SmartStream Launch Eligibility API for Fast Access to Collateral Optimisation

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SmartStream Technologies, the financial Transaction Lifecycle Management (TLM$^®$) solutions provider, today announces a new solution, Eligibility API for Collateral Management Optimisation – a faster and more efficient way to get eligibility information contained within collateral agreements like CSA, GMRAs and OSLA's, for both pre- and post-trade collateral optimisation.

With the impending UMR (Uncleared Margin Rules) phase 6 regulatory regime being implemented in September 2022, volumes of margin calls are expected to increase and there will be an inevitable squeeze on assets being pledged as collateral. This will result in a rise in demand for High Quality Liquid Assets (HQLA). In addition, with Interest rates forecast to rise – firms are looking at pre- and post-trade optimisation so as to efficiently use scarce HQLA and Cash. With this new solution SmartStream will provide firms with a way to publish eligible collateral for each legal agreement, which can then be consumed by their optimisation engines.

To achieve optimisation, a key component is the ability to access eligibility schedules from OTC and repo collateral systems quickly and easily. Seamlessly accessing what is eligible, and what haircuts apply to instruments across all agreements is fundamental. SmartStream's new API allows fast and easy access to collateral, including the ability to upgrade seamlessly. In addition, the new solution allows the sourcing of eligibility information in real-time.

Jason Ang, Program Manager, Collateral Management, SmartStream, states: "We realise the UMR deadline is fast approaching, and we have made it easy for clients to deploy our new solution, and to manage future versions without the need for lengthy implementation projects. Furthermore, having a public API strategy, lowers the cost-of-ownership of the collateral solution. The demand for this new API is high and we are having conversations with the major banks on how they can use our eligibility to optimise their collateral in preparation for the future".

SmartStream's TLM Collateral Management is a comprehensive, automated data management solution that helps financial institutions lower the operational risks associated with collateral management programmes. It offers a variety of functions, with coverage for cleared and non-cleared, OTC derivatives margining, repo margining and securities lending margining.