

DTCC



GlobalCollateral

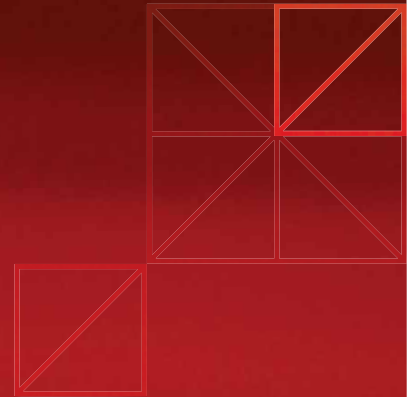


GlobalCollateral for Financing

Transforming collateral mobility

For the secured funding market, GlobalCollateral is the only financing solution that delivers the significant improvement in collateral mobility needed to adapt to the new regulatory era.

As an automated, open architecture solution, it allows market participants to seamlessly mobilize eligible assets around the world to where they are needed most, and to collateralize any type of securities financing transaction. It is a highly efficient industry solution, brought to you by GlobalCollateral Ltd., a DTCC-Euroclear joint venture.



Getting fit for the new regulatory era

The implementation of financial regulations worldwide is driving a need to significantly improve liquidity and collateral management. Reforms are increasing the cost of liquidity as well as intra-day credit and incentivizing banks to improve management of their collateral and their funding globally. This is making collateral management a core competency for market participants, putting a premium on the seamless management of asset pools globally, regardless of their location.

On a global basis, Basel III's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are forcing banks and broker-dealers to manage their asset bases even more actively. While managing pools of High Quality Liquid Assets to meet regulatory ratios, banks and broker-dealers still need to fund less liquid asset positions and thus gain access to additional pools of liquidity. In this way, they can improve management of their funding bases.

In the US, the Tri-Party Repo Infrastructure Reform has sharpened the focus on the market's structural reliance on intra-day credit to process tri-party repo business. As a result, the market is seeking ways of mobilizing collateral and cash throughout the trading day to reduce intra-day credit requirements.

Increasing asset mobility and efficiency

To meet new regulatory ratios, banks and broker-dealers need to optimize their secured funding activities across securities financing transactions in the repo and securities lending segments. When combined with OTC derivative market reforms, the rising tide of regulation means they must be able to make collateral available whenever and wherever it is needed.

This new era calls for vastly improved asset mobility. While some firms are already developing a highly sophisticated approach to managing assets across operational silos, others have not yet felt the urgency to act. Irrespective of how developed their approach is, all firms need a central infrastructure that transforms collateral mobility and prepares them for the new regulatory era.

A unique financing solution

GlobalCollateral's platform offers the only utility-based solution that delivers the improvement in assets and collateral mobility needed in order to adapt to this new regulatory era.

For broker-dealers and their counterparties, this has significant practical advantages. In the US, they can settle securities financing transactions throughout the day, dramatically reducing the need for intra-day credit.

On a global basis, collateral providers can re-position DTC collateral into their Euroclear Bank account on a book-entry basis. This gives dealers access to additional

pools of funding for corporate bonds, asset-backed securities and equities, thereby expanding their funding bases for 'non-liquid' collateral.

All settlement activity can be monitored in real time, increasing transparency. Additionally, consolidated reporting gives an accurate and timely picture of collateral flows.

GlobalCollateral's financing solution's unique benefits are defined below under four pillars.



Mobility

- Enables participants to allocate and deliver assets globally, regardless of settlement location
- Delivers collateral directly, in real-time, from one participant's core settlement account to its counterparty's core settlement account
- Recalls and substitutes securities seamlessly from securities financing transactions to ensure that all client settlement obligations are settled promptly
- Allows participants complete flexibility to reallocate secured financing transactions between counterparties.



Efficiency

- Automates allocation and settlement of multiple lines of collateral while adhering to pre-agreed standardized or customized collateral profiles
- Allows optimization of collateral across multiple exposures and counterparties
- Reduces significantly the need for intra-day credit to settle securities
- Enables collateral providers to diversify their funding bases for less liquid collateral.



Security

- Delivers real-time settlement and reporting of securities financing transactions
- Monitors continuously both collateral value and the automatic processing of intra-day top ups where required
- Automates pre-agreed collateral profiles to ensure that collateral receivers are always collateralized by appropriate collateral.



Visibility

- Monitors collateral settlement activity in real time
- Conveys accurate & timely consolidated reporting of collateral flows and obligations.

