



COLLATERAL OPTIMIZATION:
TRENDS FROM THE 2013
ISDA MARGIN SURVEY

Collateral Optimization: Key Trends from the 2013 ISDA Margin Survey

Some interesting numbers on collateral optimization came out of the 2013 International Swaps and Derivatives Association (ISDA) Margin survey. The survey examines trends in margining and collateral management amongst ISDA members trading derivatives.

The survey notes the increasing importance of the efficient collateral use and asks a more detailed set of questions around collateral optimisation than in previous surveys.

The survey found that amongst the 78 respondents, market participants of all sizes are now performing optimisation at some level. Approximately 50% of small and medium sized firms who responded are now optimising, while 100% of larger firms are proactively optimising collateral.

This shows how widespread collateral optimization has become in the new post crisis-operating environment.

There is some variation in the frequency of collateral optimization runs. For example, 80% of the larger firms that responded performed optimization on a daily basis. This is up from 71% in the 2012 survey.

For smaller and medium firms, around 25% optimise on a daily basis. The remaining 75% perform optimisation runs only when collateral movements and the potential benefits gained from optimization are material.

This is possibly down to the fact that there are practical constraints on how often optimization can be performed for small and medium sized firms.

Around 50% of respondents now perform collateral optimisation as a front office process, although amongst the larger firms, 71% of respondents carry out optimisation in the front office.

In terms of collateral types, cash collateral accounted for 79.5% of collateral received and 78.7% of collateral delivered. Government securities made up 11.6% of received collateral and 18.4% of collateral delivered.

Other collateral types (equities, corporate bonds, etc) made up 8.9% of received collateral and 2.9% of delivered collateral.

A link to the survey can be found [here](#)

