

Clearstream Liquidity Hub Connect

Product information

Clearstream partnerships with agent banks

Key benefits

Reduced fragmentation

Automatic consolidation of customers' assets held at their agent bank and Clearstream into a single collateral pool for trade forecasts.

Customer relationship with their agent bank unchanged

The clearing, settlement and custody relationship between the customer and their agent bank remains unchanged, only the collateral management is done by Clearstream.

The best of both worlds

Customers benefit from their agent bank's extensive custody network while Clearstream's sophisticated collateral management engine ensures their collateral is fully optimised.

Increased efficiency

Automatic collateral allocation and substitution in real time makes cumbersome manual interventions redundant. Assets are immediately moved back to the settlement account once they are no longer used for triparty purposes.

Cost savings

Only the amount of collateral which is required to cover an exposure is allocated, there is no need for expensive collateral buffers. Increased automation results in reduced transfer and labour costs.

The partnerships between Clearstream and agent banks give mutual customers access to the full service suite of the Global Liquidity Hub while the agent banks remain the local custodians. The service is available for multiple markets¹ and for both fixed income and equities.



Thanks to the partnership between agent banks and Clearstream, mutual customers can benefit from the full service suite of the Global Liquidity Hub without having to change their existing custodial relationship with their agent bank. This enables customers to get the best of both worlds: Clearstream's award-winning, automated global collateral allocation, optimisation and exposure coverage as well as their agent bank's extensive local custodian services.

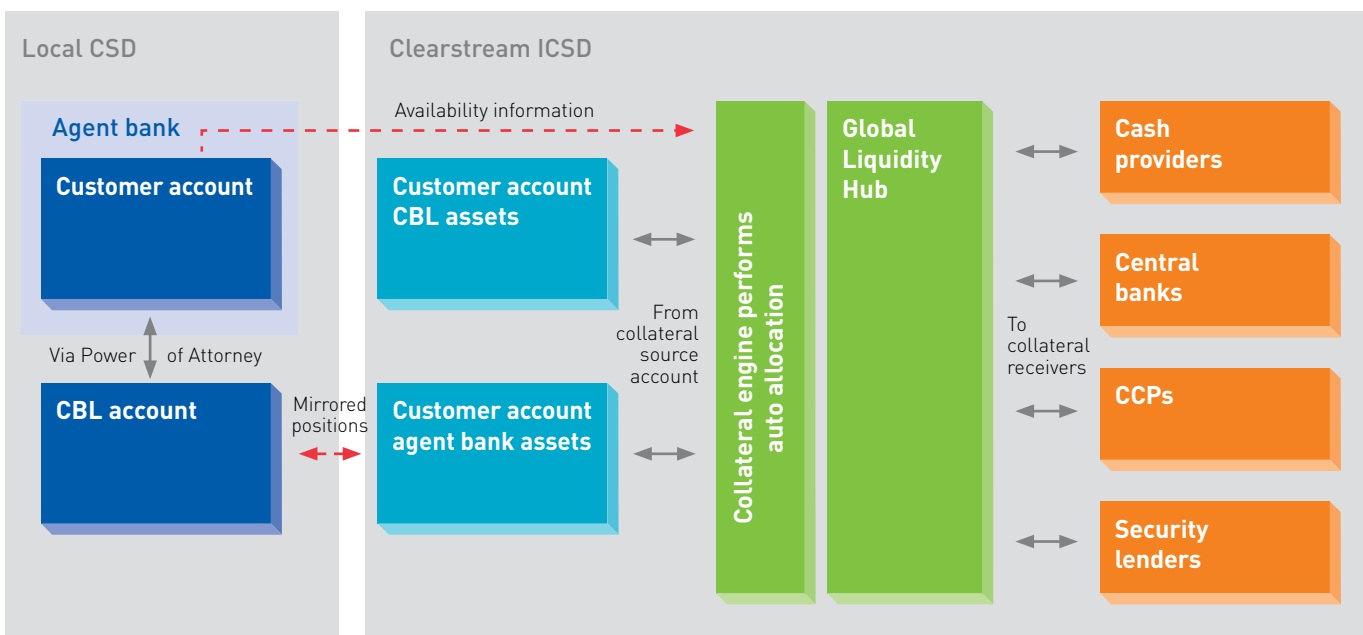
The Liquidity Hub Connect service mirrors customers' available security positions at their agent bank in the Clearstream collateral management systems, thereby giving Clearstream an overview of the assets without moving

them out of the bank. This setup enables any agent bank customer who is also a Clearstream customer to consolidate their assets held at both institutions into one single pool to perform collateral management transactions with any Clearstream collateral receiver.

As a result, customers make optimal use of their assets in both institutions for triparty transactions managed by Clearstream within its Global Liquidity Hub. Whereas assets held in the domestic market had to be transferred manually in the past, they are now automatically moved to a Clearstream account at the agent bank, thereby relieving customers of cumbersome manual allocations.

¹Contact your GSF Sales Relationship manager for further information on available markets

How it works



Real-time collateral allocation

A unique feature of the service is that this collateral allocation is performed in real time and only up to the required amount. This allows agent bank customers to optimise their use of collateral without putting their domestic trading and financing activities at risk. When the assets are required for local settlement or are no longer needed for triparty purposes, they are returned automatically to the customer's settlement account at the agent bank.

Moving the collateral around based on the actual collateral requirements is much more efficient and cheaper for customers than other models which move all unused assets from

the customer's domestic account regardless of whether they are actually needed as collateral. It also avoids collateral fragmentation and ensures that customers always have a clear overview of all available collateral.

A full suite of services

This account setup gives agent bank customers the same extensive collateral management possibilities as if the underlying assets were directly held at Clearstream. They have access to all Global Liquidity Hub services, including valuation, auto-substitution and reporting, thereby optimising the use of collateral across locations without impacting local trading and financing activities at the agent bank.

Liquidity Hub Connect is particularly attractive for customers with a high level of trading activity in local markets who also need a lot of collateral as part of their daily business. The service makes the manual monitoring of their settlement account for collateral management purposes redundant and provides valuable support in striking the right balance between settlement needs and collateral requirements on a daily basis.

Contact information

If you are interested in further information on our collateral management service, please contact our dedicated GSF team.

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