

2020 Uncleared Margin Rules Survey Results

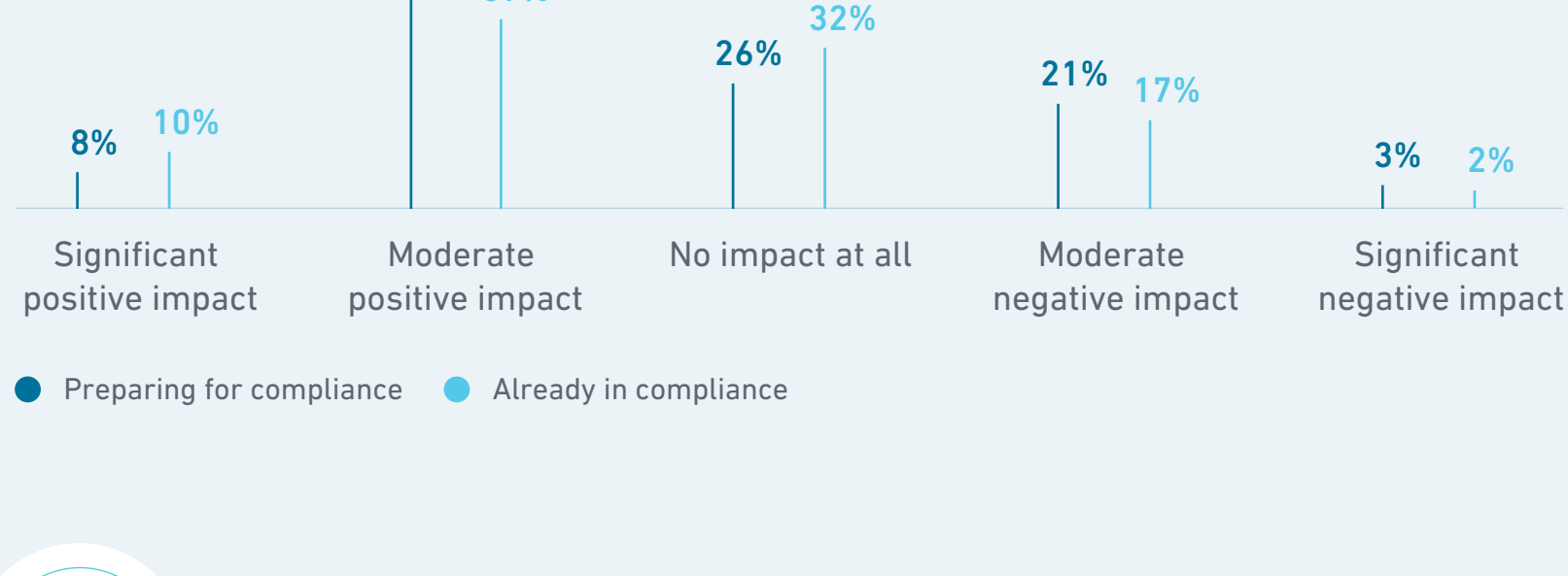
We conducted a global survey of 300 industry executives from 16 countries in June 2020 to study and gauge institutions' plans and perspectives regarding compliance with the Uncleared Margin Rules (UMR)



Perceptions



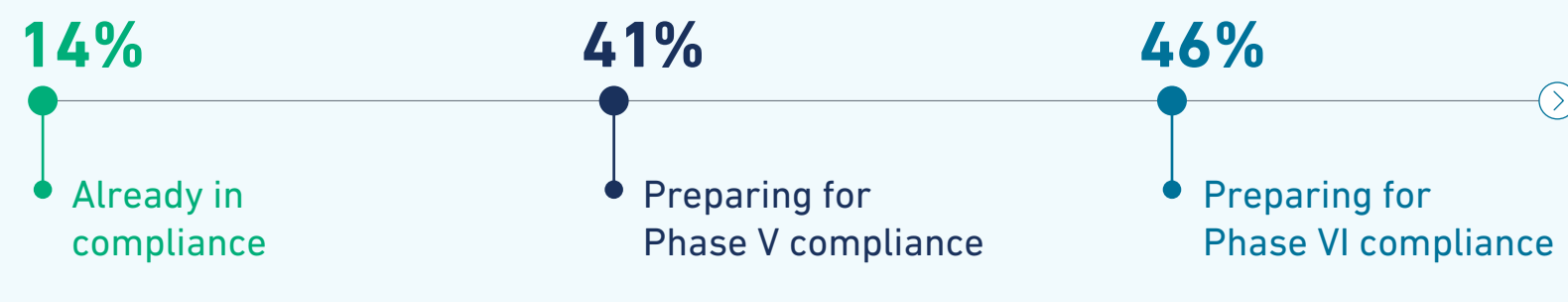
Half of institutions believe that UMR compliance has a positive impact on operating models



