



DTCC

CASE STUDY MARGIN TRANSIT UTILITY (MTU) & RETURN OF COLLATERAL FROM SEGREGATED ACCOUNTS

THE PROBLEM

Prior to implementing MTU, when an asset manager needed to recall collateral from a segregated account, they would first need to instruct their custodian via phone or email to do so. Then, both the asset manager and their custodian would need to wait for the secured party to authorize the recall giving the asset manager no control over the timing of authorization – impacting their intraday liquidity management.

THE SOLUTION

After incorporating MTU into their margining process, the asset manager worked with DTCC to employ MTU's third-party custodian model that removes the requirement for a release approval message from the secured party. With the third-party custodian model, the custodian no longer needs to wait for the secured party to approve the recall request allowing the return of collateral to the asset manager to be instantaneous.

The removal of the authorization barrier has greatly improved the speed and control that the asset manager has over their collateral recall process – allowing them to more effectively re-use returned collateral.

FOR MORE INFORMATION

Visit us on the web at www.dtcc.com/mtu

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