

Global OTC Derivatives Programme (GODP) – Swiss Regulation Finanzmarktinfrastukturgesetz (FinfraG)



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Company	Realisation - approach	Result
A global wholesale and investment bank	<ul style="list-style-type: none">• Impact analysis of FinfraG-requirements for the bank`s:<ul style="list-style-type: none">• external processes to relevant exchanges and clearing houses• internal processes of trading, clearing, risk management, accounting and reporting• Documentation of business requirements and IT specifications for:<ul style="list-style-type: none">• Collateral Management• Credit Risk Management• Front-to-back order/trade processing (order entry, routing, execution, booking and settlement)• Set-up and realisation of implementation project with associated test phases• Close coordination with other offices to ensure high degree of consistency and standardisation of technical and functional processes	<ul style="list-style-type: none">• Compliance with the Swiss Regulation for Derivatives Trading and Clearing• Global internal rules for derivatives reporting coupled with central clearing and hence reducing the risk of OTC derivatives exposure, the programme achieved more market transparency and systematically reduced counterparty risks• Choice for clients between omnibus and segregated accounts depending on risk profile (e.g. pension fund vs. commodity trading institution)• Effective client collateral and cash segregation at Clearing House level• Clients choosing segregation can benefit from a significant risk reduction (dependant on correlation) by combining both listed and OTC derivatives within a single account• Improved portability of collateral assets due to account segregation
Initial situation		
<p>Various new regulatory requirements fundamentally change the derivatives business.</p> <p>The GODP programme focused on ensuring regulatory compliance and assessed the implications of the OTC and listed derivatives reforms initially agreed at the G-20 summit in Pittsburgh in September 2009.</p>		
Task		
Regulators required direct clearing members of listed derivatives exchanges (e.g. EUREX) to offer individually segregated clearing accounts to its clients (as an alternative to the model of omnibus accounts).		