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# Overcoming the global liquidity squeeze through innovative partnership models

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# Current collateral and liquidity management landscape for **Bank X**

**Global exposure management**

Constantly growing number and size of globally spread exposures to be covered on a daily basis

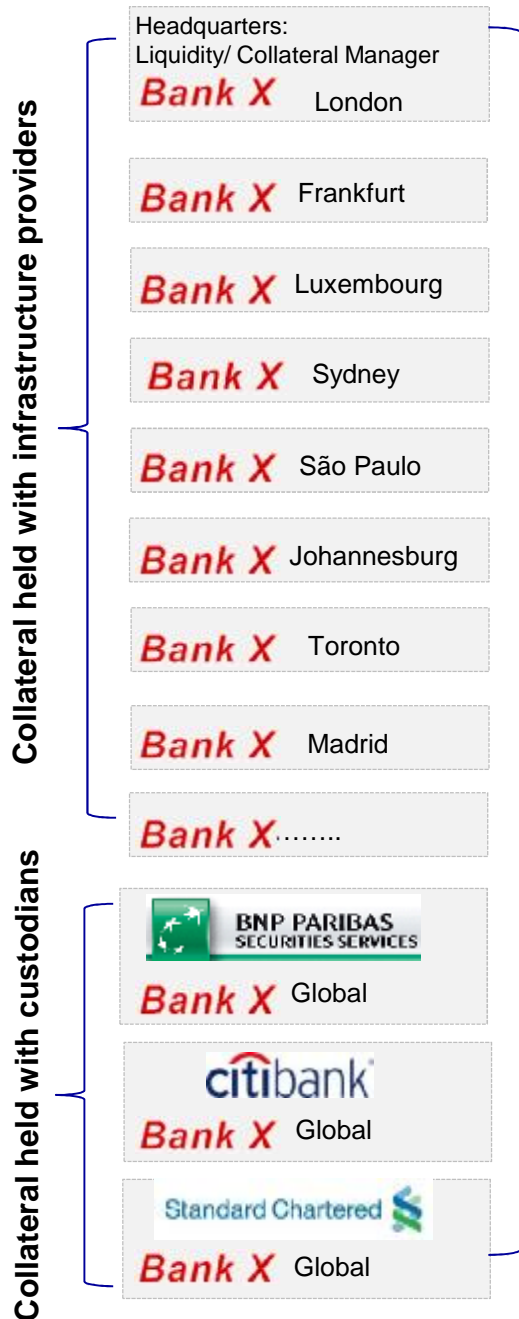
**Bank X**

*Exposures to be collateralised daily in line with individual collateral profiles*



