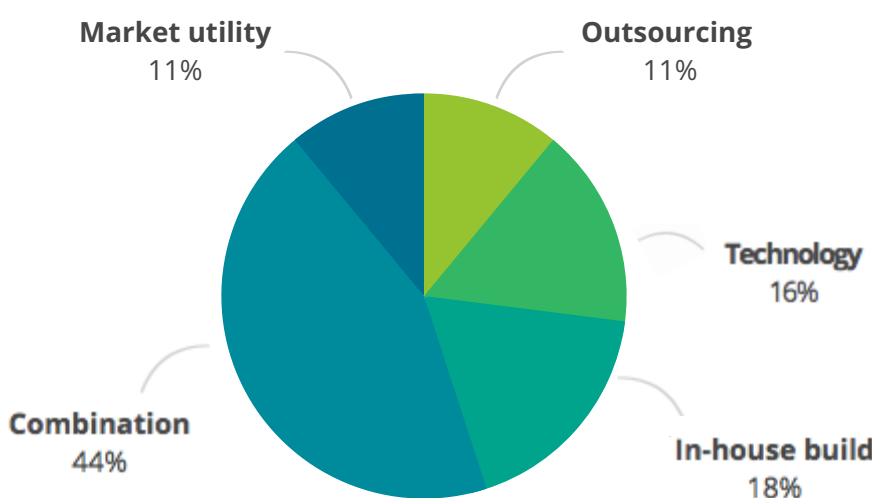


“The regions that are impacted by these regulations have buy-side and sell-side trade associations where these regulations and best practices are regularly discussed. These conversations are absolutely invaluable to preparing for the regulations, especially for those firms that may not have a sophisticated collateral management process already in place.”



Stephen Humenik,
Of Counsel
at Covington and
Burling

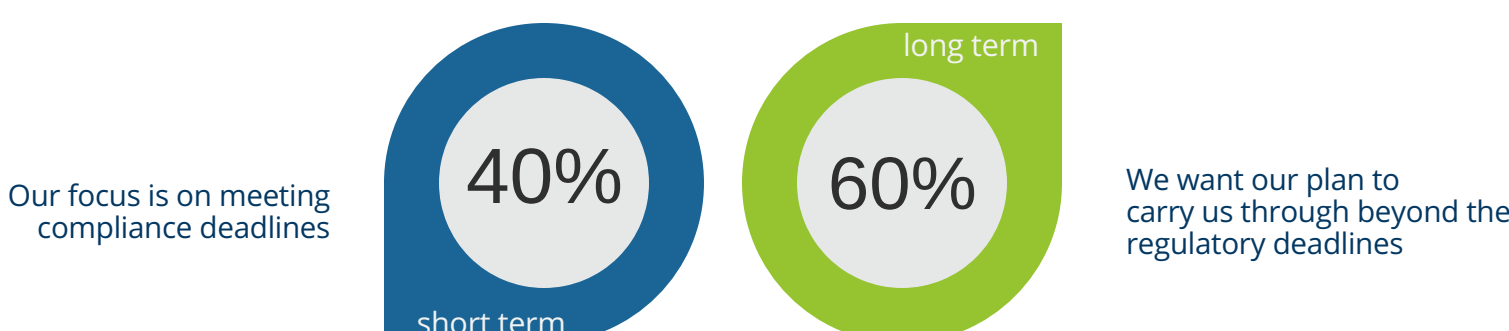
What is your firm's strategy from an operational standpoint?



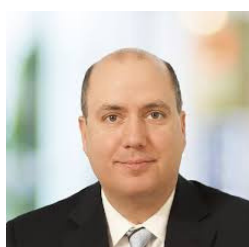
Helen Nicol,
Global Product
Director,
Collateral
Solutions at
Lombard Risk

“Realistically, we are now seeing very few organisations, with the exception of one or two of the larger sell-side firms, build in-house. The infrastructure, and resource costs and maintaining pace with regulatory and market change, now outweigh the benefits of those bespoke systems. Although the organisations still need to be able to have some flexibility in how they deal with their internal processes strategy, that comes as an add-on to the standardisation of the vanilla processes. For many, the choice is a vendor solution or to outsource now, as opposed to that internal build.”

Does your firm's action plan focus on the short or long term?



“If firms leverage standards, and avail themselves of utilities and community based solutions in-house, it can give them a better opportunity to create more competitive services. They gain transparency into the collateral movement, and they can better optimise their collateral, because they have a more up-to-date, more holistic view of their collateral positions. They can better manage their risk.”



Ted Leveroni,
Chief Commercial
Officer at DTCC-
Euroclear
GlobalCollateral Ltd