

Purpose: The uncleared margin implementation project checklist has been established through a series of discussions and input from a wide array of market participants and finalised by the ISDA Margin and Collateral Processing Working Group. This is a suggested resource guide to highlight the key considerations for uncleared margin rule implementation; the responsibility would be on the individual parties to explore each topic that impacts their organisation. The list provides suggested initial guidance that will require further opinion, prioritisation and collaboration with both internal and external resources. ISDA has provided links to additional details on the ISDA website where possible. No firm is legally bound or compelled in any way to follow any determinations made within this list. Please see the legal disclaimer below for further details.

This document is intended as an information resource only; it does not contain legal advice and should not be considered a guide to or explanation of all relevant issues or considerations in connection with the impact of margin rules on derivative transactions. The information presented here is generic and summary information of current market practices, and the requirements for individual parties may differ. The precise project considerations and procedures to address and implement uncleared margin rules remain the responsibility of the parties concerned. ISDA assumes no responsibility for any use to which any of these materials may be put.

Links to supporting material are available on [ISDA Margin InfoHub](#) or [ISDA SIMM™ webpage](#) on [ISDA.org](#)

AANA and Self Disclosure	
Identify derivative products subject to uncleared margin rules	ISDA In-Scope Products Chart
Establish process to calculate AANA considering calculation periods and compliance dates by jurisdiction	AANA Calculation Periods and Compliance Dates
Calculate AANA per legal entity/consolidated group	Compliance with IM Regulatory Requirements
Employ method of self-disclosure for all relationships	AANA and Self-Disclosure
IM Calculation	
Determine IM calculation model approach (ISDA SIMM™ or Grid)	IM Calculation Methods: SIMM and Grid
If using ISDA SIMM™, execute license agreement with ISDA	ISDA SIMM Phase 5+ License Agreement
Build technology framework or engage vendor for calculation of chosen IM method(s), including trade identification and netting product sets	ISDA SIMM™ Methodology v2.2 ISDA SIMM™ Licensed Vendors
Monitor derivative lifecycle events for potential legacy in scope trades	Trade Life Cycle Events Guidance
Split model considerations (use of both models) if unable to perform ISDA SIMM™ calculation across all products	
Develop Grid calculation capability	
Calculate risk sensitivities if using ISDA SIMM™	IM Calculation Methods: SIMM and Grid
Calculate and test chosen IM model(s)	
Produce and validate Common Risk Interchange Format (CRIF) file; industry standard used to exchange risk information for ISDA SIMM™ calculation	
Coordinate IM calculation regulatory assessment and approval of quantitative model (ISDA SIMM™) if necessary	IM Calculation Methods: SIMM and Grid
Satisfy internal governance requirements and perform back testing, if required	

Segregation and Custodial Arrangements	
Review existing custodian relationships and service offerings	
Determine custodian model and relationship for PLEDGE as pledgor (triparty and/or third party)	Triparty vs. Third Party Segregated Accounts Overview
Set-up custodial arrangements (satisfy custodian AML, KYC and onboarding requirements)	Third Party & Triparty Onboarding and KYC Checklists
Negotiate and execute custodian documentation (each custodian will have different requirements)	
Engage with counterparty's custodians you will be facing for IM collateral RECEIPTS as secured party and complete onboarding requirements	
Test account transfers with custodians	
Coordinate operational configuration - Portal access and report scheduling requirements	Triparty vs. Third Party Suggested Operational Practice
Engage with custodians to ensure timelines are met for documentation set up ahead of go live dates	
If considering money market funds as IM collateral, review custodian workflow and documentation implications	Cash to MMF Reinvestment Suggested Operational Practice
Regulatory IM Documentation	
Negotiate and execute IM credit support annex/deed with counterparties	Summary of ISDA IM Documentation
Allocate applicable regulatory IM threshold across group structure/separate accounts	
Reference existing relationship VM minimum transfer allocation to ensure both combined VM and IM do not exceed applicable regulatory threshold	
Review any current independent amount obligations and determine margin approach for managing regulatory and non-regulatory IM requirements	The Relationship between Independent Amount and RegIM
Document additional amendment provisions for exchanging Japanese or other security provisions if applicable	Summary of ISDA IM Documentation
Capture (or amend) termination currency stipulated in ISDA Master schedule within IM documentation	
Collateral Schedules (Note: Triparty model under custodian documentation / third party under bilateral documents)	Collateral schedules introduction memo and access information
Risk teams to advise negotiation teams on collateral eligibility and haircuts	
Assess different jurisdictional regime exposure and application to eligibility rules/settlement cycles	
Include collateral haircuts with adherence to regulatory minimum and internal firm requirements by asset type	
Include termination currency from IM documentation and 8% cross currency FX haircut provisions if required	
Include collateral concentration limits and wrong way risk provisions where applicable	Consensus for Operational Implementation of UMR Monitoring
Reference required tax documents with custodian for specific collateral types if necessary	

Collateral Management Operations	
Coordinate sourcing of vendors/administrators and onboarding	
Develop collateral management processes and daily checklists to ensure operational processes are regulatory compliant	
Test infrastructure connectivity (middleware/vendors)	
When using Third party custodian: develop internal collateral eligibility and risk monitoring capabilities	
When using Triparty custodian: establish internal validation of eligibility and risk monitoring functions to be performed by custodian	
Determine method (electronic or manual) for communicating required value of collateral (RQV) to Triparty custodian when pledging and/ or receiving	
Establish output format of margin details from collateral management system to initiate settlement messaging	
If utilizing SWIFT standards, develop capabilities to transmit messaging per respective custodial data formats	Triparty and Third Party Suggested Operational Practice
Coordinate margin call movement/internal flow to general ledger	
Institute collateral position reconciliation/fails identification and issue investigation process	
Test with Third party collateral managers/administrator if applicable	
Implement procedure to monitor relationships IM amount if under regulatory IM threshold with timelines and project plan	Compliance with IM Regulatory Requirements
Risk and Dispute Management	
Set-up framework for back testing and continued maintenance/IM model monitoring	
Research and establish reconciliation process (in-house/vendor or administrator)	IM Calculation Methods: SIMM and Grid
Develop process to reconcile initial margin exposure to resolve IM disputes	IM Dispute Processing Suggested Operational Practice
Develop procedures driven by internal thresholds and dispute resolution reporting obligations	
Institute internal and external audit processes	
Reporting and Other Considerations	
Generate data to satisfy regulatory reporting requirements for initial margin	
Test of reporting to trade repository as applicable	
Determine key internal stakeholders and ensure relevant interaction/requirements (i.e. XVA, funding / treasury, trading)	
Analyse potential collateral optimisation across products (i.e. repo and securities lending)	
Establish internal downstream reporting requirements (credit, risk, compliance and finance)	

Glossary	
AANA	Average Aggregated Notional Amount
IM	Initial Margin
VM	Variation Margin
ISDA SIMM™	ISDA – Standard Initial Margin Model
Grid	Standardized Grid or Schedule provided by respective Regulator
AML	Anti-Money Laundering
KYC	Know your Customer/Client
RQV	Required Value
XVA	Cross Value Adjustment