
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

CCP and OTC Trade Repository Exposure

- Eurex Clearing - Germany
- LCH - UK
- Oslo Clearing - Norway
- X-Clear (x-ccp) - Switzerland
- EMCF (x-ccp) - Netherlands
- EuroCCP (x-ccp) - UK
- LCH (x-ccp) - UK
- CETIP - Brazil
- ASX - Australia
- ICE Clear - UK

Market Exposure

- CETIP - Brazil
- ASX – Australia
- Strate – South Africa
- Iberclear - Spain
- CDS - Canada
- HKMA – Hong Kong
- Clearstream – Germany/Lux

Central Bank Money Access

- Central Bank – Germany
- Central Bank – USA (FRBNY)
- Central Bank – Norway
- Central Bank – Luxembourg
- Central Bank – France*
- Central Bank – Italy*
- Central Bank – Spain*
- Central Bank – Netherlands*
- Central Bank – Spain*
- Central Bank –*

* “CCBM2” 2014

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

Collateral held with infrastructure providers

- Headquarters:
Liquidity/ Collateral Manager
Bank X London
- Bank X** Frankfurt
- Bank X** Luxembourg
- Bank X** Sydney
- Bank X** São Paulo
- Bank X** Johannesburg
- Bank X** Toronto
- Bank X** Madrid
- Bank X**.....

Collateral held with custodians

- 
Bank X Global
- 
Bank X Global
- Custodian ABC
Bank X Global

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

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Collateral held with custodians

-  **BNP PARIBAS**
SECURITIES SERVICES
Bank X Global
- 
Bank X Global
- Custodian ABC
Bank X Global

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

Opportunity costs

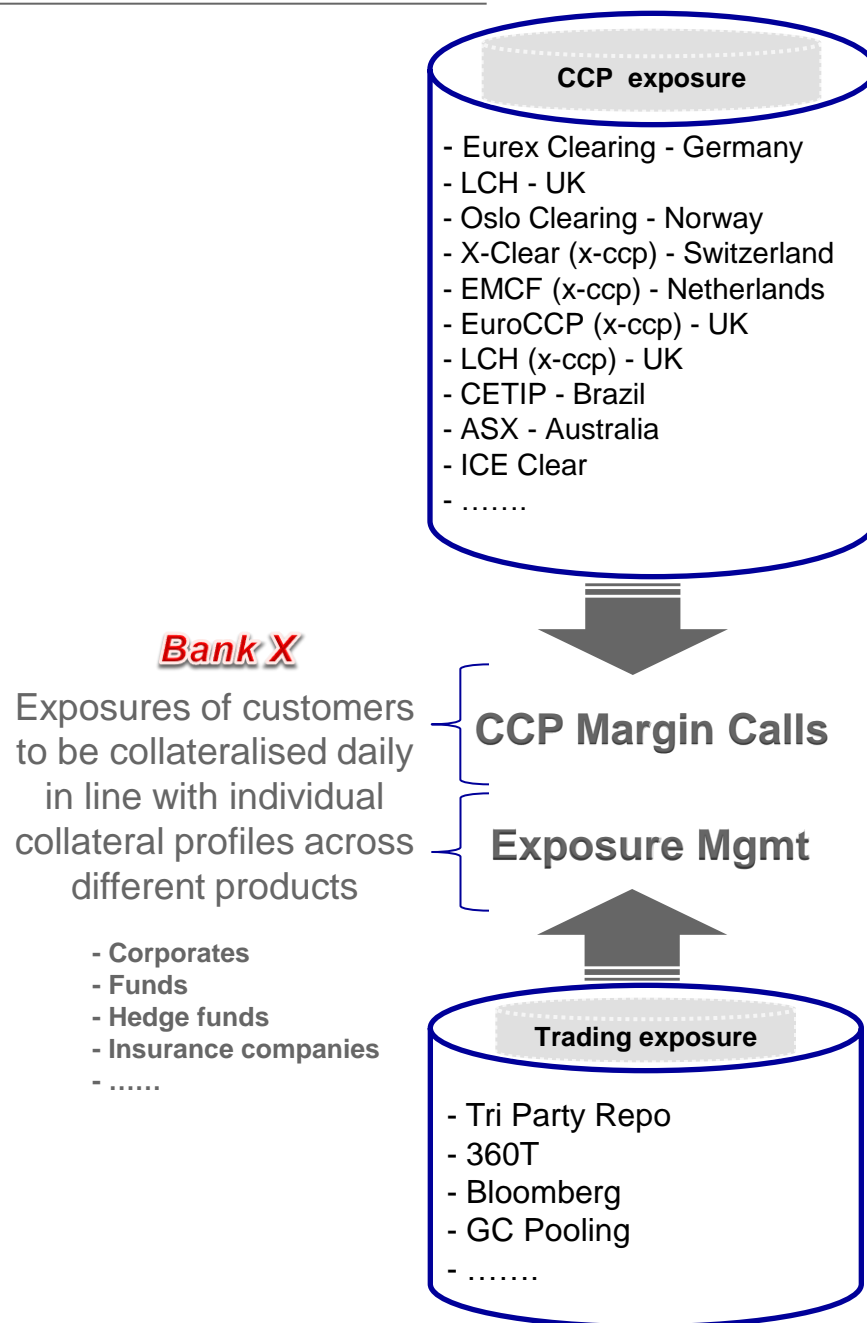
Global collateral fragmentation does not only lead to a sub-optimal collateral allocation process, it also incorporates substantial opportunity costs

