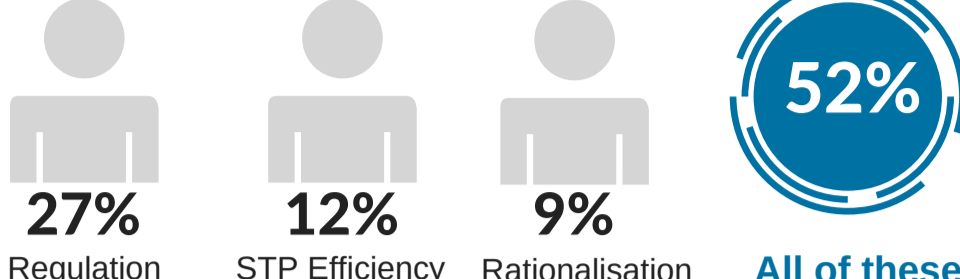


The Collateral Management Ecosystem Is a Collaborative Approach Working?

At the recent inaugural DerivSource Community Forum held in London, panelists from **LCH**, **BNY Mellon Markets**, **Vermeg** and **Margin Reform** explored whether the rise of market utilities and a collaborative ecosystem is succeeding at making collateral management more efficient for industry participants. Attendees from all areas of the industry weighed in (see polls).

What are the main drivers to enter the collateral ecosystem?

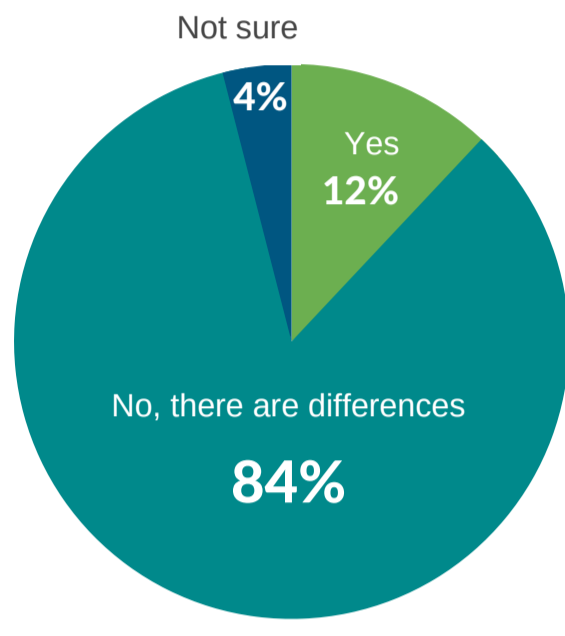


“Collateral technology innovation over the past five years has hastened the industry to move towards a more efficient processing model. Automation has increased, and more tasks are now straight-through processed (STP) with an onus on management by exception. Regulators are really keen to understand how the technology is working. What are your plans? How do you plan to collaborate with the market versus building internally? If you can prove to the regulator that you're involved with the ecosystem, that you have assessed and understood the complexity of the environment in which you operate, then that bodes well for you.”



Chetan Joshi,
Founding Partner,
Margin Reform

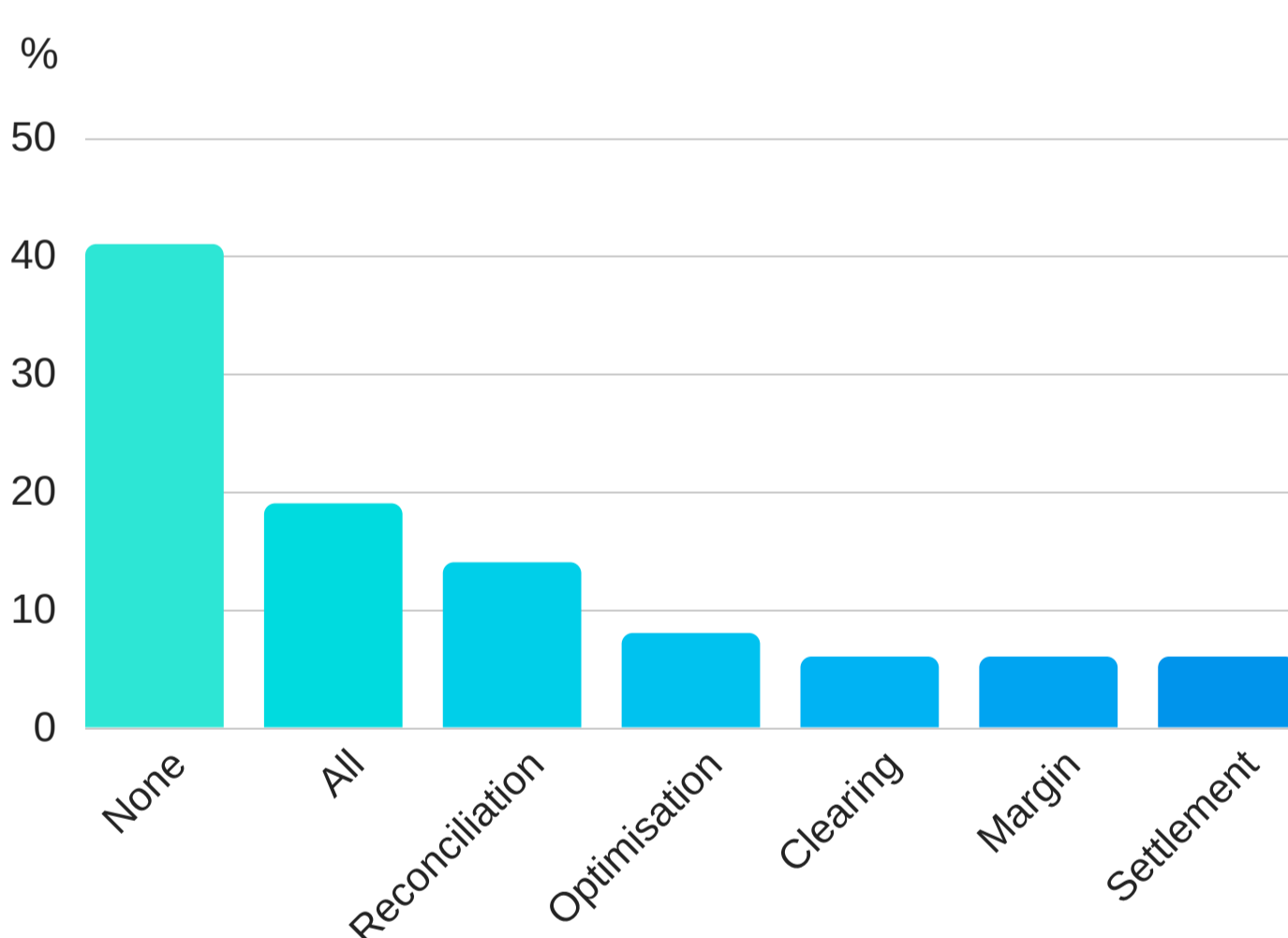
Are these drivers the same for buy and sell side institutions?



