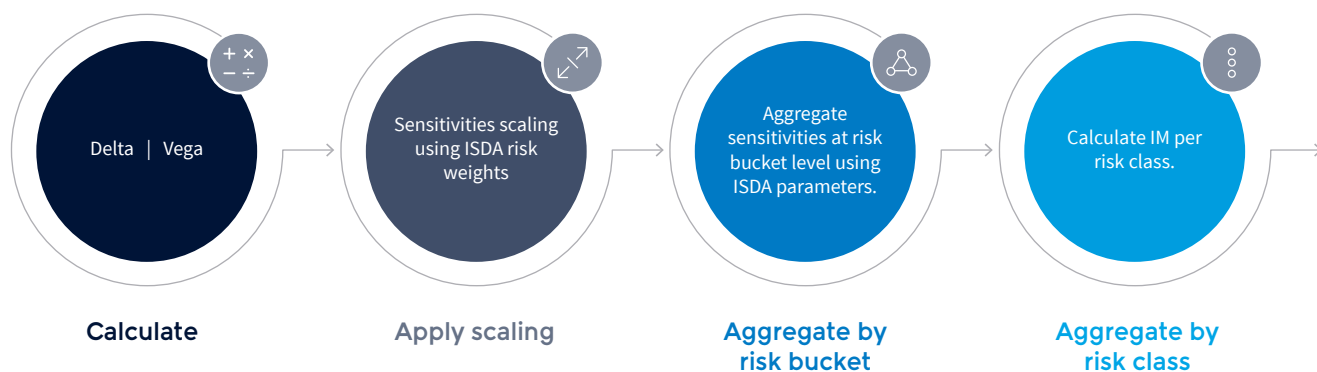ION

Openlink

ISDA SIMM module

Enhance credit and liquidity risk management with Openlink's ISDA SIMM module

A certified initial margin (IM) calculator based on the ISDA Standard IM Model

Credit risk management, and in particular collateral margin, have undergone tremendous changes in response to regulations and evolving market standards. Openlink is a leader in credit and collateral management solutions, featuring market best practices and advanced analytics.

Openlink's ISDA SIMM module standardizes the IM calculations for non-exchange traded contracts. The module follows ISDA's specifications to produce parametric sensitivities (for example, delta, vega, and curvature) at the risk factor level. The sensitivities are normalized and IM is calculated for each risk class using the formulas provided by the latest ISDA specifications.
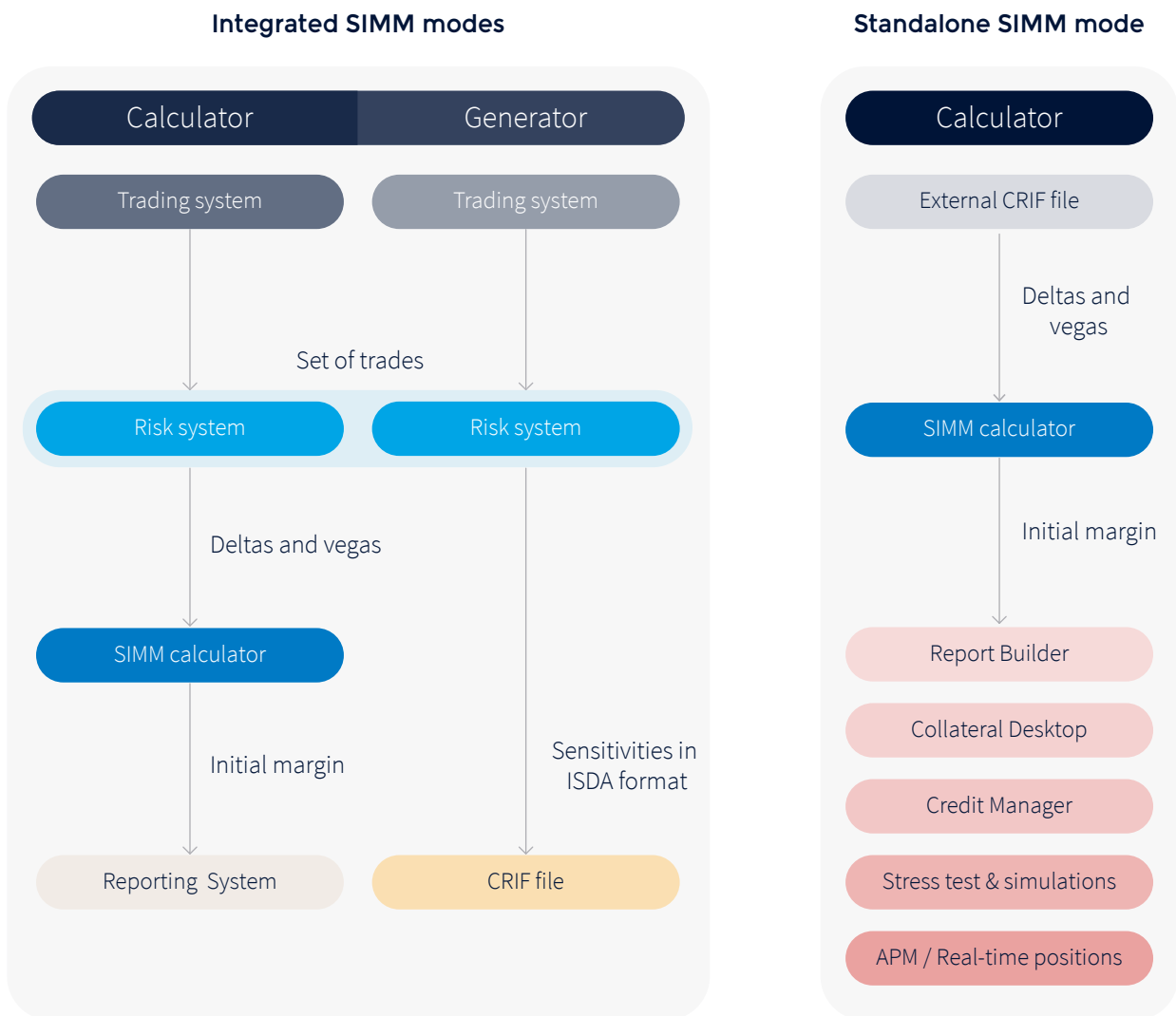
Openlink's ISDA SIMM calculation process