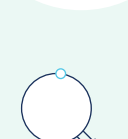
Phases



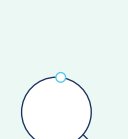
86% of institutions are preparing for phase V or VI, representative of the large proportion captured in the scope of later phases



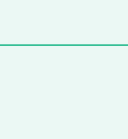
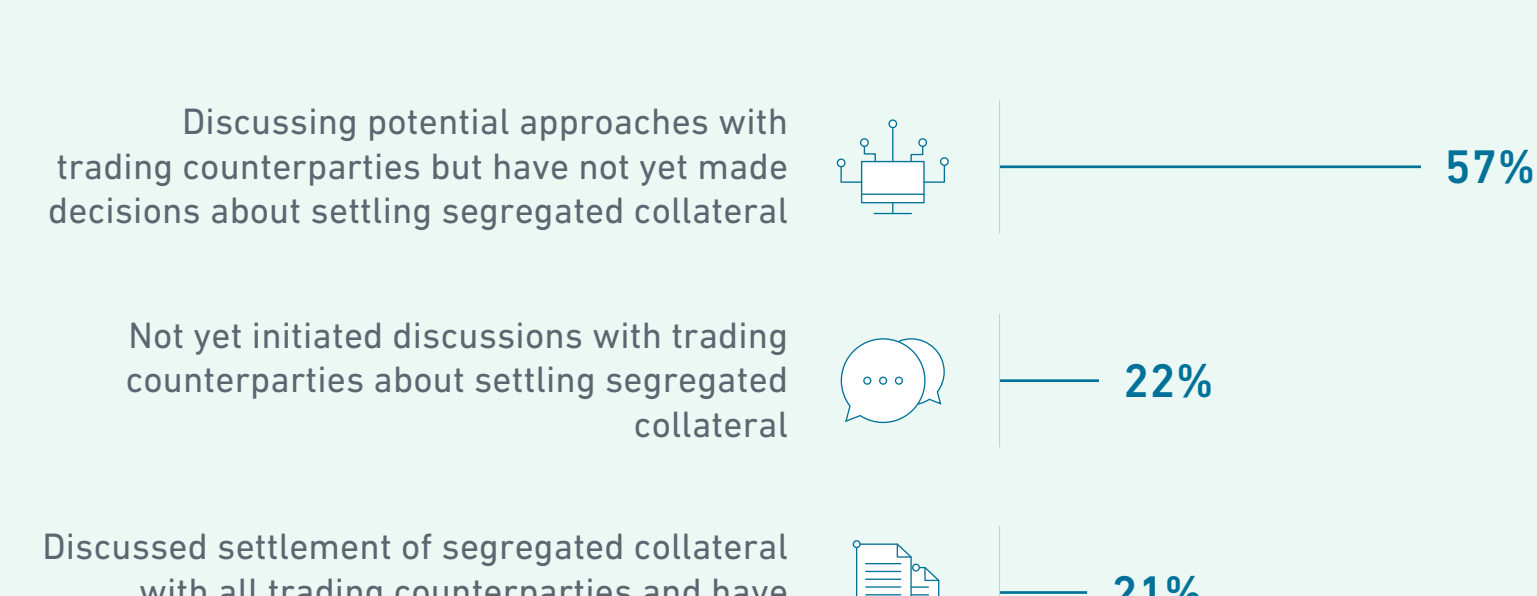
Plans and Readiness