Larissa Keown,
Global Head of
Strategic Account
Management, LCH

“I think one of the challenges for the buy side is that there are a number of actors involved in collateral management. Funds often have different custodians, different collateral managers, they have an investment manager who's trying to manage all these very complex relationships. There are a lot of actors at the table. On top of that, the space is ripe for innovation, and that innovation is starting to happen. The struggle is which horse do you back? Is it going to work, and is everybody going to come with you? Trying to get all those actors marching to the same beat, when they've all got their own pushes and pulls coming, makes it a very challenging space right now.”

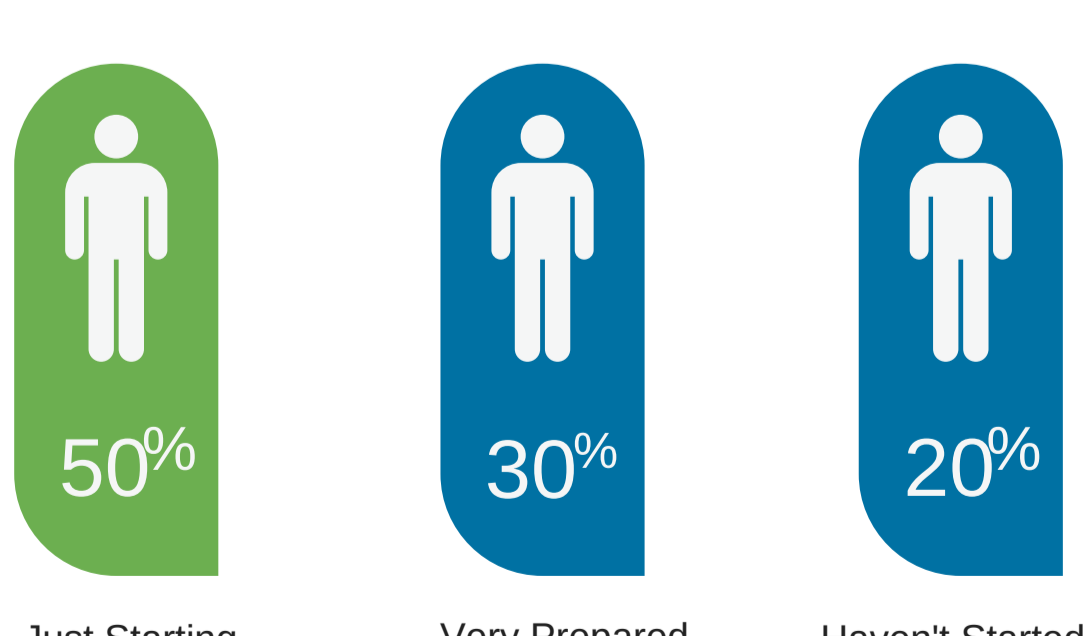
If we were to breakdown the constituent parts of collateral management, how many can we truly say in 2018 are evolved to the point that institutions are significantly reducing internal ops?



Mark Higgins,
Senior Product Manager
& EMEA/APAC, BNY
Mellon Markets

“With regulatory driven collateral management, there is limited competitive advantage to be found. It's not like trading where you keep your methodologies to yourself. It's about understanding the rules, and staying within the standard terms and conditions of the process because, actually, that's how you're going to compete, by being standard and largely going with the flow. I am glad to say that many firms are now sharing knowledge and expertise for the benefit of the community and ultimately it comes back to serve us all well.”

If applicable, how prepared are you for the upcoming UMR deadlines?



Information in this infographic is based on quotes and polls shared by both speakers and attendees during the DerivSource's community forum event held Nov 14 2018 in London. See terms & conditions of DerivSource for further details.