

## Agent Lender Custodian

**Profile Description:** Bank that settles and custodies client activity inclusive of asset servicing, life cycle events, and yield enhancement services for custodied assets.

**Trading Activity:** Trading products can include Fixed Income and Equities.

### Key Considerations Related to Central Clearing



#### Capital Considerations

If acting as a clearing intermediary for clients, costs of capital may be challenging, particularly for agented businesses whose primary revenue source are typically fees.



#### Clearing Costs

If acting as a clearing intermediary for clients, very sensitive to cost of posting margin, CCLF, and clearing agency fees.



#### Capacity for Client Intermediation

Given the typically limited balance sheets of agent lender custodians, clearing may provide unique ability to offer principal “done-with” client intermediation services due to balance sheet netting opportunities.



#### Jurisdiction of Clients

Client base highly global in nature.

### Recommended Access Model



**ACM**

*Recommended based on feedback from similar firms evaluating their USTC requirements*

### Key Access Model Considerations

- If the Agent Lender Custodian is acting as a clearing intermediary for its clients, **ACM Access** provides:
  - “Done-away” clearing capabilities (which align with agented-type client services)
  - “Light-touch” clearing agency onboarding process for clients
  - Access for clients, including those **not** from **FICC-approved jurisdictions**
  - Net/Non-Seg margin option across client omnibus account if ACM posts margin to clearing agency (as opposed to the client)
  - **Note:** Balance sheet netting for “done-with” repo activity in ACM model currently being considered by the accounting community could present new opportunities for Agent Lender Custodians
- **Sponsored Access (Alternative):** If the Agent Lender Custodian is acting as a clearing intermediary for its clients, balance sheet netting opportunities are critical for principal “done-with” repo activity with clients, and may sway repo activity toward the Sponsored model.

### Learn More