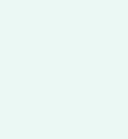
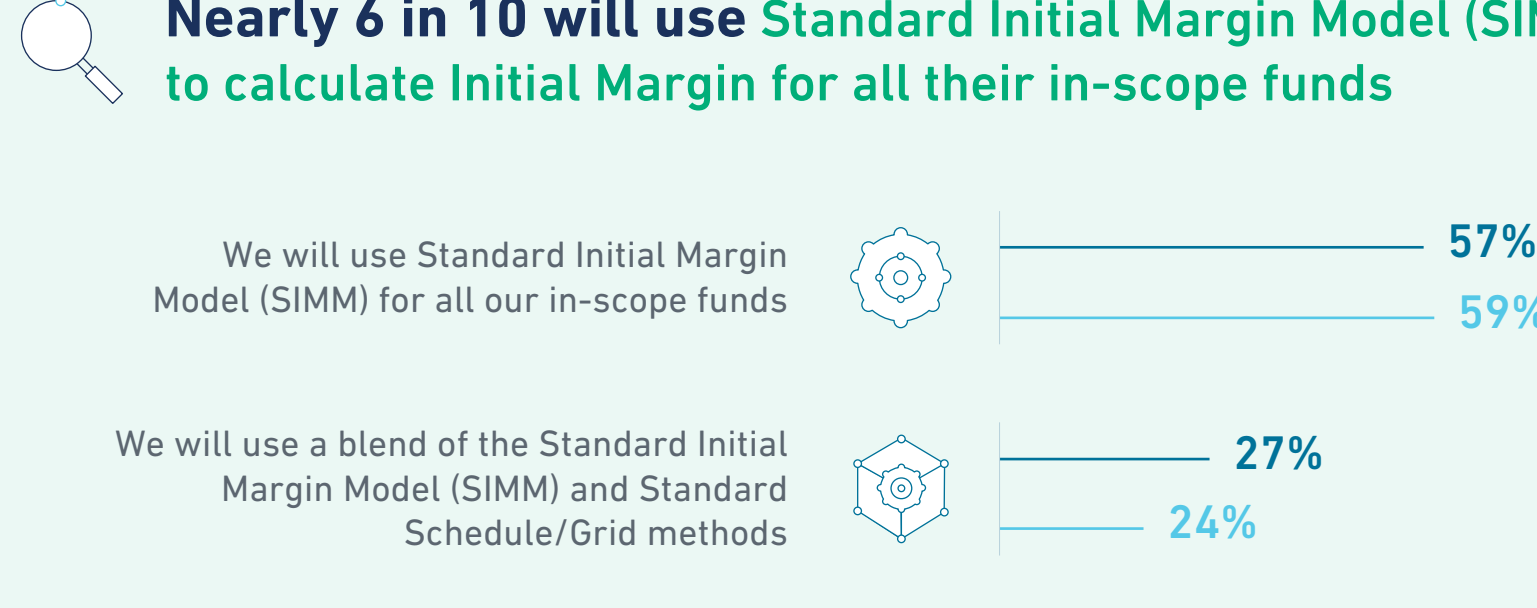
Just 19% of those in Phases V and VI say they are fully prepared for compliance



