

Clearstream

Automated Securities Lending and Borrowing

Product information

Optimise settlement efficiency through enhanced revenue opportunities

Key benefits

Lenders: realise the full potential of your portfolio

- Minimise cost: no custody fees on lent positions
- Benefit from securities recallable on demand
- Obtain close-to-market cash rates
- Ability for lender to control securities on a number of different levels.

Borrowers: significantly reduce the risk of failure

- Reduce the risk of damage to your reputation due to failed trades
- Enhance settlement efficiency and receive cash proceeds on settlement
- Maintain anonymity: Clearstream is a neutral provider and all borrowers are undisclosed
- Decrease the number of recalls due to a large pool of assets allowing lender substitutions.

ASL is an established fails lending product that has been fully integrated in Clearstream's settlement engine for more than 30 years.

Borrowers gain access to a large pool of undisclosed lenders offering fast access to securities from counterparties using just one contract.



Automated Securities Lending and Borrowing (ASL) is a unique service which only an international or central securities depository can offer because of the complexities of the highly integrated settlement process. Clearstream acts as a lender of last resort which prevents failures and enhances settlement efficiency for the borrower through automated loans. The ASL guarantee reduces the counterparty risk.

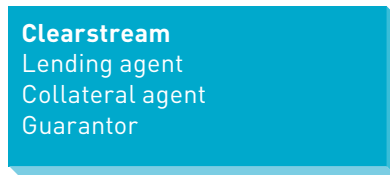
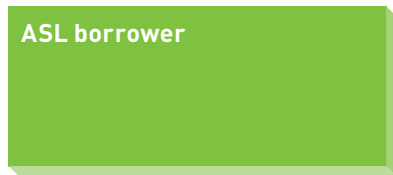
Enjoy complete control

In addition to fully automated services, Clearstream can also provide case-by-case securities lending and borrowing. This gives customers complete control to lend and borrow in accordance with their own risk profile and strategies.

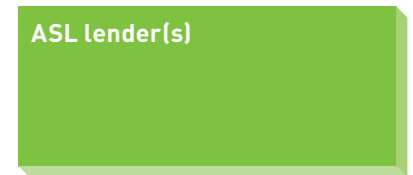
Automated Securities Lending

Loan opening

1. Automatic detection of loan requirement to cover a failed trade



2. Automatic identification of loan supply from ASL lender(s)



3. Collateral blocked and pledged directly in favour of the guarantor

4. Anonymous transfer of loan securities to the ASL borrower

5. Securities and collateral marked daily

Key features of ASL

Fails are integrated into our settlement engine while all lending and borrowing activities are fully supported by existing Clearstream reporting structures:

- Undisclosed, i.e. no direct relationship between lender and borrower.
- Clearstream as an agent for the programme.

Risk guaranteed

Collateralised borrowing issued by Clearstream.

- Collateral securities are pledged by the borrower to Clearstream under a Luxembourg law pledge.
- Collateral quality and sufficiency are monitored by Clearstream on a daily basis.
- Second ranking pledge on collateral: in the unlikely event of a simultaneous default by Clearstream and the borrower, the right to the collateral passes to the lender.

Combine with ASLplus

ASLplus offers optimisation for night and daytime borrowing and, when combined with Automated Securities Lending and Borrowing, they maximise income for a lending portfolio and securities coverage for borrowing.

- ASLplus lends securities for a longer period and with a strategic purpose rather than fails demand, so there is no cross over or reduction in lender revenues.
- Just one contract is needed as there is no need for multiple legal agreements and credit lines for each borrower.
- Numerous distribution agencies, thereby maximising lending and minimising risk.
- One work flow will support the relationship for both systems between Clearstream and the customer.
- Automated Securities Lending and Borrowing services reduce settlement failure and enhance trading opportunities.

Contact information

If you are interested in further information about any of our products within Global Securities Financing, please contact our dedicated GSF team.

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