CLEARSTREAM

Maximising Safety, Liquidity, and Yield in a Volatile Market Environment

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Clearstream outlines how repurchase agreements can complement traditional cash investments by adding collateral protection, diversification and operational flexibility.

Corporate treasurers are navigating an increasingly complex macroeconomic environment. High interest rates, evolving regulation and heightened counterparty risk are prompting a reassessment of traditional cash investment strategies.

As they review investment policies and explore alternatives to established options, triparty repo is emerging alongside bank deposits and money market funds (MMFs) as a secured and increasingly accessible addition to the corporate treasury toolkit.

Strategic value for corporate treasurers

Triparty repo can complement traditional cash investments by combining collateral protection, liquidity, diversification and return potential within a single secured framework.

- **Security:** Cash exposure is supported by collateral that is valued and margined throughout the transaction, providing an additional layer of protection compared with an unsecured deposit.
- **Liquidity:** Treasurers can select maturities that align with cash-flow needs, while the collateral provides a clear source of recovery in the event of counterparty default.
- **Yield:** Secured funding can allow banks to offer competitive rates, giving treasurers the potential to enhance returns while remaining within a collateralised framework.
- **Diversification:** Access to multiple counterparties and eligible collateral types can broaden exposure beyond traditional deposits and MMFs while allowing existing banking relationships to be maintained.
- **Easy onboarding:** Standardised documentation, predefined collateral baskets and connectivity to established trading platforms can simplify set-up, while the triparty agent manages collateral allocation, valuation, settlement and ongoing administration.

Moving beyond unsecured cash investment

- **Concentration risk:** Bank deposits can create concentrated, unsecured exposure to individual financial institutions.
- **Overlapping exposures:** MMFs may appear to offer diversification, yet their underlying portfolios may include some of the major banking institutions.
- **Liquidity risk:** MMFs can face liquidity pressure during periods of market stress.

Why should corporate treasurers consider triparty repo?

Beyond its role as a cash investment, triparty repo can give treasurers greater flexibility in how collateral is deployed. Securities received may be reused for other obligations, such as meeting margin requirements, helping put assets to work more efficiently. At the same time, a neutral triparty agent manages collateral selection, segregation, valuation and margining, making a specialised market easier to access without requiring treasury teams to build the same operational capabilities in-house.

The benefits of a managed repo model

A managed repo model combines ease of use with access to a broad range of counterparties, helping treasurers diversify exposure and optimise returns. It can also reduce operational complexity while preserving bilateral relationships.

Key features include:

A neutral triparty agent: The corporate and its bank agree the commercial terms, while Clearstream manages collateral allocation, optimisation, valuation, settlement and margin calls as triparty agent.

Tailored collateral: Treasurers define the collateral types and quality they are prepared to accept in line with their investment policy and risk appetite. These rules are agreed in advance and applied through an automated process.

End-to-end connectivity: Integration with established treasury and trading platforms can support a smoother workflow from trade execution to post-trade processing.

Standardised legal framework: Clearstream Repurchase Conditions (CRC) provide a common framework for transactions with counterparties that have signed the same agreement, helping reduce repeat negotiation and onboarding effort.

Model flexibility: Treasurers can transact directly, through an agent or, where appropriate, via a central counterparty (CCP), such as Eurex Clearing.

Supporting the wider investment portfolio

For corporates developing broader investment portfolios, the Clearstream proposition extends beyond repo. As an international central securities depository (ICSD), Clearstream provides custody and asset servicing across 61 markets and a wide range of asset classes, enabling corporate treasury teams to bring different elements of their investment activities together within a single infrastructure.

This can include the custody of bonds, equities, ETFs, investment funds and other investments alongside triparty repo and collateral management services. For treasury teams that are increasingly building more diversified investment portfolios, combining custody, liquidity and collateral services can support a more integrated approach to investment, liquidity, and risk management.

Clearstream's scale also provides an important element of reassurance for corporate investors. As an AA-rated ICSD headquartered in AAA-rated Luxembourg, with more than €22 tr. in assets under custody, it provides the institutional infrastructure and risk management framework through which corporates can access these services.

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TMI SAYS

The Role of Repos in the Corporate Treasury Toolkit

If you had asked a corporate treasurer about short-term investing five years ago, the conversation would almost certainly have centred on bank deposits and MMFs. Ask the same question today and the discussion is far broader. Treasury teams are increasingly balancing capital preservation with counterparty diversification, operational resilience, regulatory change, and the more efficient deployment of surplus liquidity.

This reflects a wider evolution in treasury itself. Once regarded primarily as a cash management function, treasury has become a strategic discipline responsible for protecting the balance sheet while supporting business growth. As a result, many treasurers are reviewing long-established investment policies and exploring how secured investment solutions can complement traditional approaches.

Triparty repurchase agreements (repos) are an example of this shift. Historically viewed as a specialist institutional market, improvements in collateral management, legal standardisation, and operational automation have made triparty repos considerably more accessible to corporate investors. Rather than replacing bank deposits or MMFs, repos provide treasury teams with another instrument with which to strengthen diversification, enhance counterparty risk management, and optimise the deployment of surplus liquidity within a well-governed investment framework.

The destination is not a different treasury policy, but a more resilient one. The most progressive treasury functions are increasingly building diversified liquidity portfolios that balance security, liquidity, operational efficiency, and return, recognising that no single investment vehicle is likely to meet every objective in every market environment.

As treasury continues to evolve from passive cash placement towards active liquidity optimisation, secured investing is moving firmly into the mainstream of corporate treasury practice. The question is no longer whether repo has a role within the corporate treasury toolkit, but how it can best complement existing investment policies to build a more resilient, diversified, and future-ready liquidity strategy.