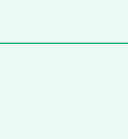
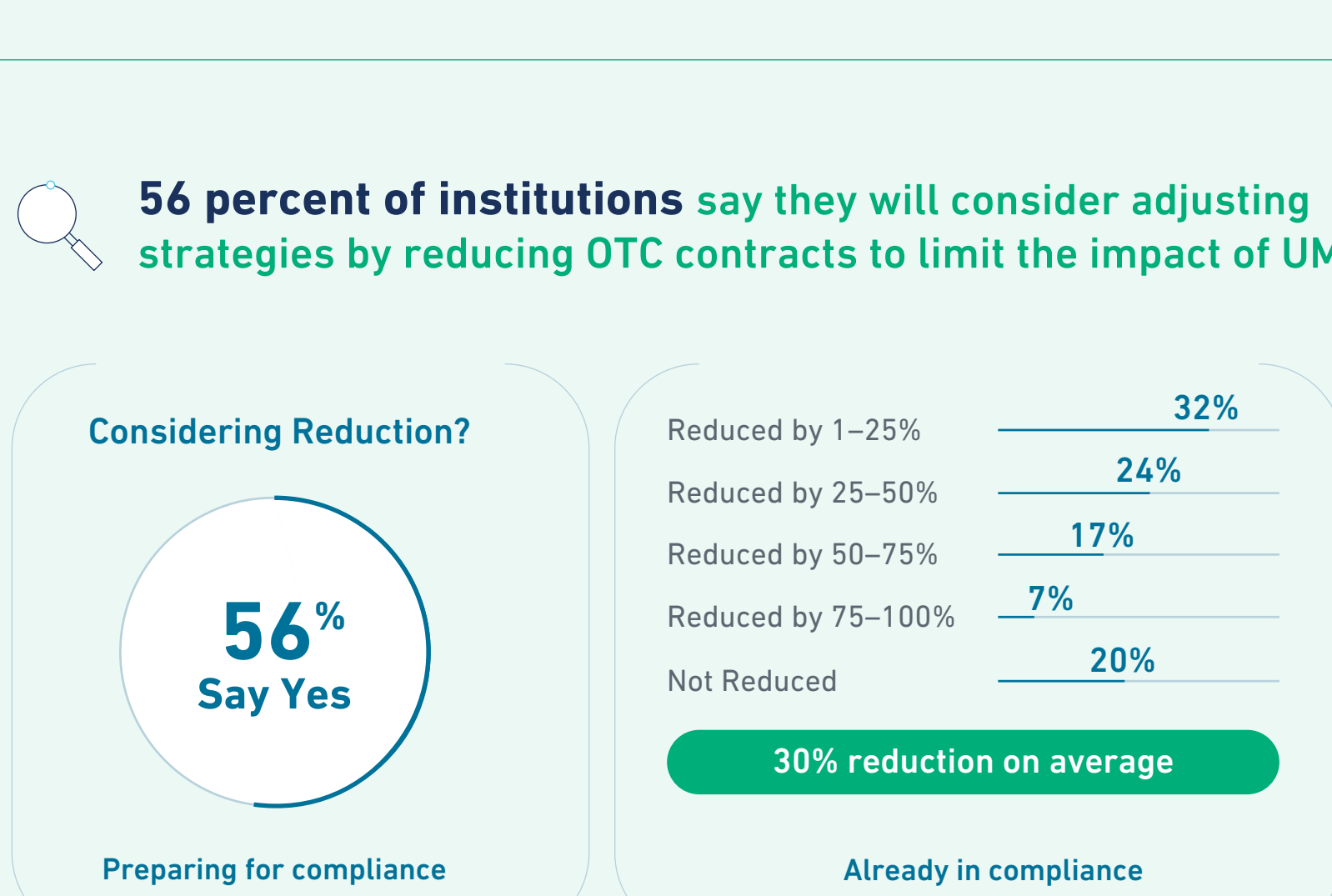
Nearly 8 in 10 in preparations have not yet made decisions about settling segregated collateral with counterparties