Automating collateral management every step of the way

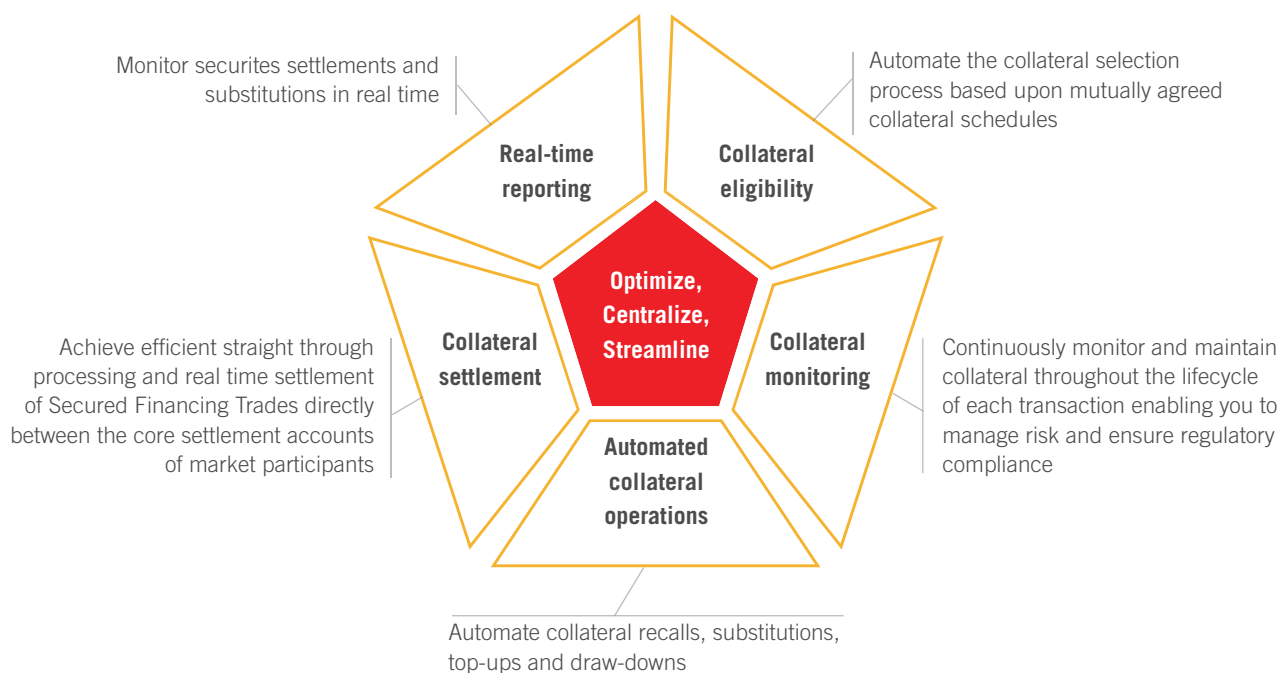
Our financing solution introduces the automation and flexibility that firms need to comply with regulatory reforms. It makes the whole collateral management process far more efficient, allowing market participants to seamlessly mobilize assets around the world to where they are needed most.

Based on Euroclear’s Collateral Highway infrastructure and services, the financing solution includes many of its key attributes. For example, the collateral eligibility and collateral monitoring functions are fully

automated (see figure 1 below). Similarly, collateral recall, substitutions and top-ups are automated. Finally, collateral settlement is in real time, directly between the settlement accounts of market participants.

This combination of automated features, streamlines collateral management in a way that other services do not. It is the only solution that allows broker-dealers to mobilize assets seamlessly, in real-time, regardless of settlement location.

Figure 1: Transforming asset mobility for financing



Our financing solution is powered by GlobalCollateral’s **Collateral Management Utility (CMU)**, which is based on the Euroclear Collateral Highway. The CMU is a global infrastructure delivering a full range of collateral sourcing, processing, monitoring and reporting services to a large ecosystem of market participants—in a harmonized way, across exposure types, regions and asset classes.

Whether you are a broker-dealer, a bank, a custodian or a CCP you can access the platform through whichever component that suits your operational needs. CCPs can leverage GlobalCollateral to reduce credit exposure by converting cash into secured financing transactions in real time. Meanwhile, custodians will be able to source additional collateral and, therefore, facilitate additional lending volumes.

Anticipating the industry's changing needs

Who better to offer a solution to the industry's operational challenge than DTCC and Euroclear, the joint-venture partners behind GlobalCollateral? We draw from our parent companies' expertise and strong track record of processing large volumes of time-critical transactions in a highly-regulated environment. And as DTCC and Euroclear are both industry-owned and governed, we are able to take a long-term view when making the significant technology investments needed in our business.

Our open infrastructure is enabling the market ecosystem to adapt to the operational challenges brought about by the changing capital markets. We are in constant dialogue with the securities financing industry through our CMU advisory group, which includes eight dealers, three CCPs and two global custodians.

Working with our stakeholders, GlobalCollateral is building an open platform that offers a more efficient funding platform, allowing market participants to lower their cost of security financing. We intend to continually evolve our capabilities to keep pace with changing market practices.

Speak to us and discover the opportunities our infrastructure offers for improving collateral mobility, efficiency, security and visibility.

For more information, visit www.globalcollateral.net.
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About DTCC:

With over 40 years of experience, DTCC is the premier post-trade market infrastructure for the global financial services industry. From operating facilities, data centers and offices in 16 countries, DTCC, through its subsidiaries, automates, centralizes, and standardizes the post-trade processing of financial transactions, mitigating risk, increasing transparency and driving efficiency for thousands of broker/dealers, custodian banks and asset managers worldwide. User owned and industry governed, the firm simplifies the complexities of clearing, settlement, asset servicing, data management and information services across asset classes, bringing increased security and soundness to the financial markets. In 2014, DTCC's subsidiaries processed securities transactions valued at approximately US\$1.6 quadrillion. Its depository provides custody and asset servicing for securities issues from over 130 countries and territories valued at US\$64 trillion. DTCC's global trade repository maintains approximately 40 million open OTC positions and processes roughly 280 million messages a week. To learn more, please visit www.dtcc.com or follow us on Twitter @The_DTCC.

About Euroclear:

Euroclear is one of the world's largest providers of domestic and cross-border settlement and related services for bond, equity, ETF and mutual fund transactions. Euroclear is a proven, resilient capital market infrastructure committed to delivering risk-mitigation, automation and efficiency at scale for its global client franchise. The Euroclear group includes Euroclear Bank - which is rated AA+ by Fitch Ratings and AA by Standard & Poor's - as well as Euroclear Belgium, Euroclear Finland, Euroclear France, Euroclear Nederland, Euroclear Sweden and Euroclear UK & Ireland. The Euroclear group settled the equivalent of EUR 634 trillion in securities transactions in 2014, representing 182 million domestic and cross-border transactions, and held almost EUR 26 trillion in assets for clients. Visit www.euroclear.com.



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