

# Clearstream Spotlight

## Automated triparty collateral management for assets held in local custody

Clearstream, Citibank, N.A. (Citi) and Standard Chartered Bank have launched a customised, fully automated triparty collateral management service. The new service will enable mutual customers to use the assets held domestically at Citi and Standard Chartered to automatically cover exposures with Clearstream's award-winning Global Liquidity Hub.

Together with BNP Paribas Securities Services (BPSS), this brings the total number of fully implemented Liquidity Hub Connect partnerships to three. Thanks to these partnerships, mutual customers benefit from Clearstream's full suite of collateral management services while at the same time leaving their local custody arrangements with BPSS, Citi and Standard Chartered unchanged.

### Real-time collateral allocation

The service is now available for assets held at BPSS, Citi and Standard Chartered for the Singaporean, Belgian, French, Dutch, German and Italian markets. Whereas these assets previously needed to be transferred manually to Clearstream for triparty purposes, they can now be automatically included in Clearstream's collateral pool under the Global Liquidity Hub.

Unlike other models, Liquidity Hub Connect allocates collateral in real time and only up to the required

amount. Assets are automatically returned to the customer's settlement account at their local custodians as soon as they are either no longer needed by Clearstream for triparty purposes or are required for local settlement.

Since only the amount of collateral required to cover a specific exposure is allocated, there is no need for expensive collateral buffers. As a result, customers are able to make optimal use of their assets held at all three institutions for triparty transactions managed by Clearstream within its Global Liquidity Hub.

### A full suite of services

This account setup gives Citi and Standard Chartered customers the same extensive collateral management possibilities as if the underlying assets were held directly at Clearstream – they benefit from its full suite of services, including valuation, auto-allocation, auto-substitution and reporting.

The collateral management service has been implemented in Singapore and selected European markets and will be extended to other countries in Asia and Europe at a later stage. In addition to the three local custodians who have already implemented Clearstream's Liquidity Hub Connect service, Deutsche Bank has signed a letter of intent to offer the service to its clients.

## A single collateral pool

Clearstream's collateral management system offers a high degree of flexibility, enabling more than 550 participants to customise its services in accordance with their individual business requirements. The Global Liquidity Hub also provides collateral links to external partners – not just to local custodians such as Standard Chartered and Citi (see text to the right), but also to trading platforms and CSDs.

The Global Liquidity Hub thereby enables customers to centrally manage all the collateral deposited at these external partners while leaving their custodial setup unchanged. This not only gives customers a better overview of their available collateral but also enables them to cover all types of exposures worldwide from a single collateral pool.



## More information

For more information on these topics, please contact your Relationship Manager. If you would prefer not to receive our email news, please ask your RM to remove you from the mailing list.