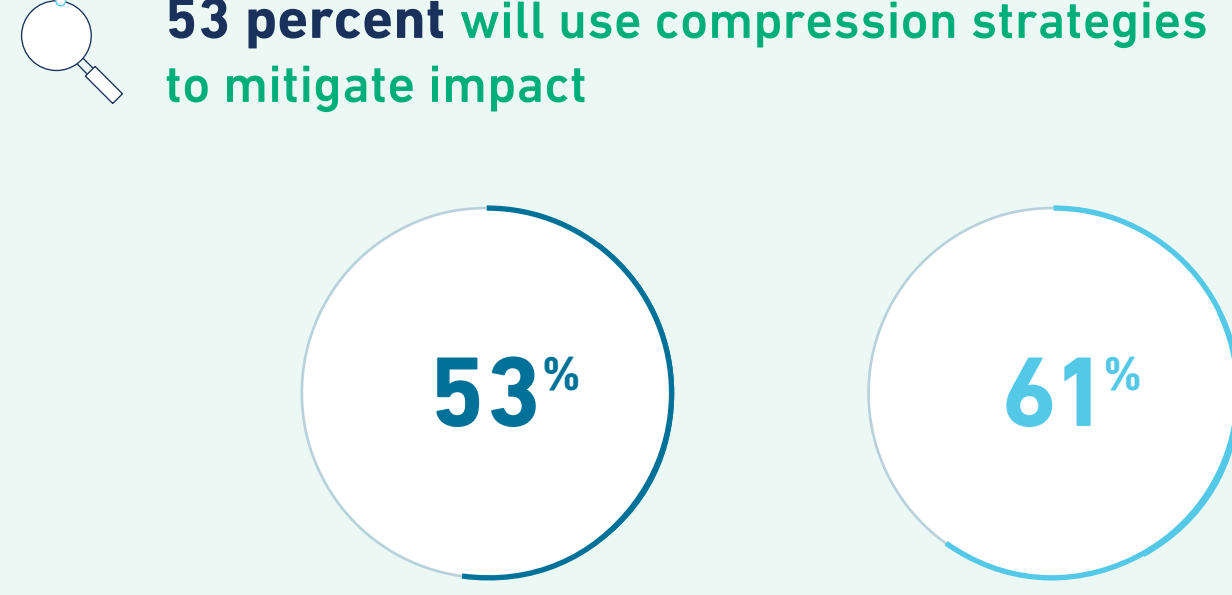
Nearly 6 in 10 will use Standard Initial Margin Model (SIMM) to calculate Initial Margin for all their in-scope funds



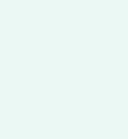
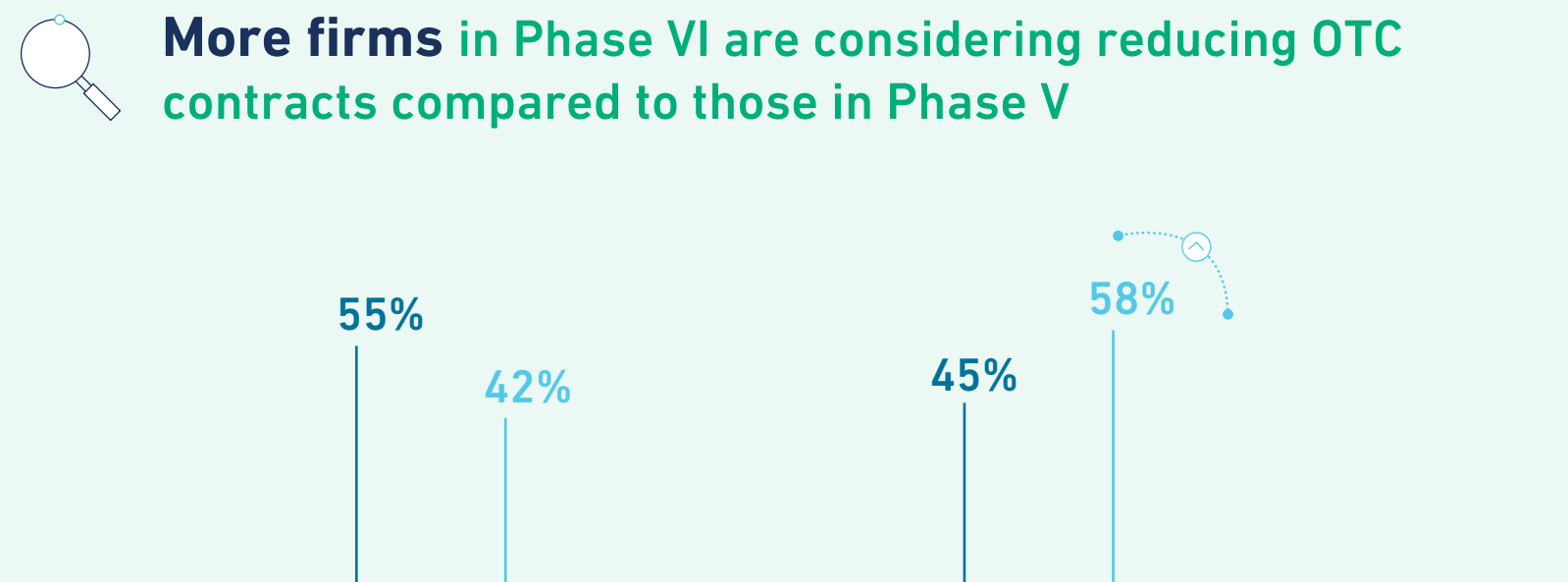
56 percent of institutions say they will consider adjusting strategies by reducing OTC contracts to limit the impact of UMR



