

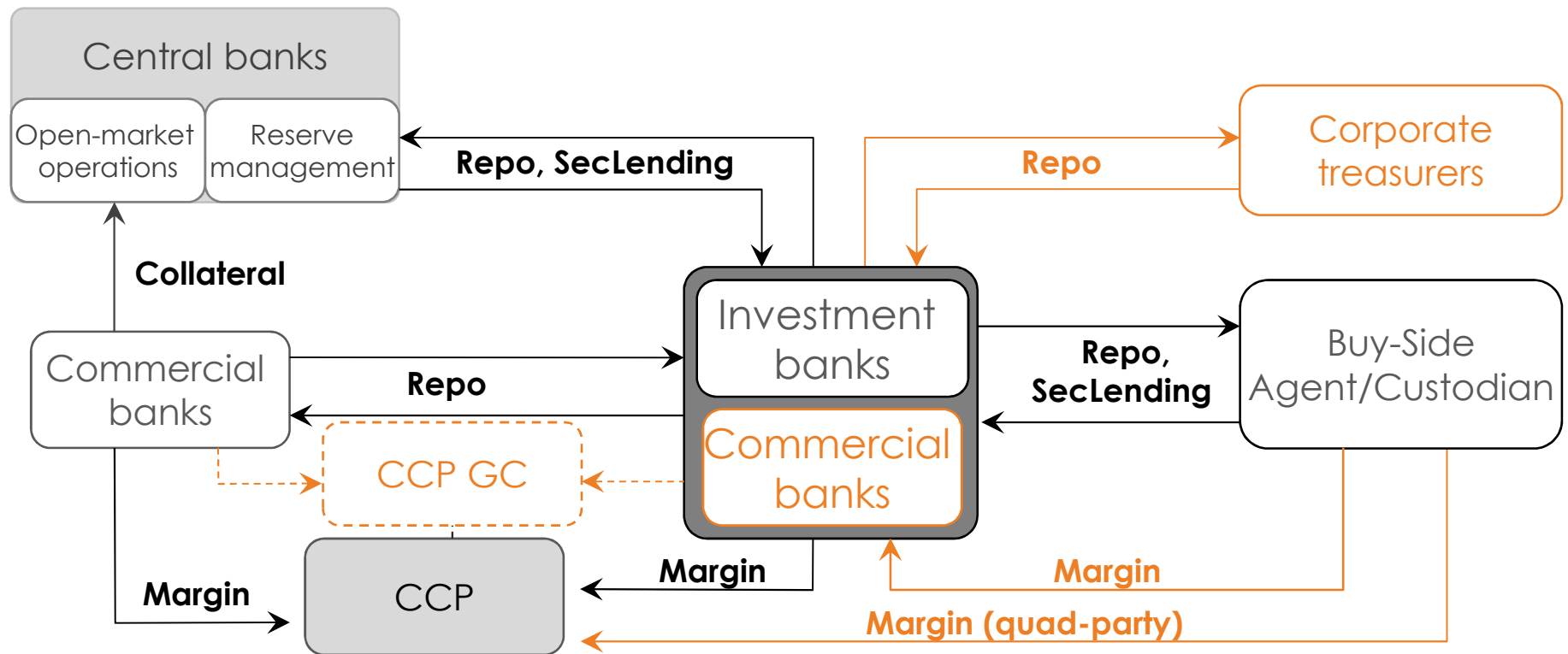


Payment and Securities Settlement System conference

Euroclear's Collateral Highway



Ohrid, 6th – 9th July 2014

The new collateral landscape



Central bank workshop

Opportunities in triparty

- The central bank is responsible for
 - ▶ **Monetary policy**
 - ▶ **Financial stability**
 - To fulfill its commitments, the central bank **manages** assets in gold and **foreign currency reserves**
- 
- 
- Triparty collateral management for open-market operations
 - Triparty repo for short term investments
 - Securities lending for long term investments in bonds



