

Bank Holding Company – Repo Desk

Profile Description: Desk within a bank holding company that supports fixed income market making by running a book of long and short positions funded via the repo market.

Trading Activity: Trading products include Fixed Income Securities but can also include Futures, Swaps and FX as risk management tools.

Key Considerations Related to Central Clearing



Balance Sheet Capacity

Banks are held to certain capital requirements which can be reduced via novation to a clearing agency.



Cost of Clearing

Most repo desk clients do not contribute to the costs of clearing (e.g., margin, CCLF, clearing agency fees), so the funding costs are typically borne by the bank and covered by the financing spread.



Jurisdiction of Clients

Client base highly global in nature.

**Recommended
Access Model**



Sponsored

Recommended based on feedback from similar firms evaluating their USTC requirements

Key Access Model Considerations

- If the Repo Desk is acting as a clearing intermediary for its clients, **Sponsored Access** provides:
 - Balance sheet capacity due to netting capabilities
 - “Done-away” clearing capabilities
 - Future capabilities for client level cross-margining if Sponsored Member posts margin to clearing agency (as opposed to Sponsoring Member)
- **ACM Access (Alternative)** – May be of interest for clients not from **FICC-approved jurisdictions**
 - Note: Balance sheet netting for “done-with” repo activity in ACM model currently being considered by the accounting community could present new opportunities for Repo Desks

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