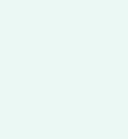
53 percent will use compression strategies to mitigate impact



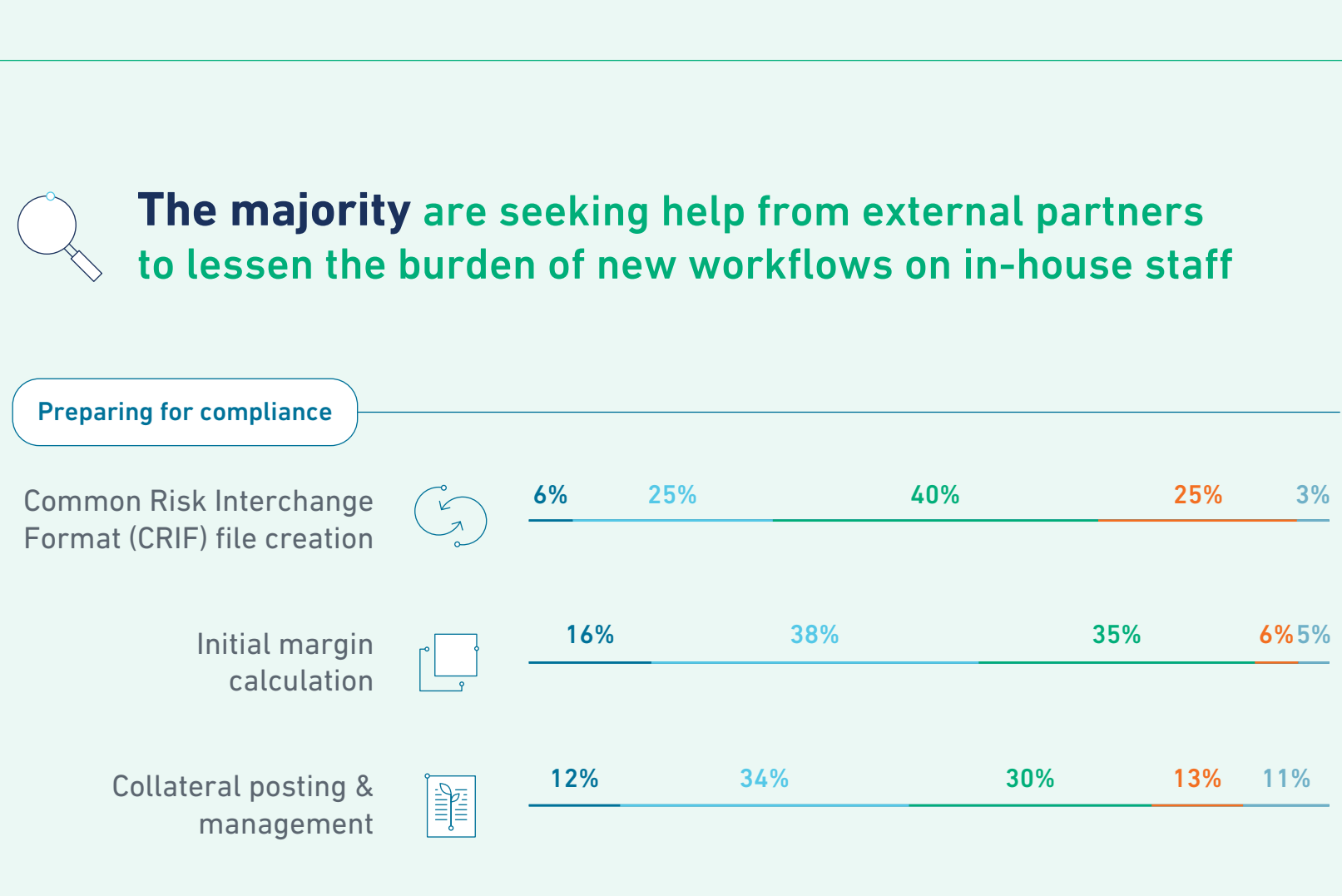
More firms in Phase VI are considering reducing OTC contracts compared to those in Phase V



