

Union Investment Controls Market Risk with MIG21

MIG21 integrated with Algo Suite from Algorithmics

While implementing the German “Derivateverordnung” (Derivative regulation), Union Investment has integrated the post-trade investment monitoring system MIG21 with Algorithmics’ risk management system Algo Suite for the qualified method of the “Derivateverordnung”.

After calculating the two ratios Value at Risk (VaR) and VaR for an equivalent derivative free Benchmark Portfolio (VaRBP) using Algo, both values will be validated and exported daily to the post-Trade investment monitoring system MIG21 for automatic limit checking.

MIG21’s intelligent mapping mechanism allows loading both ratios into the MIG21 database at system start-up, a pre-requisite for referencing these values in MIG21 compliance rules and for obtaining a centralized overview of the investment monitoring results. This secures and automates the daily monitoring of market risk using MIG21.

The integration of MIG21 with Algo enabled Union Investment to disentangle risk analysis (VaR calculation) and investment monitoring business processes from an organizational and IT perspective. „This guarantees an integrated and transparent process control while simplifying and optimizing internal processes to a great extent“, comments Dr. Roswitha Fleischhauer, project manager of Union IT-Services GmbH in Frankfurt, Germany.