Post-trade made easy

Collateral Highway

The vision

Create the largest pool of liquidity flowing through a global infrastructure

**Collateral
resources**



**Liquidity
Providers
and
Collateral
end-users**



Post-trade made easy

Collateral Highway

The vision



Sourcing



Allocating



Transforming

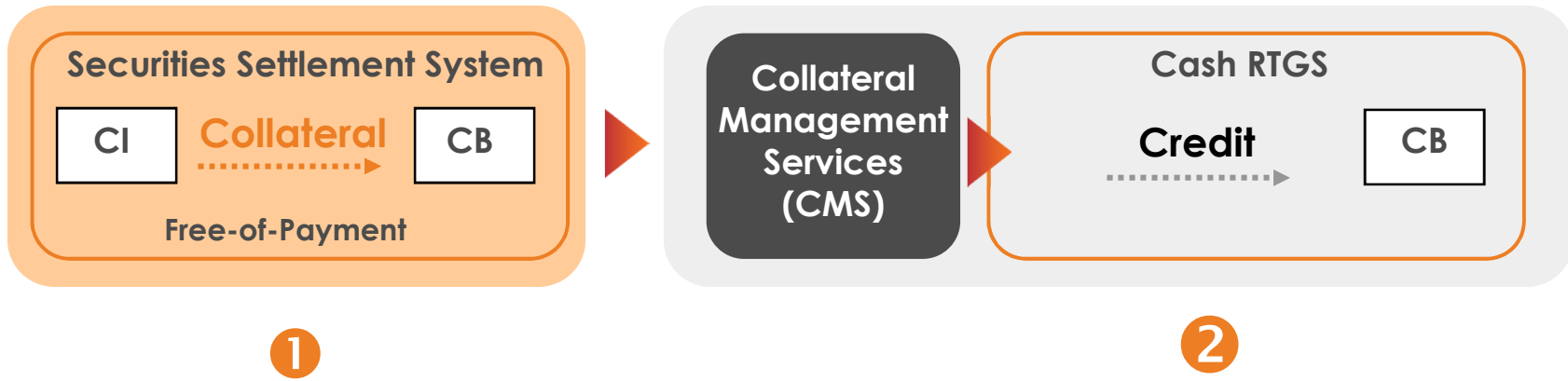


Optimizing



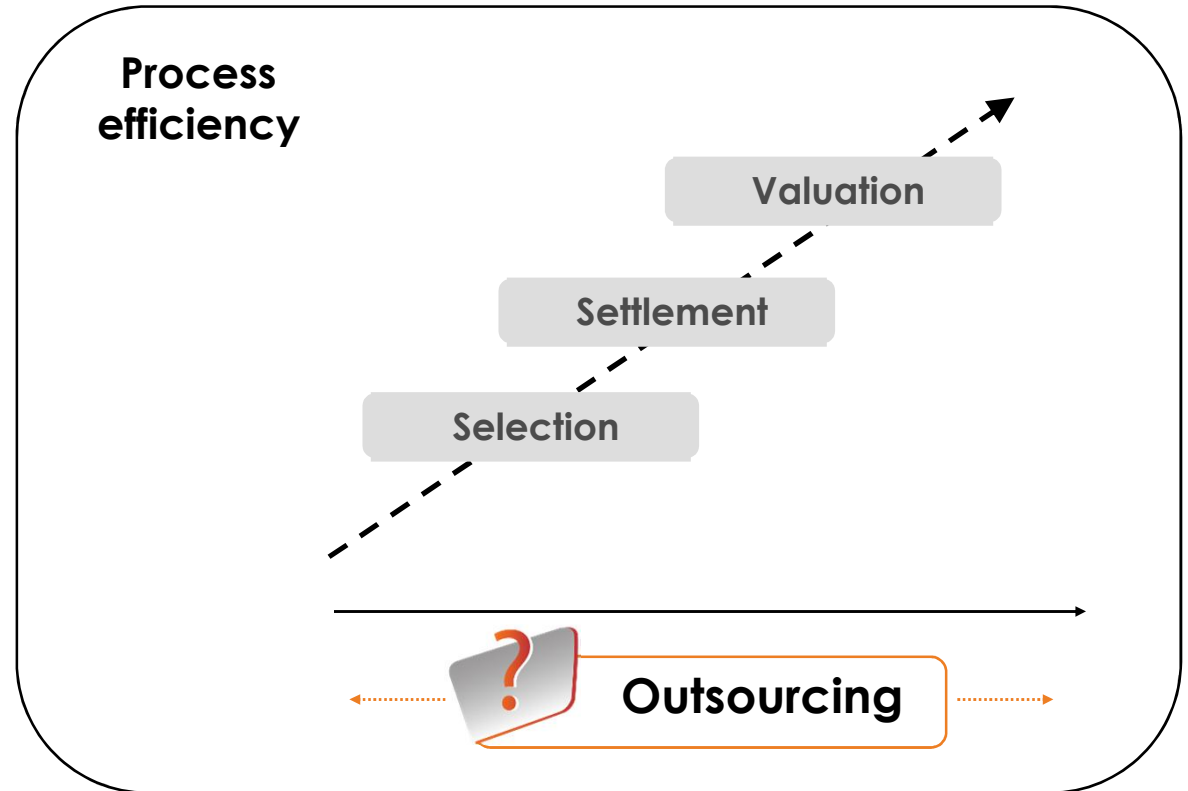
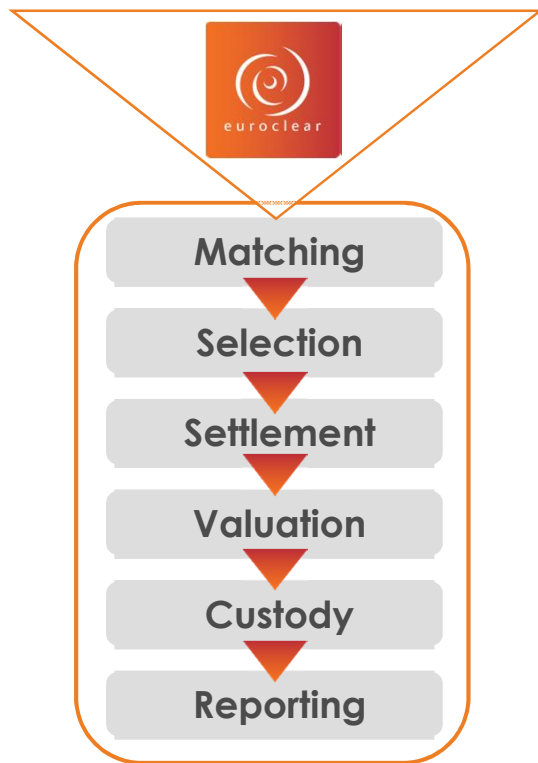
Central bank worksop

