Margin Management

Introduction

There are two types of Margins, Initial Margin and Variation Margin. There is no calculation for Initial Margin available in CFM. Initial Margin flows have to be displayed as additional flow in the transaction. Therefore, this kind of Margin will not be treated here, but only the Variation Margin.

Variation Margin is a 'historic' Margin, which is calculated for all Future-Styled derivatives. It is a deposit for the changes in the value of a derivatives position. For the first calculation, the current price at the exchange is compared with the settlement price in the transaction. This difference is then used for calculation of the Variation Margin. For future calculations the price difference between the date of running PMVM and the last run is taken. With transaction code PMSV a Variation Margin run can be reversed.

When closing (partly or fully) a position, the deposited Variation Margin for this position is no longer valid. A Close Margin flow is created, which reduces the Margin amount. As the Variation Margin flow, this Close Margin can be either 'Incoming' or 'Outgoing'.

For more Information see Margin Management - Online help documentation.

Prerequisites

Flows have to be posted. A Position Management Procedure (PMP) with an One-Step-Rate-Valuation and Foreign Currency Valuation (with 'Component for Valuation = Variation Margin') must be created.

Customizing Settings

Financial Supply Chain Management
- Treasury and Risk Management
-- Transaction Manager
--- General Settings
---- Accounting
----- Key Date Valuation
------ Assign Update Types For Valuation

On Tabstrip 'Foreign Ccy Valuation' following update types have to be assigned:
Variation Margin Forex Write-Up V210 (V210)
Variation Margin Forex Write-Down V211 (V211)

----- Accounting
----- Derived Business Transactions
------ Update Types
------- Assign Update Types for Derived Business Transactions

On Tabstrip 'Rate Gains/Losses' following fields must be entered:
Security Variation Margin Gain (19) DBT_B019
Security Variation Margin Loss (20) DBT_B020
Forex Variation Margin Gain (21) DBT_B021
Forex Variation Margin Loss (22) DBT_B022
Clear Futures Valuation Positive (23) DBT_B023
Clear Futures Valuation Negative (24) DBT_B024

Function Group

Package: FTR_LISTED_OPTIONS_FUTURES