



# DTCC

## CASE STUDY MARGIN TRANSIT UTILITY & AUTOMATING TRIPARTY CONNECTIVITY IN ADVANCE OF UMR

A range of clients impacted by the Uncleared Margin Rules (UMR) Phases 4, 5 and 6 are using DTCC's Margin Transit Utility (MTU) to achieve automatic connectivity with multiple triparty agents.

### The Problem

UMR has introduced important requirements for in-scope firms to calculate and post Initial Margin (IM), and to hold that IM in segregated accounts. Triparty is a well-established service which offers not only to meet the requirement for segregation, but also adds collateral eligibility and optimization services. Larger firms which fell into UMR Phases 1-4 almost exclusively used triparty both to deliver and receive IM. Firms which fall into UMR Phases 5-6 may prefer to use a third party custodian structure to deliver IM, but will likely find themselves required to be receivers of IM at triparty venues. For many this will necessitate a completely new process of legal and technical onboarding. In addition to the traditional providers of segregated accounts, a significant number of new triparty services have been established and are now being offered. This increases the likelihood that a firm falling into UMR Phase 5 or 6 will find itself secured by its counterparties at multiple triparty agents. Although each triparty agent uses the same SWIFT messaging protocols to transmit 'required values' (RQVs) and other key details, there are of course critical variations between agents, there is no one standard approach.

### The Solution

Clients working with DTCC to implement MTU's Triparty Messaging can gain access to a single interface eliminating the need for multiple, agent-specific connectivity builds to the individual triparty agents. When an MTU client agrees an IM requirement with their counterparties in Acadia's Margin Manager, MTU will automatically receive that RQV and share it with the appropriate triparty agent. When the relevant triparty agent matches the instructions received, they can process the collateral settlement and send a SWIFT-formatted status update directly to MTU. Clients can receive those status updates real-time from MTU intraday, and take advantage of consolidated end of day position reporting and recordkeeping for collateral activity instead of managing multiple, fragmented systems.

### FOR MORE INFORMATION

on MTU's Triparty Messaging Service please visit [www.dtcc.com/mtu](http://www.dtcc.com/mtu)

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