

Clearstream

Securities Lending – ASL principal

Product information

Enhance revenues and boost settlement efficiency in Clearstream and T2S

Key benefits

Lenders: Optimise your portfolio revenues

- Minimise cost with no custody fees on lent positions
- Benefit from close-to-market cash rates
- Mitigate your risk through principal structure with Clearstream as AA rated borrower
- Benefit from securities recallable on demand

Borrowers: Reduced risk of failure in Clearstream and T2S

- Enhance settlement efficiency
- Reduce the risk of Central Securities Depository Regulation (CSDR) mandatory buy-ins
- Mitigate reputation damage due to failed trades
- Clearstream Banking S.A. as sole lender

The migration to the centralised European settlement platform TARGET2-Securities (T2S) has opened new opportunities for pooling CSD and ICSD liquidity across asset classes thereby overcoming collateral fragmentation and maximising the use of customer's assets by automatically allocating them for securities lending purposes.



The ASL principal service complements Clearstream's existing ASL and ASLplus services.

ASL principal is a unique service that forms part of our harmonised CSD and ICSD securities lending services enabling customers to borrow or lend from a single pool of securities regardless of their settlement or custody location.

ASL principal combines the efficiency of the Automated Securities Lending service with the simplicity and security of a principal structure with Clearstream Banking S.A. as sole counterparty.

Mitigate the risk of CSDR mandatory buy-ins

By increasing settlement efficiency, ASL principal minimises customer exposure to the upcoming CSDR mandatory buy-ins.

Clearstream Banking S.A. as sole counterparty

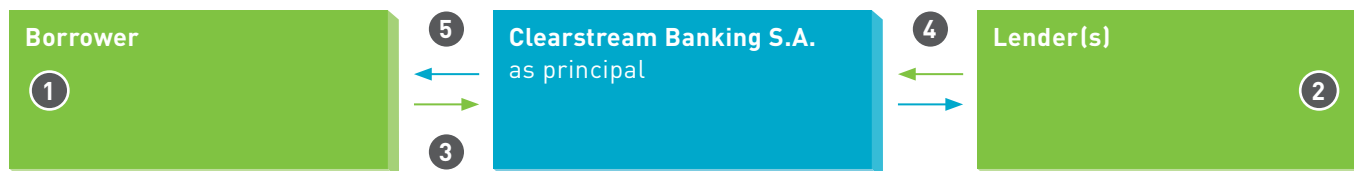
Borrowers gain access to an extensive pool of liquidity while lenders benefit from the risk mitigation associated with the principal structure.

ASL principal

Loan opening

1. Automatic detection of loan requirement to cover a failed trade in Clearstream or T2S.

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



3. Collateral posted with Transfer of Title in favour of Clearstream as principal.

4. Collateral pledged to lender(s) and loan securities transferred to Clearstream.

5. Transfer of loan securities to borrower.

Loan securities and collateral marked-to-market daily.

Key features of ASL principal

- Failing trades identified in Clearstream and T2S are integrated into our systems to identify matching availability.
- Loans are opened in Clearstream Banking S.A. and securities are then delivered to the accounts where a fail situation has been detected.
- Collateral can be sourced from both Clearstream's CSD and ICSD accounts while the collateralisation process is done in the latter.
- Harmonised reporting for all Securities Lending and Borrowing activities undertaken with Clearstream Banking S.A.

Single legal relationship and credit line

Only one contract with Clearstream is required. No need for multiple legal agreements.

Risk guaranteed

Collateralised borrowing issued by Clearstream International:

- Collateral securities are posted with Transfer of Title by the borrower to the principal.
- Collateral quality and sufficiency are monitored on a daily basis.
- Lenders receive collateral from the principal under a Pledge agreement.

Widen your opportunities

Combining ASL principal with other securities lending products allows clients to maximise their income when lending and to acquire extensive securities coverage when borrowing.

ASL covers fails situations on ICSD settlement while ASLplus serves strategic and long-term purposes.

A one-stop shop for all products

Our dedicated team of Relationship Managers accompany you to ensure smooth on-boarding independent of the range of products to which you subscribe.

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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