\* "CCBM2" 2014

# Current collateral and liquidity management landscape for **Bank X**



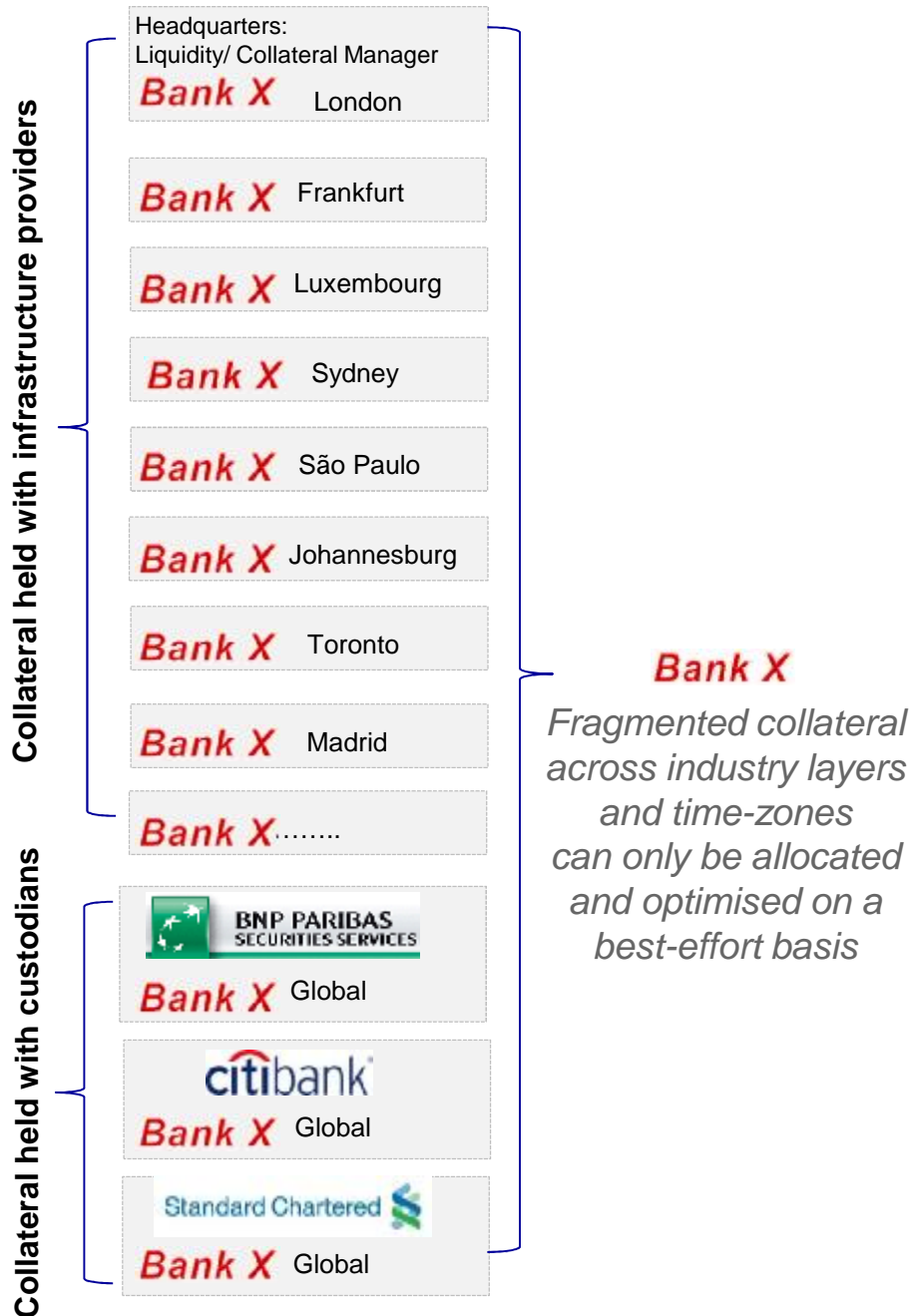
**Global collateral fragmentation**

Globally fragmented collateral sitting with infrastructure providers and agent banks / global custodians not accessible for a consolidated / pooled collateral allocation / optimisation process

**Bank X**

*Fragmented collateral across industry layers and time-zones can only be allocated and optimised on a best effort basis*

# Current collateral and liquidity management landscape for **Bank X**



**Opportunity costs**

Global collateral fragmentation does not only lead to a sub-optimal collateral allocation process, it also incorporates substantial opportunity costs

