



Liquidity Stress Testing

Regulatory

Managing global liquidity risk, stress testing and reporting

Liquidity shortfalls and market volatility are causing regulators to enact stringent liquidity testing, monitoring and reporting regimes.

ESMA's requirements are applicable to both AIFs and UCITS and require fund managers to stress test the assets and liabilities of the funds they manage. The Revolution platform provides a comprehensive solution to not only ESMA, but finally spreading to cover different frameworks globally – providing risk managers a single platform to navigate and meet these varied requirements.

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Benefits

Quantifying Risks

- Wide asset class coverage spectrum, data and security master
- Market risk and stress testing
- Liquidity risk across both assets and liabilities
- Performance, fixed income, and advanced user management all in ONE platform

Satisfying Regulatory Requirements

- Measure liquidation costs across different market conditions
- Monitor time to liquidate trends
- Capture investment funds resilience
- Simulate redemption coverage ratios across different liquidation strategies
- Analyze investors concentration

Flexible Liquidity

Monitoring and Reporting

- Define the elements you want to stress the most
- Customize your liquidity monitoring alerts
- Build your personalized output through our powerful reporting tools

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Features

Measuring cost of liquidation

- Scenario based approach (normal, stressed, highly stressed market conditions) across multiple asset classes: equities, fixed income, OTC derivatives
- Hybrid approach based on simulations of the theoretical bid-ask component (either historical events or single/multi factor driven)
- Based on an array of additional elements such as bond nominal outstanding, market capitalization and ownership

Risk management and compliance

- Our solution is independent, flexible and transparent
- It is designed to help risk managers monitoring liquidity risk but also respond to ESMA guidelines and, with Unity NXT Regulatory Reporting® , produce compliant reports. The solution supports CSSF, FCA and Bank of Ireland frameworks, and soon also US SEC N-RN & 22e-4, APRA SPS 530, IGF, SFC and many more²
- Our solution also supports ESMA Money Market Fund Regulation for the monitoring of hypothetical changes in the level of liquidity of the assets and redemption, hypothetical movements of the interest rates-exchange rates-widening or narrowing of spreads among indexes to which interest rates of portfolio securities are tied, hypothetical changes in the level of credit risk of the assets including credit events and rating events
- It is integrated with Unity NXT Regulatory Reporting® for use across applicable regulatory disclosures

Advanced reporting

- Single and multiple portfolio analysis
- Customizable settings and traffic light monitoring
- Personalized configurable dashboard to define what you want to see
- WebAPI exports
- Fully customizable reporting via Revolution-i

Simulating liquidation strategies and redemptions concentration¹

- Resilience: redemptions coverage ratio, liquidity shortfall across different periods
- Simulation of customized level of NAV redemptions
- Simulation and what-if analysis based on trading securities, modifying security or segment weights, setting target segment weights
- Investors concentration analysis
- Lower cost of liquidation, Pro-rata,
- Take-profit, Stop-loss etc.
- Drift swing price

Monitoring time to liquidate trends

- Volumes, open interests, liquidity scores, liquidity risk mapping
- Definition of surfaces to better shape and calibrate the evolving decay in the market capability of absorbing further liquidations
- Fund liquidation coverage ratio
- Highly liquid vs. illiquid assets allocation and maximum time to liquidate across scenarios