| Delta | Vega | Sensitivities scaling using ISDA risk weights | Aggregate sensitivities at risk bucket level using ISDA parameters. | Calculate IM per risk class. |

Calculate   Apply scaling   **Aggregate by risk bucket**   **Aggregate by risk class**

Openlink's ISDA SIMM module has three modes:

- Fully integrated calculator: All required inputs (for example, delta and vega) are computed internally for any set of deals. They are automatically aggregated into a form usable for SIMM calculations. These calculations can be utilized like other internal results.

- Fully Integrated generator: All necessary sensitivities are generated in a Common Risk Interchange Format (CRIF) file. This is the industry template used to hold and exchange sensitivity data. Any other ISDA SIMM-compliant software can use the CRIF file to generate SIMM calculations.

- Standalone SIMM calculator: Openlink's library of SIMM functions can utilize CRIF files generated by other systems to produce SIMM calculations.

Three modes of Openlink's ISDA SIMM module

Integrated SIMM modes

Calculator	Generator
Trading system	Trading system

Set of trades

Risk system	Risk system

Deltas and vegas

SIMM calculator

Initial margin

Sensitivities in ISDA format

Reporting System	CRIF file

Standalone SIMM mode

Calculator

External CRIF file

Deltas and vegas

SIMM calculator

Initial margin

Report Builder

Collateral Desktop

Credit Manager

Stress test & simulations

APM / Real-time positions

⊕ Key benefits

With the ISDA SIMM module you can:

- Calculate SIMM for your bilateral agreements directly in the Openlink Collateral Management module, on-demand or at end-of-day.

- Validate third party or counterparty margin requirements.

- Integrate ISDA SIMM calculations with margin calls, reporting and reconciliation.

- Run pre-trade or what-if analysis to assess and reduce liquidity risk.

- Accelerate implementation and reduce maintenance by simplifying integration with third-party ISDA SIMM vendors.

- Maintain a consistent framework between your risk system and margin calculations.

≔ Key features

- Certified by ISDA as a SIMM licensed vendor.

- Supports commodity, FX, and interest-rate products.

- Generates or imports risk data using market standard ISDA CRIF files.

- Calculates IM for both 1-Day and 10-Day time horizons
(also known as holding period).

✓ Available in Openlink v16.1+.
Contact your ION account manager for more information.

Discover what ION can do for you. Click on a button below to learn more

Openlink

Request a demo

Website

iongroup.com

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