

Clearstream Spotlight

New agency securities lending services

Customers can now benefit from agency lending services as part of the Global Liquidity Hub's strategic securities lending suite. A partnership with Eurex Clearing's lending CCP provides customers with the additional safety of centrally cleared trading.

Agency lending via a central counterparty (CCP) such as Eurex Clearing is an attractive means of enhancing yield through strategic lending while minimising credit and systemic risk since the CCP is the legal counterparty to all loans.

Fully integrated securities lending

As a neutral agent, Clearstream arranges the loans between the borrower and the lender via the SecLend market (offered by Eurex Repo). An experienced distribution team negotiates the best possible rates with the borrowers to ensure attractive lending conditions. Once the trade is agreed, Clearstream's Global Liquidity Hub performs all the necessary administrative and operational steps, including account movements, recalls, returns, rerates, income events, corporate actions and reporting.

Advantages for both lenders and borrowers

While lenders benefit from an increased yield on their securities, the CCP agency lending service gives borrowers the advantage of secure lending at low capital cost. The service with Eurex Clearing is perfectly suited to large lenders who are looking for secure, regulatory-compliant strategic



lending solutions. The fully integrated service enables them to make the most of their assets by increasing their yield with no additional operational burden.

Standard agency lending

The agency lending service via a CCP is part of an entire suite of strategic securities lending services offered by Clearstream under the Global Liquidity Hub (see text to the right). For example, customers can also benefit from standard agency securities lending services without a CCP. The standard service gives lenders full control of the risk – they are free to select their counterparties and impose tailored credit limits. They also set collateral eligibility criteria as well as haircuts and concentration limits.

The standard agency lending service gives lenders the opportunity to carry out more structured trades compared to other securities lending services. This means that lenders can maximise their revenue opportunities by reacting quickly to evolving market demand.

A holistic suite of services

Customers can maximise the use of their assets and the associated yield by signing up to the entire securities lending suite of the Global Liquidity Hub.

In addition to the agency securities lending services, lenders can also benefit from the principal securities lending service ASLplus to increase portfolio yield. Clearstream acts as principal and single borrower, thereby minimising counterparty risk for both borrowers and lenders.

Assets can also be distributed via the automated securities lending service ASL to cover settlement fails in which Clearstream acts as a lender of last resort. This unique service is highly integrated into the settlement process and enhances settlement efficiency through automated loans.

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.