**Opportunity costs related to collateral fragmentation for the global banking industry EUR 4 bn p.a.\***

\* Accenture survey dated September 2011

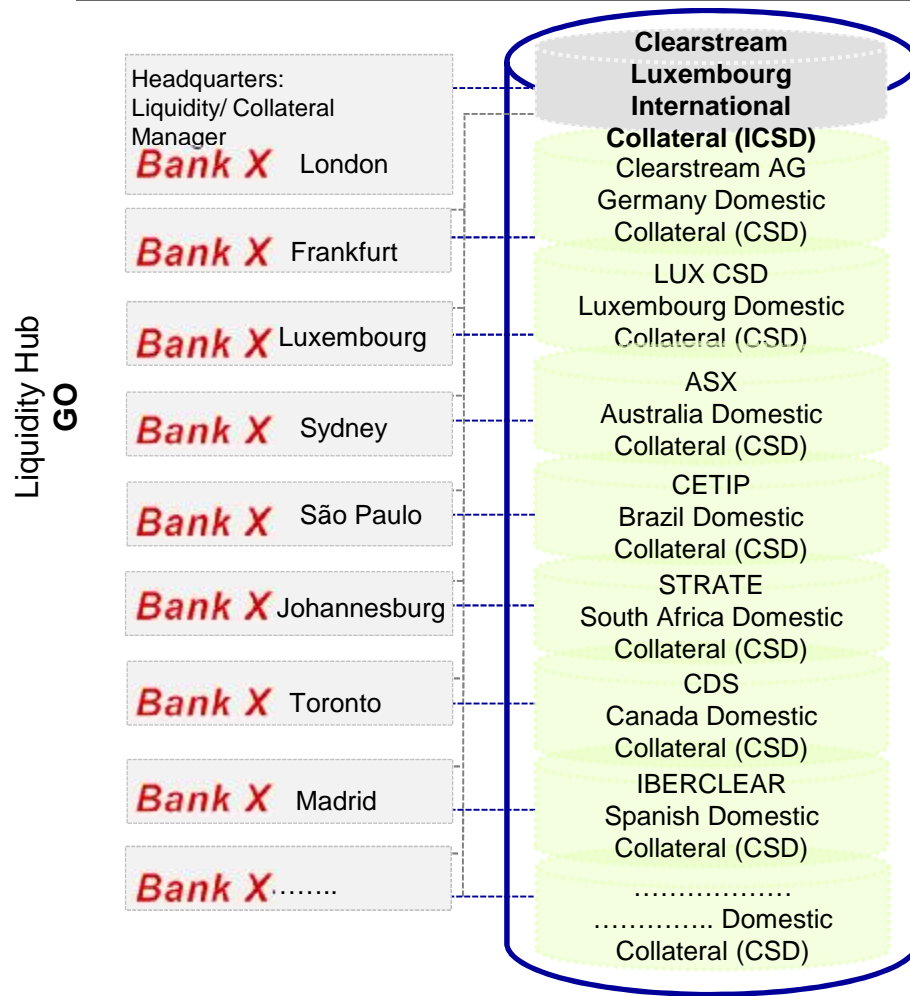
**Overcoming the global liquidity squeeze  
through innovative partnership models and  
pioneering IT technology . . .**



