

# Clearstream

## Liquidity Hub News

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### GC Pooling Select for corporates

GC Pooling Select goes live in Q4 this year extending the current market for secured interbank transactions to non-financial counterparties.

The new service, being developed by Clearstream and Eurex, is an innovative expansion of the current GC Pooling marketplace which has been key in helping to restore interbank trust.

GC Pooling Select will facilitate secured short-term cash investments from non-financial clients, such as corporates, asset managers and pension funds, to banks.

Existing participants of GC Pooling will benefit from the additional flow of liquidity while corporate cash lenders will have the added protection of the involvement of Eurex Clearing's central counterparty function. All cash and collateral management will be handled within Clearstream's Global Liquidity Hub to ensure optimised cash and collateral usage.

## Flexible third party valuations for triparty trades

Providing collateral valuations has always been one of the key elements to providing a robust collateral management offering and for a triparty agent such as Clearstream, accuracy and transparency is fundamental to this process.

### Price transparency

In 2007, we looked to evolve our collateral management service in line with market trends which saw price transparency becoming increasingly important in financing.

Clearstream chose to move away from using composite, blended prices to a "golden ticket" system which selected the best neutral third-party prices from a variety of pre-defined market prices and theoretical valuations.

In 2012, regulatory reform is placing a much greater emphasis on liquidation valuations whether these be for triparty repo arrangements, central bank pledges or even as the basis for margin calls for derivatives transactions.

It is now clear that counterparties want more choice over the pricing sources used for their collateral marks and even the option to use a specific valuation service for their financing activities for each counterparty.

### Price flexibility

For this reason, and effective 27 February 2012, Clearstream now allows counterparties to provide their own source of valuations for triparty transactions.

The marks can be provided either by the collateral receiver, collateral giver or an appointed third-party vendor and can be used across all of financing activities or on a trade-by-trade basis.

For additional flexibility, these valuations can be applied on a strict "all or nothing" basis or a flexible basis where Clearstream's own vendor prices could be applied if no updated bilateral prices were made available ... and all of this is possible using a single feed or multiple feeds per day.

Using our proprietary, web-based solution, Creation Direct via Internet (CDI), we give clients and vendors the option to provide us with updated prices securely using a user-friendly drag and drop facility or a more sophisticated file transfer (ftp) process with immediate straight-through processing (STP) into Clearstream's collateral management engine, Cmax, in both cases.

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