



# DTCC

The Depository Trust & Clearing Corporation

## ALERT<sup>®</sup> & MARGIN TRANSIT UTILITY

### Managing Collateral SSIs

#### OVERVIEW

Regulatory reform in the OTC derivatives market has led to a mandatory requirement that derivatives trades are backed by collateral. Margin requirements for non-cleared derivatives recommends firms to post initial margin by T+1. In addition, both buy and sell-side firms are required to exchange variation margin daily, leaving market participants with the huge operational task of preparing for the future.

The Depository Trust & Clearing Corporation (DTCC) can ease this burden: The collateral standing settlement instruction (SSI) functionality in ALERT<sup>®</sup> allows Margin Transit Utility (MTU) to electronically pull collateral SSIs from its database, helping clients with their initial and variation margin movements and enabling real time enrichment of collateral SSIs for margin calls. MTU is a core component of industry infrastructure which provides a straight-through solution to streamline the processing and settlement of margin and collateral.

#### ALERT & COLLATERAL SSIs

ALERT provides investment managers and broker/dealers the capability to create and maintain collateral SSIs via ALERT Web. ALERT uses Country, Security and Method to differentiate SSIs. Collateral SSIs can now be added and have both a “purpose” key and three additional collateral keys that support 11 combinations to cover initial and variation margin movements. The new ALERT keys in combination with MTU, allow users to create unique collateral keys per Credit Support Annex (CSA) agreement.

Investment managers and broker/dealers can add Collateral SSIs to an access code under a separate alternative instructions tab. In addition, Collateral SSIs can go through the Data Authentication process exactly like a non-collateralized instruction. At a minimum, clients will have Data Authentication for FX/Cash/Derivatives SSIs.

#### BENEFITS

- *Improved straight through processing (STP)*
  - Direct and straight-through receipt of Collateral SSIs is available from the largest community of SSI database subscribers via MTU.
- *Reduced costs*



- Lower operational and administrative costs by reducing manual intervention.

- *Open access*
  - Investment managers, broker/dealers and third parties can retrieve Collateral SSIs from ALERT with appropriate authorizations.

#### FEATURES

- Investment managers and broker/dealers have the ability to add Collateral SSIs for any market or security type.
- Validation rules ensure compliance with Securities Market Practice Group (SMPG) standards and best practices.
- Three levels of data authentication are available (Creator, Approver, Authorizer).
- For investment managers, a bulk file upload feature is available for Collateral SSIs via the ALERT Plus feature.
- For brokers a bulk file upload feature is available for Collateral SSIs via Global Service Bureau.



## DELIVERY OPTIONS

Collateral SSIs in ALERT can be processed by a number of different methods:

- ALERT Web – direct input into the user interface.
- ALERT Plus – add multiple new Collateral SSIs to an access code by utilizing ALERT’s bulk upload.
- ALERT Third Party Application Program Interface (API) – retrieval of Collateral SSIs via ALERT on a per transaction basis.
- ALERT Global Custodian Direct – automate the exchange of collateral SSI information between a Custodian’s central repository and ALERT.

## FOR MORE INFORMATION

For more information, please visit [www.dtcc.com/alert](http://www.dtcc.com/alert).

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