Institutions that face difficult OTC contracts renegotiations are more likely to reduce the volume of in-scope contracts



The majority are seeking help from external partners to lessen the burden of new workflows on in-house staff



Preparing for compliance

Common Risk Interchange Format (CRIF) file creation

Initial margin calculation

Collateral posting & management

Reporting

● All in-house ● Mostly In-house ● Mix of In-house & Outsource ● Mostly Outsource ● All Outsource

Sign up for a more detailed view

Get in touch

This communication is not intended for retail clients, nor for distribution to, and may not be relied upon by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to applicable law or regulation. This communication or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of State Street Global Markets.

This document is a general marketing communication. It is not intended to suggest or recommend any investment or investment strategy, does not constitute investment research, nor does it purport to be comprehensive or intended to replace the exercise of an investor's own careful independent review and judgment regarding any investment decision.

This communication and the information herein does not constitute investment, legal, or tax advice and is not a solicitation to buy or sell securities or any financial instrument nor is it intended to constitute a binding contractual arrangement or commitment by State Street of any kind. The information provided does not take into account any particular investment objectives, strategies, investment horizon or tax status. The views expressed herein are the views of State Street Global Markets as of the date specified and are subject to change, without notice, based on market and other conditions. The information provided herein has been obtained from sources believed to be reliable at the time of publication, nonetheless, we make no representations or assurances that the information is complete or accurate, and you should not place any reliance on said information. State Street Global Markets hereby disclaims any warranty and all liability, whether arising in contract, tort or otherwise, for any losses, liabilities, damages, expenses or costs arising, either direct or consequential, from or in connection with any use of this document and/or the information herein.

State Street Global Markets may from time to time, as principal or agent, for its own account or for those of its clients, have positions in and/or actively trade in financial instruments or other products identical to or economically related to those discussed in this communication. State Street Global Markets may have a commercial relationship with issuers of financial instruments or other products discussed in this communication.

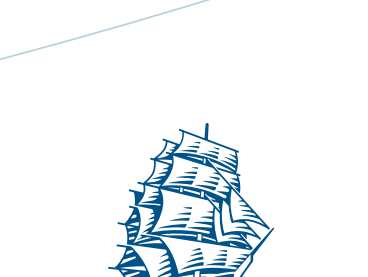
This document may contain statements deemed to be forward-looking statements. These statements are based on assumptions, analyses and expectations of State Street Global Markets in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes appropriate under the circumstances. All information is subject to change without notice. Clients should be aware of the risks of participating in repurchase transactions and other collateral services, which may include counterparty, collateral, investment loss, tax and accounting risks. Past performance is no guarantee of future results.

State Street Global Markets® is the business name and a registered trademark of State Street Corporation®, and is used for its financial markets business and that of its affiliates.

Products and services may not be available in all jurisdictions. FACT 2020-06.

To learn how State Street looks after your personal data, visit: <http://www.statestreet.com/utility/data-processing-and-privacy-notice.html>

© 2020 State Street Corporation - All Rights Reserved
Expires 09/30/2022, 3219866.1.1.GBLINST



STATE STREET