Open-market operations: the key principles



Central banks credit operations

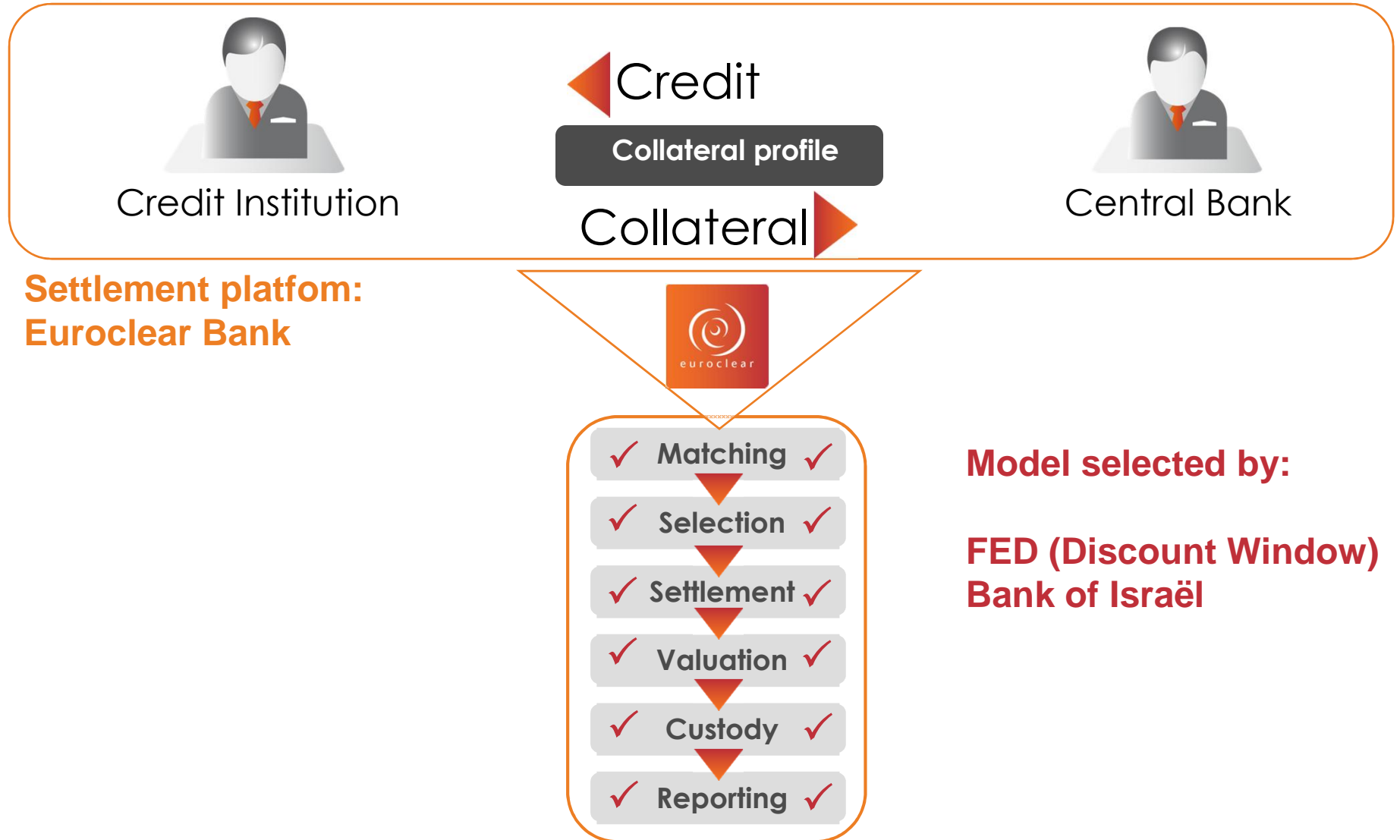
Collateral management outsourcing?