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

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

Customers of **Bank X** become more demanding

Customers of **Bank X** (particularly “non-financial-institutions”) are expecting automated and optimised collateral management solutions from established custodians / agent banks allowing for a streamlined process in the regulatory environment (e.g. an automated OTC CCP derivative margin management service - EMIR)



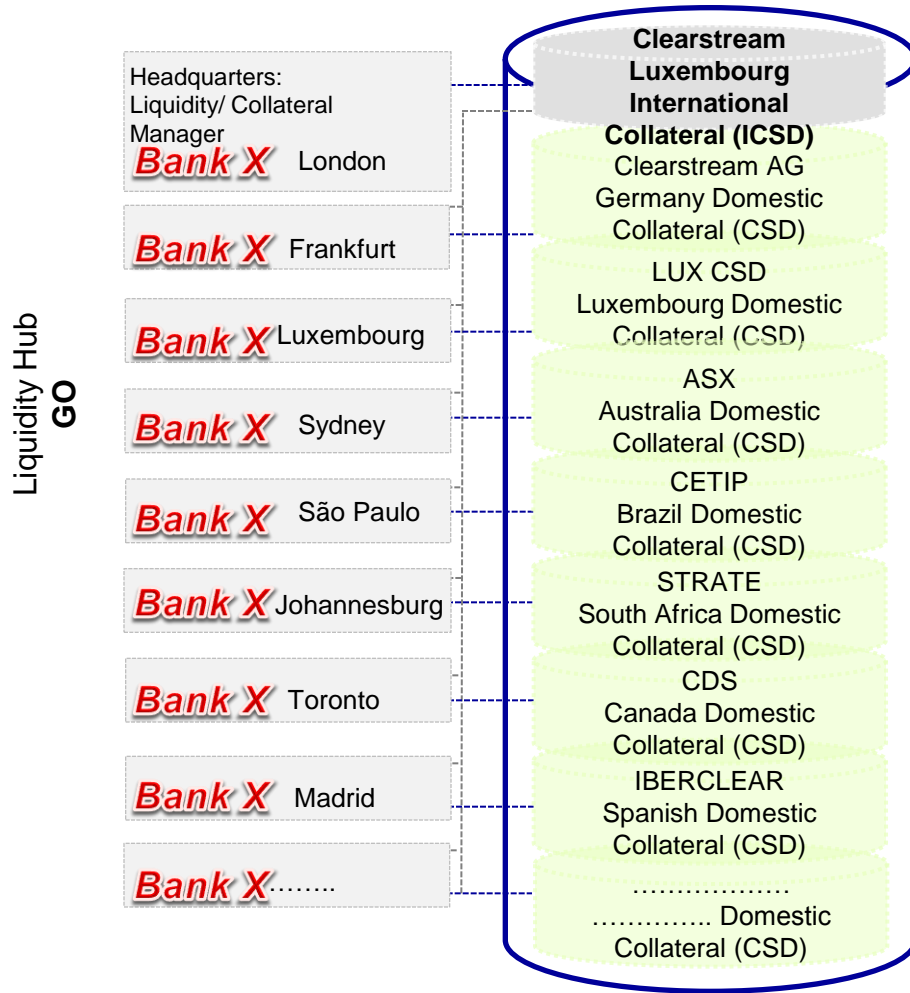
**Overcoming the global liquidity squeeze
through innovative partnership models and
pioneering IT technology . . .**



