

SOLUTION BRIEF

EXARI FOR DERIVATIVES MASTER AGREEMENTS

BENEFITS OF THE EXARI SOLUTION FOR DERIVATIVES MASTER AGREEMENTS

- Minimize risk
- Enhance compliance
- Improve data transparency
- Save time
- Generate more business faster
- Improve documentation quality

MITIGATE RISK & INCREASE VISIBILITY

Derivatives master agreements are the contractual foundation for controlling and managing risk in trading activity. Recent FSA regulations and The Dodd-Frank Wall Street Reform and Consumer Protection Act have put pressure on investment banks and buy-side institutions to consider new methods to manage both legacy and new master agreements (ISDA, CSA, GMRA, GMSLA, IFXCO etc.).

A key theme that surfaced after the financial meltdown is the importance of having (1) an ongoing understanding of how ISDA agreements will be affected by the distress or failure of a counterparty or deteriorating market conditions and (2) the ability to gain quick and comprehensive access to data embedded in these agreements if those circumstances arise.

Although the language in master agreements follows a pattern, these documents are highly complex, containing clauses and key data points tailored specifically to the counter-

party and the jurisdictions in which they operate. In addition to the documentation complexity, your institution can be managing tens of thousands of these agreements at any given time. Additionally, master agreements contain hundreds of data points that must be captured, reported on and analyzed in order to minimize and manage risk, and report on business metrics such as downgrade triggers, additional termination events, and so on.

Having improved access to critical legal, financial and operational information, and the ability to model contract portfolios against negative events will enable institutions to improve risk controls and operational processes – and ultimately advance your ability to make more informed decisions.

TODAY'S PROCESS PROBLEM WITH MASTER AGREEMENTS

In many institutions today, the legal department or documentation unit develops the master agreements

THE PROBLEM WITH MASTER AGREEMENTS TODAY

- No easy access to the data to perform risk analysis
- Unmanaged use of unauthorized language and clauses
- A time-consuming, error-prone process to generate the first draft
- Rekeying of data into downstream systems

THE EXARI SOLUTION FOR MASTER AGREEMENTS PROVIDES

- Easy access to all agreement data for reporting and analysis without rekeying - even data you didn't plan to originally track
- Fast generation of error-free agreements ensuring the use of authorized language and clauses
- Storage and management of new language/clauses for reuse
- A view across the portfolio for improved reporting and analysis

manually using multiple MS WORD templates as a basis to 'cut and paste' the new draft. Once internally approved, the agreement is negotiated – a process which can take months – with changes being made in the WORD document resulting in multiple versions. Sign-off exceptions are typically tracked in email and once finalized; the master agreement is manually signed-off. Key terms and data are then manually extracted and entered into an internal database.

This 'cut and paste' process is time-consuming and requires your most highly-skilled professionals to develop the agreements. It is difficult to track multiple versions and there is no way to track and reuse newly negotiated language or fall-back positions. There is no method to access and record the documentation data without 'scrubbing' or rekeying the data into downstream systems. Your organization has no flexibility to quickly respond to requests from Risk Management and other departments who need access to data con-

tained in areas of the documentation that were never even tracked in the first place. And most importantly, there is little if any visibility across the entire portfolio.

USING EXARI TO CREATE MASTER AGREEMENTS & ANALYZE AGREEMENT DATA

Exari automates the creation of master agreements, capturing every piece of data and making it readily available for reporting and analytics. Simply by completing a web browser interview, you can automatically create a first draft of an agreement based on custom, company-approved templates.

You can track changes made during negotiations; and new language and clauses can be stored in a clause library for future use. Once an agreement is signed-off, all contract data is stored and is easily available for risk analysis, tracking and reporting. By using Exari, you ensure that established standards are used and that proper approvals are obtained based on any deviations. Best yet,

ABOUT EXARI

Exari automates the creation of mission-critical documents in order to reduce risk, streamline reporting and analysis, save time and money, and increase revenue.

EXARI IS USED BY INVESTMENT BANKS TO

- Reduce risk that might be hidden in master agreements
- Make contract data available in a consistent and timely manner in order to make actionable decisions
- Manage exceptions and fallback positions using a controlled and secure system
- Produce draft agreements with more accuracy and efficiency

with Exari's patented method for 'tagging' contract language, your organization can query documents to report on and analyze data points that were not originally identified.

With Exari, you can improve risk controls, operational processes and the ability to make mission-critical decisions better and faster. You can also convert legacy and counterparty contracts to a common risk reporting format.

Exari is designed so that template creation and maintenance, clause libraries and business rules can all be handled with minimal assistance from your IT department. The inter-

view is accessed via any web browser for ease-of-use and maintenance. Exari's open architecture means ease of integration with other industry leading workflow systems. And Exari offers out-of-the-box integration with SharePoint.

Our customers view Exari as a significant competitive advantage. The reason: Exari streamlines the development and management of master agreements documentation and data to minimize risk, enhance compliance, improve documentation quality and ultimately generate more business faster.

Contact your local Exari office for a consultative demonstration of Exari's Solution for Derivatives Master Agreements.

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