

# Clearstream Spotlight

## Deutsche Bank joins Liquidity Hub Connect

Deutsche Bank and Clearstream have agreed to develop a customised triparty collateral management solution which will enable mutual customers to use the assets held at Deutsche Bank to cover exposures with Clearstream's award-winning Global Liquidity Hub in a fully automated way.

Thanks to this new partnership between Clearstream and Deutsche Bank, mutual customers will benefit from the full suite of collateral management services under Clearstream's Global Liquidity Hub while at the same time continuing to benefit from Deutsche Bank's custody services.

### Real-time collateral allocation

Whereas assets held in the domestic market currently need to be transferred manually to Clearstream for triparty purposes, they will be automatically moved to a Clearstream account at Deutsche Bank once the service is live.

Unlike other models, Liquidity Hub Connect allocates collateral in real time and only up to the required amount. This will allow Deutsche Bank customers to optimise their use of collateral without putting their domestic trading and financing activities at risk.

Assets will be automatically returned to the customer's settlement account at Deutsche Bank as soon as they are

no longer needed by Clearstream for triparty purposes or are required for local settlement. This setup avoids collateral fragmentation and ensures that customers always have a clear overview of all available collateral.

In addition, since only the amount of collateral that is required to cover a specific exposure will be allocated, there is no need for expensive collateral buffers. As a result, customers will be able to make optimal use of their assets in both institutions for triparty transaction managed by Clearstream within its Global Liquidity Hub.

### A full suite of services

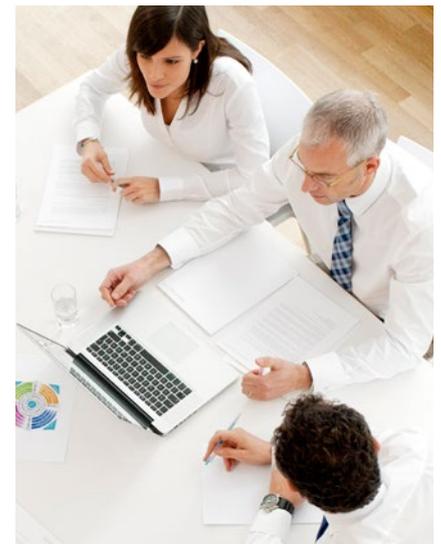
This account setup gives Deutsche Bank customers the same extensive collateral management possibilities as if the underlying assets were held directly at Clearstream – they will benefit from the full suite of services, including valuation, auto-substitution and reporting.

The collateral management service will initially be developed for markets participating in T2S and will be extended to other markets at a later stage. Deutsche Bank is the fourth institution to subscribe to Clearstream's Liquidity Hub Connect service. The service is already live with BNP Paribas Securities Services and will be implemented with Citibank and Standard Chartered Bank in November this year.

## Clearstream's triparty services

Customers can benefit from a full suite of award-winning triparty collateral management services under the Global Liquidity Hub to cover multiple exposures types across locations and timezones. In addition to covering exposures between customers, the Global Liquidity Hub also handles pledges to central banks and CCP margining.

Clearstream's collateral management system offers a high degree of flexibility, enabling more than 550 participants to customise the services in accordance with their individual business requirements. The Global Liquidity Hub also provides collateral links to external partners such as agent banks (see the Deutsche Bank service to the right), trading platforms and CSDs.



### More information

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