A tailor-made solution in the Euroclear triparty environment

Central banks credit operations

The Euroclear Bank **integrated** option

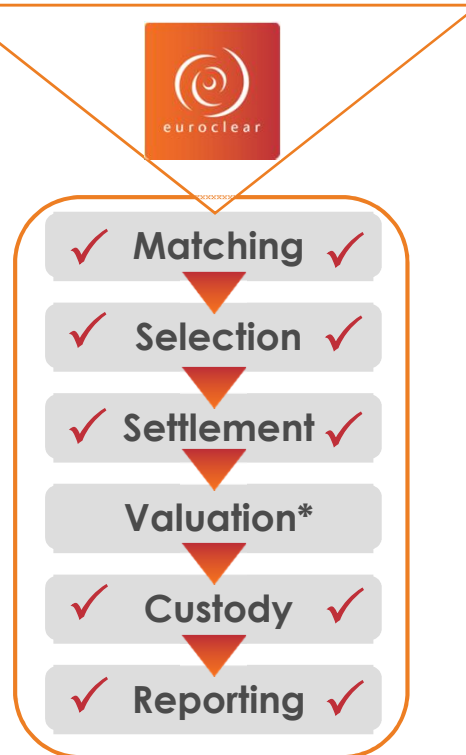


Central banks credit operations

The Euroclear Bank **integrated** option



**Settlement platform:
Euroclear Bank**



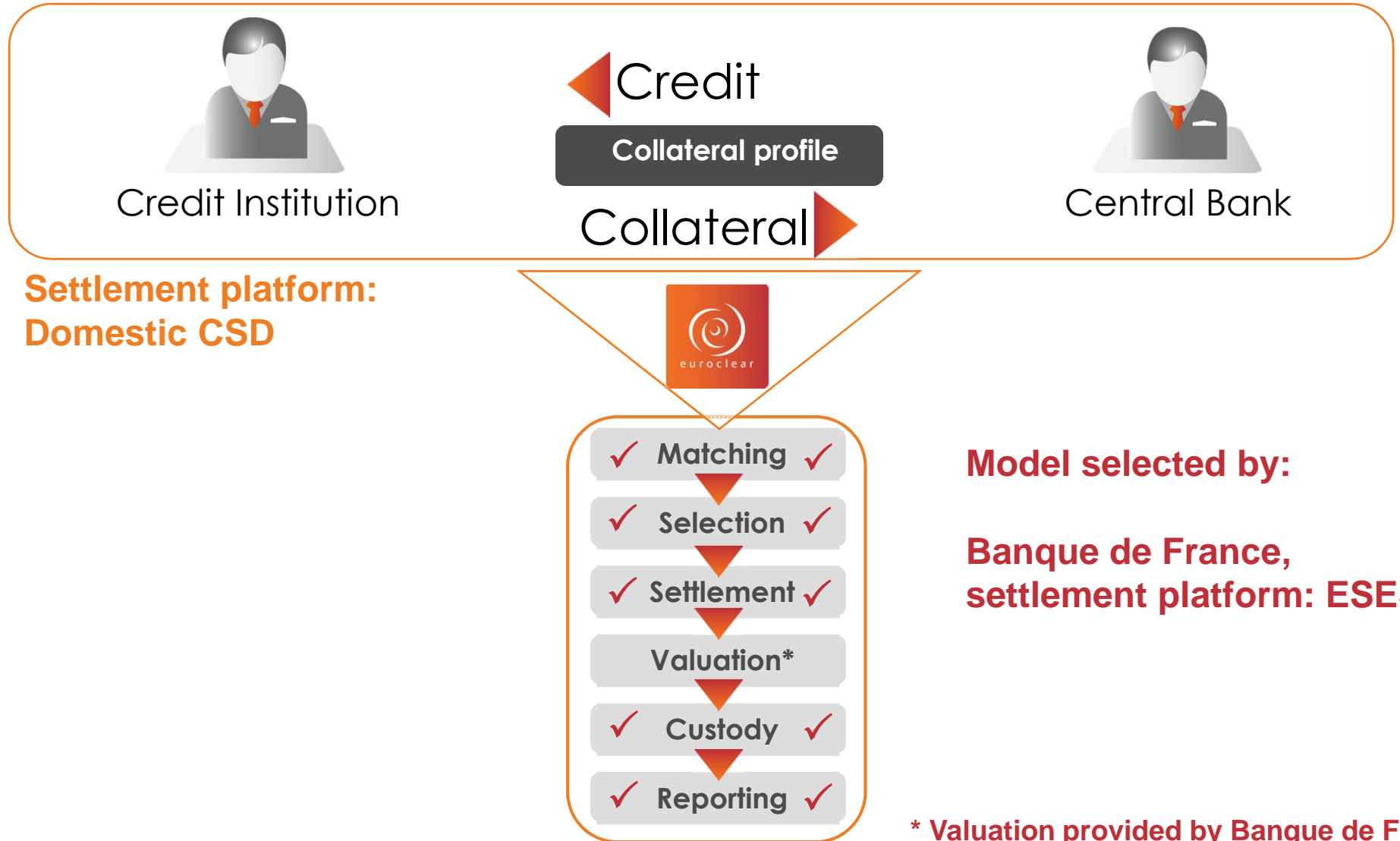
Model selected by:

Eurosystem (as from September 2014)

* Valuation provided by Banque de France

Central banks credit operations

The **Domestic CSD** integrated option



* Valuation provided by Banque de France

Central bank workshop

Triparty repo

- Diversify cash investments using repos as an alternative to deposits or short term money market instruments
- Invest through repos against high grade collateral: as easy as deposits with the benefits of the 'double name' risk of repos
- Rely on Euroclear Bank's Triparty platform to manage your collateral
- Access the most active repo counterparties (broker/dealers, global banks, etc.)

Investing cash in Triparty

The benefits of using repo

- Repo is a secured money-market instrument
 - ▶ Credit risk is mitigated by securities collateral ('double name' indemnity)
 - ▶ Collateral profile is defined upfront according to the risk management requirements of the investor
- Euroclear Bank supports repo transactions by providing investors with a collateral management outsourcing solution
 - ▶ A comprehensive suite of collateral management services including collateral selection, daily mark-to-market and reporting
 - ▶ Easy and quick to set-up, no upfront investment

Euroclear Securities Lending Offering

Drivers

Trends

Euroclear Offering

Lending

Triparty

**Fail
Curing**



Market volume driven

**Automatic
Borrowing**

**Securities
Lending
and Borrowing**

**Collateral
conversion**



Increasing need for
high quality collateral
(EMIR, Dodd Frank, Basel III)

**Opportunity
Borrowing**

GC Access

**Triparty
Securities
Lending
Service
(TSL)**

**Investment Strategies
(short selling, cheapest
to deliver, ..)**

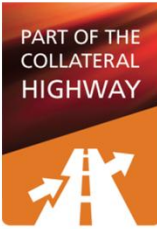


Reduced leverage &
limiting regulation



GC Access

A new route to the market ...



Direct exposure on

Euroclear Bank

Borrowers

Direct

Custodian/Agency
Exclusives

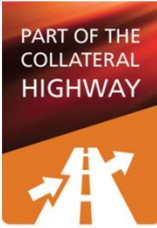
GC Access

Automatic Fail
Driven lending

**Street
lending**

**Settlement
driven**

... building on 30⁺ years of experience



GC Access

What's in it for lenders?



- Generate additional lending revenues at the level of market rates within the safest environment
- Complementary to our Automatic fail-driven lending program
 - 30+ years of experience
 - Borrower community in EB
- Collateral held in an account in your own name
- No additional workload, we take care of everything
 - Benefit from Triparty collateral management without the need to be a Triparty specialist: we do the triparty set-up and instruct on your behalf
 - No additional costs



GC Access

Multiple lines of defence ...

Strict Borrower approval

- Stringent borrower admission process
- Specific GC Access credit line required

Borrower default has no impact on you

- Euroclear Bank (AA rated) bears all Borrower's obligations
- The Guarantee covers securities lent and entitlements and is tried, tested and robust

Loan unwind in case of EB default

Collateral in your name to protect against EB and Borrower default



GC Access Operational Flow





Post-trade made easy