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Global Liquidity Hub

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



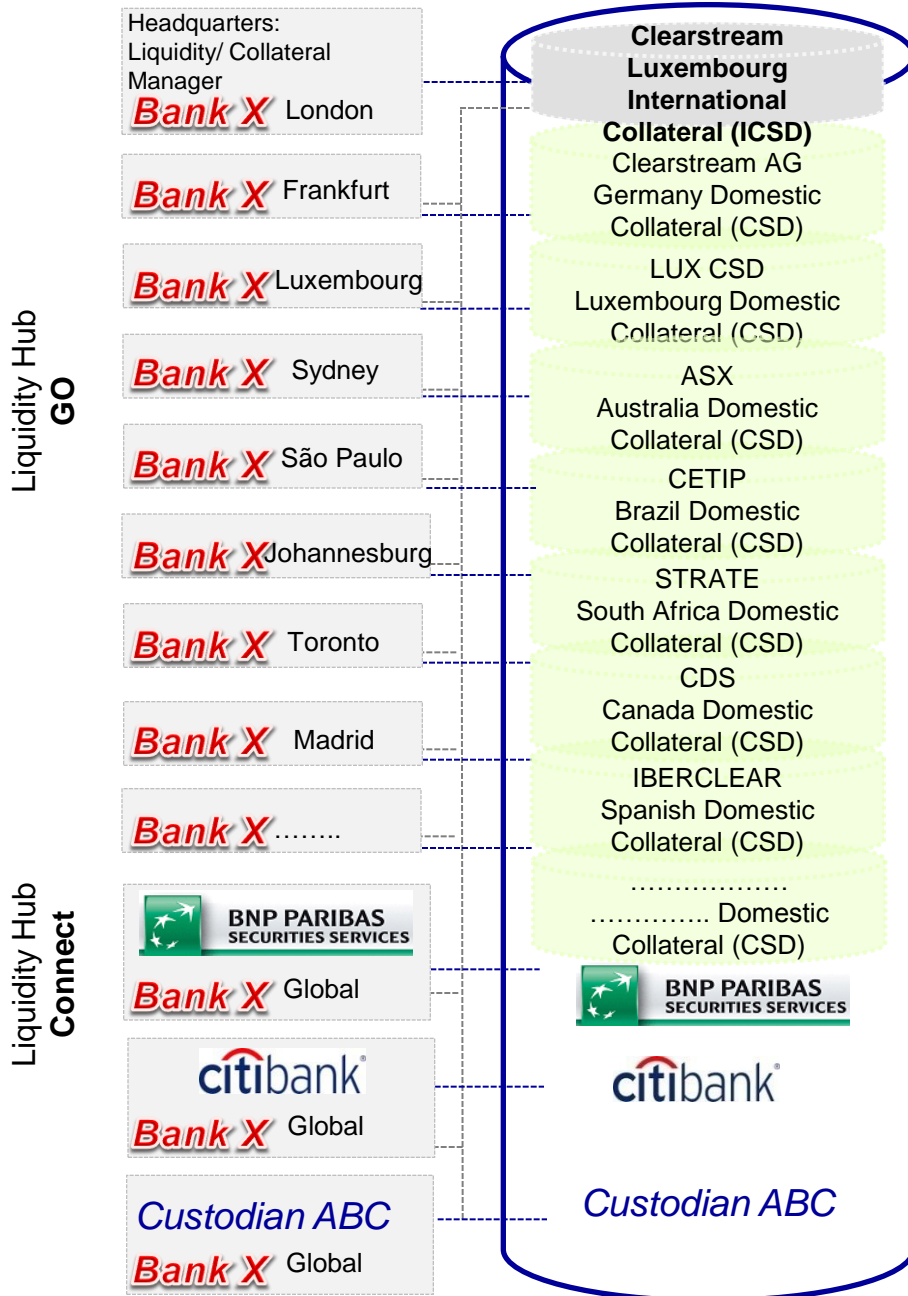
Liquidity Hub GO
(Global Outsourcing)