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**Global Liquidity Hub**

# New collateral and liquidity management landscape for **Bank X**



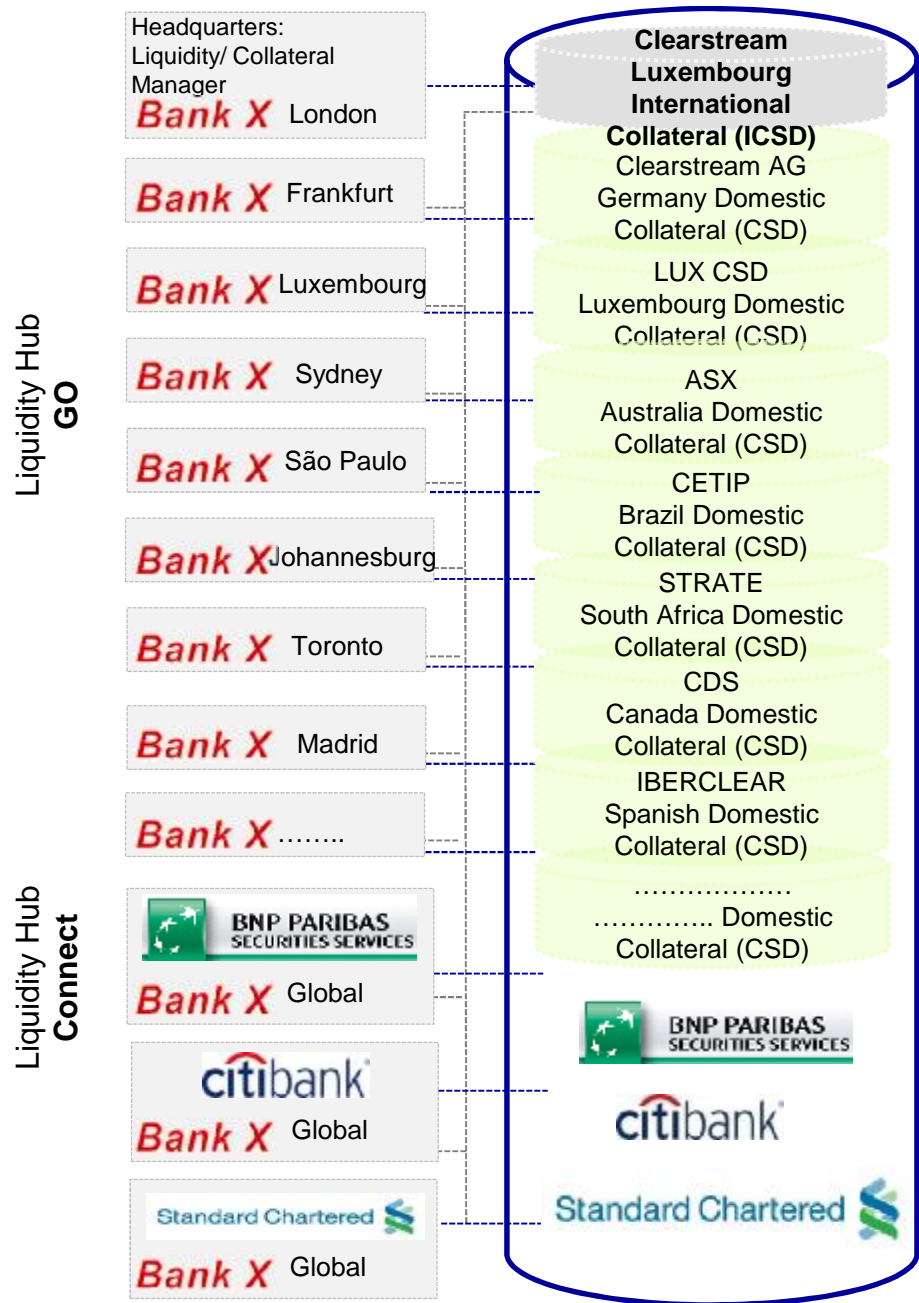
**Liquidity Hub GO**  
(Global Outsourcing)

Clearstream’s strategic partnerships with global infrastructure providers supporting the identification / optimisation / allocation of domestic / international collateral

- ü No change of account structure at local infrastructure provider
- ü No change of legal contracts / jurisdiction / relationship at local CSD
- ü 24 hour identification / optimisation / allocation / substitutions guaranteed
- ü Fast time-to-market / low cost / strong support from local regulators and CBs

*‘As a potentially new “best practice” as defined by a CSD, Clearstream’s Liquidity Hub GO presents a unique collateral management offering that some CSDs globally have been attracted to’*

