

**Reitigh**



**Mobius Life**

# **CASE STUDY**

## **Enhanced LDI Collateral Management for Defined Benefit Pension Schemes**





# Project Overview

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In a rapidly changing financial landscape, adaptability and efficiency are drivers of success. Reitigh specialises in delivering innovative solutions to the financial service industry. Our unique approach combines flexible software with a team of industry domain experts, enabling our clients to navigate the complex world of financial services with agility and speed. This case study explores our recent collaboration with Mobius Life. Enhancing the processing of collateral instructions to improve operational efficiency and support the governance framework around pension schemes as well as meet new regulatory guidelines.

# Client Background

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Our client, Mobius Life, is the market-leading institutional investment platform to over 700 Defined Benefit and Defined Contribution pension schemes, with £22 billion assets under administration .

Find out more information on Mobius Life, visit: [mobiuslife.co.uk](https://mobiuslife.co.uk) or email them via: [sales@mobiuslife](mailto:sales@mobiuslife)

Following the liability driven investments (LDI) events of 2022, The Pensions Regulator issued guidance around the practical steps trustees should take to manage risks when investing into LDI. The guidance stresses the importance of having the right governance and controls in place to reduce risks to their scheme, and to be able to react to events quickly encouraging trustees to ensure their stringent governance and operational processes in place. The FCA also issued its own recommendations on how asset managers and pension schemes address operational resiliency concerns with respect collateral buffer levels.



# The Challenge

Throughout the investment cycle LDI asset managers can notify investors of LDI Recapitalisation or Distribution events, necessitating the transfer of funds to or from the LDI strategy within specific timelines. Mobius Life supports pension schemes with a standing instruction process, where schemes agree in advance where to redeem or subscribe to nominated assets.

The frequency and speed of LDI Recapitalisation events during 2022 highlighted that nominated assets could be exhausted, requiring standing instruction to be updated. It also highlighted the differences between LDI asset manager's processes, in terms of timelines of receiving event notifications, cut-offs through to settlement points.

Given the above, Mobius Life wanted to evolve its LDI event management processes by introducing waterfall instructions, engage with asset managers to identify enhancements and provide more transparency to pension schemes.

The challenge was twofold:

## Diverse Scheme Requirements

Each pension scheme is unique and will have a different investment strategy deployed to meet its objective. The types and levels of LDI exposure can vary, as well as the make-up of the supporting collateral assets, which impacts the processing of LDI events.

A unique set of rules (an algorithm) was required for determining which collateral assets to buy or sell, in what quantities based on its hierarchy of use and trading process. Developing a solution to support a wide variety of algorithms, including collateral waterfalls, where schemes predetermine a cascading hierarchy of funds to transact in was a key objective for Mobius Life.

## Agility in Responsiveness

Pension schemes required the ability to change not just which collateral assets would be bought or sold, but also the algorithm to be used over time. In doing so providing regular transparency of scheme asset positions and collateral availability was imperative.



# Our Solution

Working in close collaboration with Mobius Life, Reitigh devised a comprehensive solution to help streamline LDI collateral processing, servicing and support pension scheme governance.



## Automated Trade Generation

Reitigh developed a sophisticated system that automatically generated trades on collateral assets in real-time ensuring swift execution.



## Automated Notifications

The system sends automated notifications to both the pension scheme and its advisor. This ensures that all pension schemes and their advisors are kept informed of each LDI event and the associated transactions.



## Audited and Controlled Framework

The entire process is wrapped in a fully audited, controlled, and governed framework. This transparency enables tracking of all decisions and changes, aligning with regulatory requirements.

*“Adapting to regulatory changes and the increasing sophistication of our clients requirements is a constant focus for Mobius Life. To achieve this requires robust and innovative solutions. Our understanding of the industry’s nuances in collaboration with Reitigh’s approach to develop flexible, tech-driven systems made all the difference. The project was a great demonstration of how technology, when combined with domain expertise, can create solutions that are not just effective for today’s challenges but are also adaptable for the future.”*

Nathan Travell  
Business Change Director  
Mobius Life

# Outcome and Impact

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The project was a testament to the power of collaboration, with our client's insights and our expertise coming together to create a solution that not only addressed the challenges at hand but also anticipated future needs. The modernised, automated process provides added value to the pension schemes and their trustees, as well as enabling Mobius Life to handle greater volumes of LDI events.

The successful implementation of our solution yielded significant benefits for Mobius Life:



## Customisation

By allowing pension schemes to select their preferred collateral asset algorithms, Mobius Life meet bespoke scheme requirements and enhanced customer satisfaction.



## Transparency

The fully audited framework ensured compliance with regulatory mandates while providing complete transparency in all operations. This was a scalable and resilient solution built to the standards required.



## Operational Agility

Pension schemes using Mobius Life are now better equipped to navigate the LDI landscape, responding promptly to regulatory demands and market fluctuations.

In the face of increasing regulatory developments, this collaboration between Reitigh and Mobius Life exemplifies how innovative technology and domain expertise can transform financial service operations, for continued optimisation and benefits for clients.



# Contact Details

Should you have any queries or questions,  
please do not hesitate to contact Reitigh:

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