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

- ✓ No change of account structure at local infrastructure provider
- ✓ No change of legal contracts / jurisdiction / relationship at local CSD
- ✓ 24 hour identification / optimisation / allocation / substitutions guaranteed
- ✓ 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**

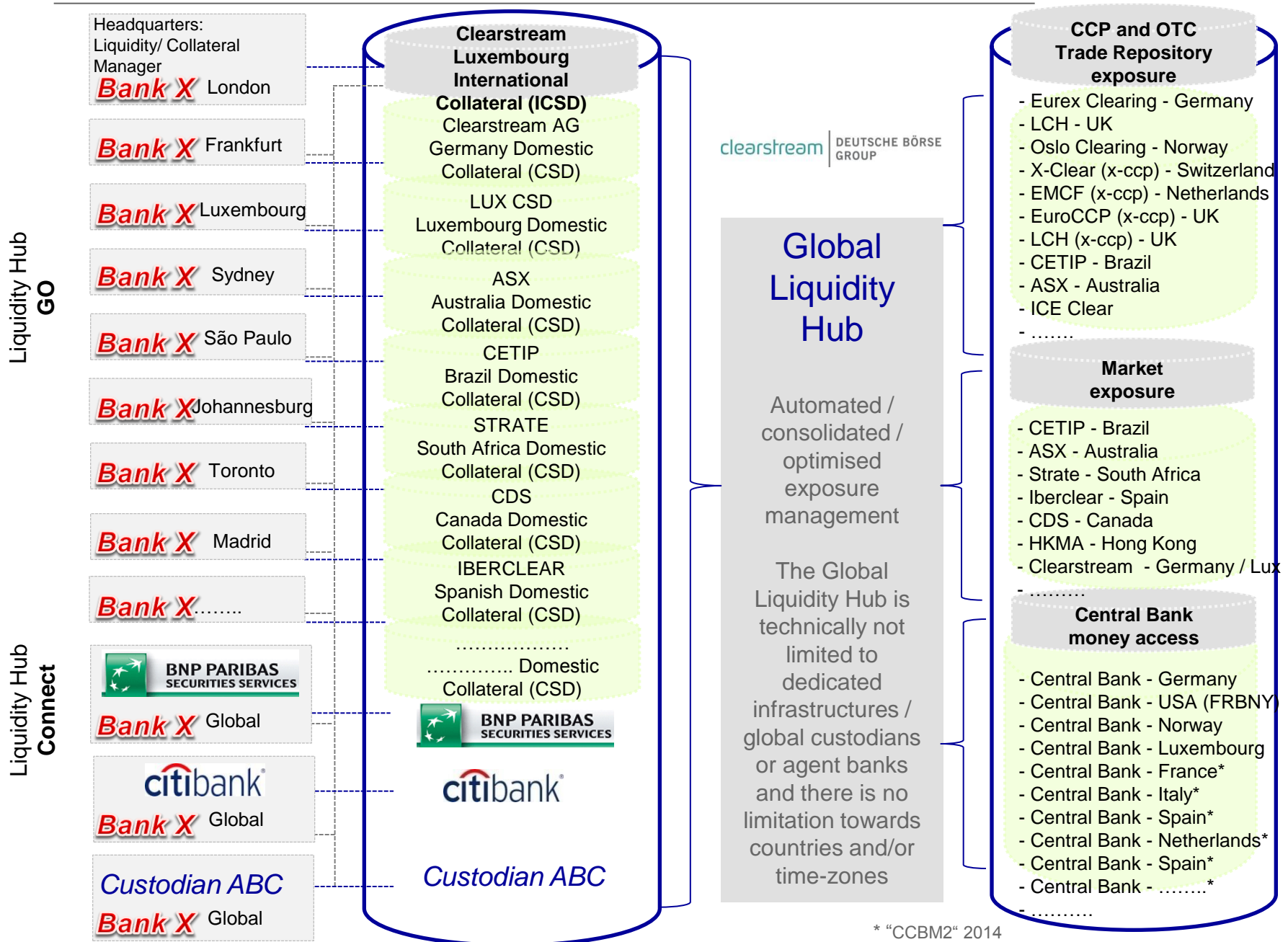


Liquidity Hub Connect

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

- ✓ 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
- ✓ Collateral (custody) remains in the books of the global custodian / agent bank
- ✓ **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**



. . . 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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Global Liquidity Hub

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