

Invitation to subscribe to the ISDA SIMM Crowdsourcing Utility

Global regulatory initial margin requirements phase-in on September 1 each year until 2020. Significant work is required to prepare for these requirements, and ISDA encourages firms to engage early to complete any steps they can well in advance of effective date relevant to them. For firms that intend to use the ISDA Standard Initial Margin Model (ISDA SIMM™), ISDA suggests early implementation of the model, execution of a SIMM License Agreement (contact isdalegal@isda.org) and associated data preparation and testing, including participation in the ISDA SIMM Crowdsourcing Utility.

ICE Benchmark Administration (IBA) has been operating the ISDA SIMM Crowdsourcing Utility since September 2016. This facility provides risk bucket information, which is a crucial input to initial margin calculations under the SIMM methodology. The risk bucket information is calculated using a polling mechanism that collects consensus market information from contributing firms, and is published daily for Equity, Credit Qualifying and Credit Non-Qualifying underlying asset types. Firms that use the crowdsourced risk bucket information have benefited from a reduction in the number of disputes in margin calls between transaction counterparties.

Firms that fall into the regulatory initial margin phases 1 and 2 are submitting daily voting files in which they nominate a risk bucket for each non-cleared underlying ISIN traded across the three asset types. These contributing firms plus other institutions that have access to the facility through subscription are using it to set their risk buckets.

ISDA is encouraging those firms that intend to use SIMM methodology to subscribe to the Crowdsourcing Utility. ISDA is also encouraging both dealer and buy-side firms that will fall into the future regulatory initial margin phases to contact IBA to discuss on-boarding ahead of any regulatory deadline, and to familiarise themselves with the facility. All licence fees for this facility are waived until January 1, 2020.

If you have interest in obtaining access to the ISDA SIMM Crowdsourcing Facility, please contact IBA@theice.com

In addition to operating this facility, ICE Benchmark Administration is the administrator for regulated, systematically important benchmarks including ICE LIBOR, ICE Swap Rate, LBMA Gold Price and LBMA Silver Price.