

Clearstream

Liquidity Hub News



by Richard Glen, Head of GSF Sales London

Triparty CCP margining through Clearstream's ICSD

Customers of Clearstream Banking S.A. Luxembourg can now use the Global Liquidity Hub for triparty margin collateral management. The service is available for major European central counterparties (CCP).

GC Pooling

The CCP margining service is merely one aspect of the partnership between Clearstream and Eurex Clearing which was launched in 2005 with our flagship product GC Pooling. The user-friendly electronic platform provides financial institutions the possibility of anonymous open order book trading based on European Central Bank (ECB)-eligible collateral baskets.

GC Pooling gives customers access to STP services from several Deutsche Börse Group entities through one single point of access: Eurex Repo provides the trading platform, Eurex Clearing clears the trade and Clearstream provides settlement and collateral management.

Since 2013, corporate customers from selected jurisdictions can now also benefit from the service via the GC Pooling Select stream. They can use the platform as a daily cash management tool for triparty cash lending via collateral baskets to pre-determined institutional borrowers and still benefit from Eurex Clearing as a risk-absorbing central counterparty.

As a world-leading triparty collateral agent, Clearstream helps customers to make the most of their assets through an efficient use of collateral. Customers can now utilise the Global Liquidity Hub's full suite of automatic allocation, optimisation and substitution services to cover their exposures at selected CCPs using securities instead of bilaterally lodging cash.

Eurex Clearing, ICE Clear Europe and LCH.Clearnet Ltd, Europe's leading clearing houses, are now directly connected to the triparty collateral management services of Clearstream's international central securities depository (ICSD) for margining purposes. As a result, clearing members can use their securities under custody at Clearstream to cover their margin requirements at the CCP.

Clearstream has always worked closely with its fellow Deutsche Börse Group member Eurex Clearing. Previously, however, customers had to manually pledge collateral to Eurex Clearing in a bilateral manner in the past, whereas now the exposures can

be collateralised automatically via Clearstream's award-winning triparty collateral management services under the Global Liquidity Hub. This not only opens a new pool of liquidity for customers but also lightens their operational burden and reduces risk.

Clearstream's triparty margin collateral management services for ICE Clear Europe are a recent development, whereas the service with LCH.Clearnet Ltd was launched in 2010. These partnerships enable customers who are also clearing members to use Clearstream's Global Liquidity Hub to manage their exposures at a total of nine CCPs from a single account.

This margining service is part of Clearstream's wider efforts to give customers the best possible access to collateral locations around the world both through strategic partnerships and by linking to globally fragmented exposure locations such as CCPs. Customers can use the Global Liquidity Hub to cover multiple exposures: bilateral, central bank and CCP margining.

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