# New collateral and liquidity management landscape for **Bank X**

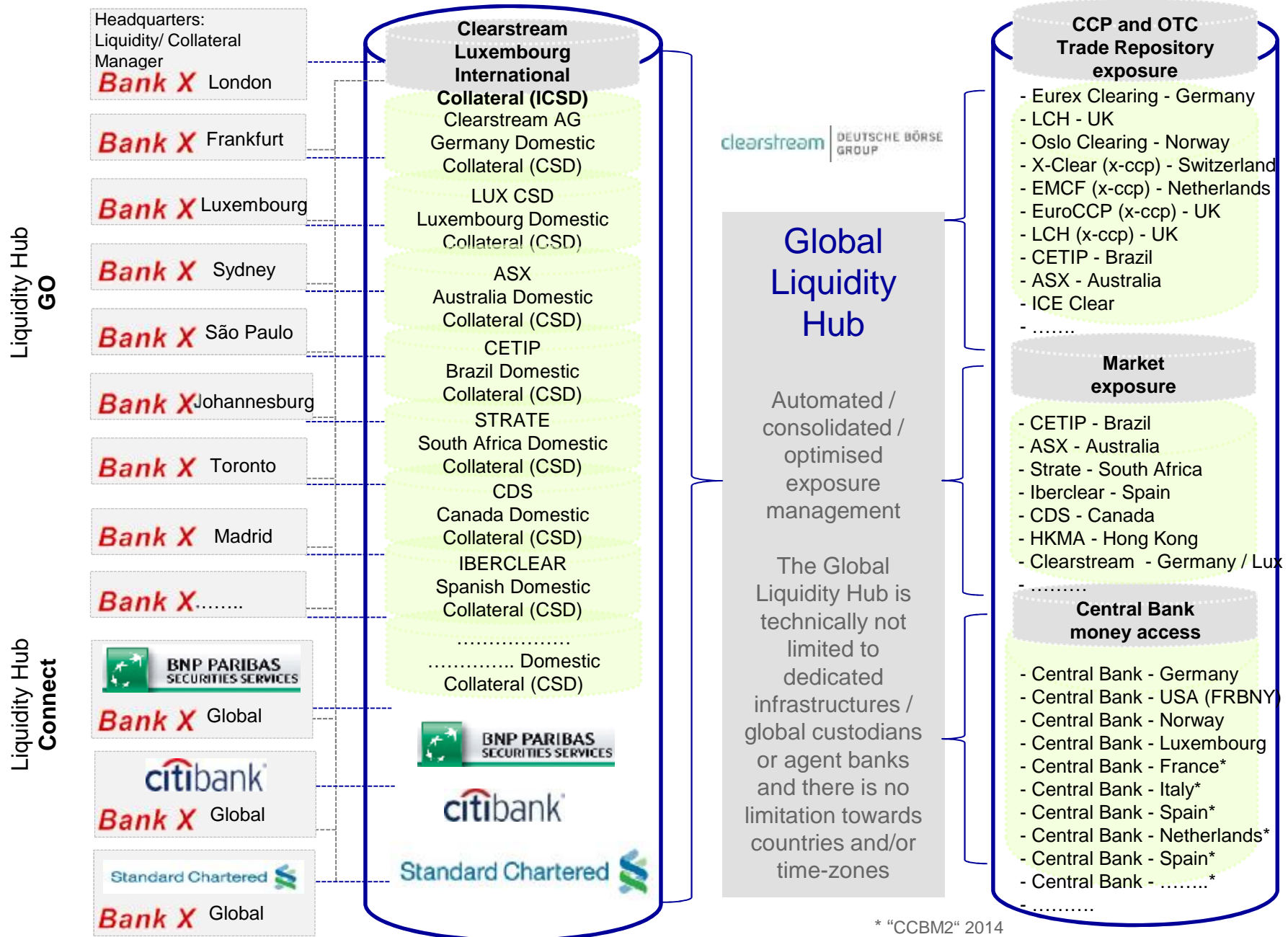


**Liquidity Hub Connect**

Clearstream's strategic partnerships with agent banks and global custodians supporting the identification / optimisation / allocation of collateral held with agent banks and global custodians

- ü Global custodian / agent bank can offer its customers sophisticated collateral management services (identification / optimisation / allocation / substitution) on a short time-to-market / low cost basis
- ü Collateral (custody) remains in the books of the global custodian / agent bank
- ü **Bank X** can steer / prioritise / optimise collateral allocation between global infrastructure providers and global custodians / agent banks

# New collateral and liquidity management landscape for **Bank X**



\* "CCBM2" 2014



**New collateral and liquidity management landscape for *Bank X***

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**. . . smart partnerships respecting each others interests and restrictions combined with pioneering IT technology will help to overcome the global liquidity squeeze**



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