

**DTCC**



**GlobalCollateral**



# GlobalCollateral

A global infrastructure for a new world

Implementation of global financial regulations is profoundly impacting flows of liquidity and collateral worldwide. Regulatory requirements, combined with increased interconnectedness between market segments and players, have made collateral processing significantly more complex. GlobalCollateral is the industry's response to these changes. The platform manages all forms of margin posting globally and provides an efficient tool for lowering the costs of financing security positions. Open to all market participants, GlobalCollateral is a scalable, robust industry infrastructure that is streamlining collateral processing globally, offering greater transparency, mobility, efficiency and security.



## Transforming the capital markets ecosystem

Capital markets are changing fundamentally due to a number of powerful trends. Most importantly, financial regulation is increasing across the world, seeking to build greater resilience and trust. But at the same time, globalization is opening up new markets, while digitization is shaping expectations for speed and accuracy. Capital markets will clearly never be the same again, creating significant challenges for the financial industry.

Regulations like Basel III (Liquidity Coverage Ratio and Net Stable Funding Ratio), Dodd-Frank, European Market Infrastructure Regulation (EMIR) and the Fed Tri-Party Repo Infrastructure Reform are driving up demand for collateral, especially high-quality collateral. While estimates of how much additional collateral firms need to post vary, there is a consensus that the global pool should be sufficient to meet demand. But firms have to identify, source, mobilize and post as collateral far more assets than they did in the past, with more counterparties.

So there is an urgent need to improve collateral visibility, accessibility and monitoring. Our challenges are: How can we identify available and eligible collateral? How can we move it quickly and securely to where we need it most? How do we monitor both exposures and collateral? And how do we do all this at a reasonable cost?

For the industry as a whole this is a formidable operational challenge. In the OTC derivatives segment, the volume of margin calls is expected to jump exponentially – by as much as 500% to 1,000%, according to estimates. At the same time, regulatory requirements are imposing the constant monitoring of complex collateral criteria, haircuts and thresholds, on a bilateral and multilateral basis.

*Firms have to identify, source, mobilize and post as collateral far more assets than they did in the past, with more counterparties.*

Traditional fragmented and manual processes are not fit for this new environment, making trade fails and bottlenecks more likely. While many firms have reviewed their collateral strategies, operational models, and even upgraded their own systems, many others are woefully unprepared. And with a significant increase in the interconnectedness between market segments and participants, your counterparties' inefficiencies will impact you too.

Individual firms' processing solutions for derivatives and security financing are not sufficient – the industry can only rise to its challenge by working together.

## Benefit from an open, scalable industry infrastructure

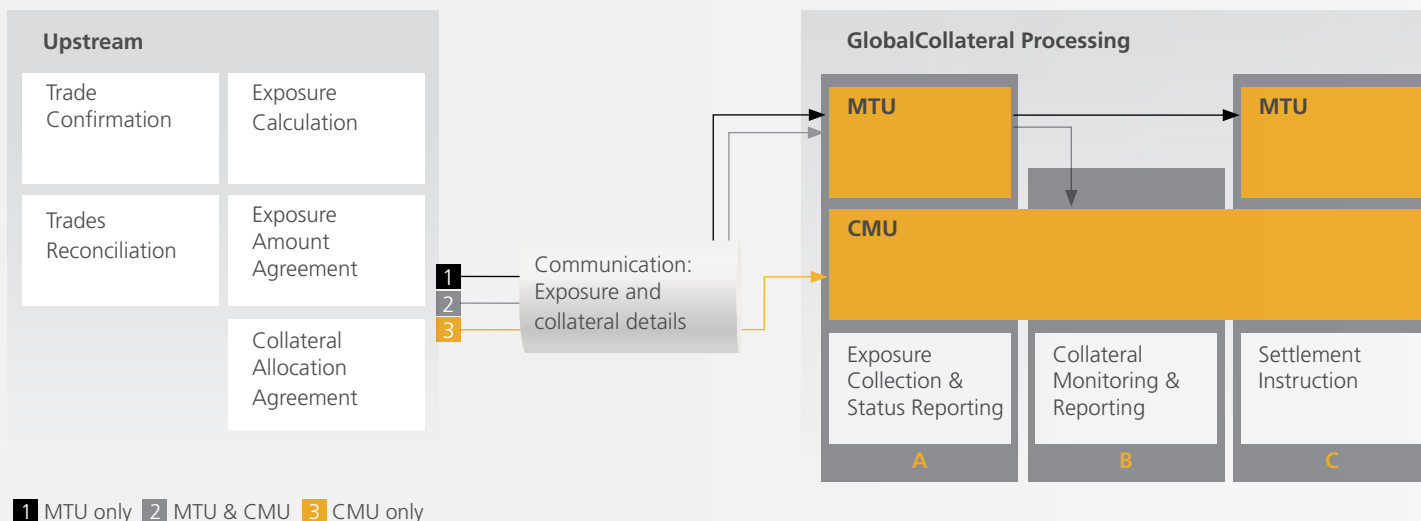
GlobalCollateral is the industry solution to its huge operational challenge. A joint-venture between DTCC and Euroclear, two of the world's largest central securities depositories, it is open to all market participants.

Our platform is a scalable, robust industry infrastructure that is streamlining collateral processing for derivatives and security financing globally, offering market participants greater **transparency, mobility, efficiency and security**.

 <h3>Transparency</h3> <ul style="list-style-type: none"> <li>• a single, global view of eligible assets wherever they may be</li> <li>• accurate &amp; timely consolidated reporting of collateral obligations</li> <li>• a consolidated view of collateral flows and obligations to monitor market stability</li> </ul>	 <h3>Mobility</h3> <ul style="list-style-type: none"> <li>• allocation of assets to where they are needed most to meet collateral obligations across the business</li> <li>• substitution of collateral to optimally meet obligations</li> <li>• access to a global network of high quality collateral givers &amp; takers</li> </ul>	 <h3>Efficiency</h3> <ul style="list-style-type: none"> <li>• cost efficiency – benefit from scalable and resilient industry infrastructure</li> <li>• operational efficiency – automated &amp; reliable straight through processes</li> <li>• capital efficiency – get best use of assets and reduce liquidity requirements</li> </ul>	 <h3>Security</h3> <ul style="list-style-type: none"> <li>• confidence that both settlement &amp; collateral obligations can be optimally met</li> <li>• appropriate segregation of assets through DTCC &amp; Euroclear</li> <li>• underpinned by the robustness, experience and commitment of DTCC &amp; Euroclear</li> </ul>
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## The Post-trade Processing Chain

GlobalCollateral's Margin Transit Utility (MTU) and Collateral Management Utility (CMU), can be used either individually or together to develop a flexible solution tailored to specific needs.



## Transforming collateral processing every step of the way

GlobalCollateral is a processing solution for derivatives and security financing that automates, standardizes, centralizes and optimizes what was previously a highly fragmented and manual process. In this way, it minimizes the potential for disputes and risks, while improving efficiency.

Within the post-trade processing chain, our platform sits between upstream trade confirmation/exposure calculation activities and downstream settlement activities. GlobalCollateral can easily plug into your process at any point and fulfill three specific tasks for derivatives and financing transactions: Exposure Collection & Status Reporting, Collateral Monitoring & Reporting, Settlement Instruction Enrichment, Delivery and Reporting.

GlobalCollateral’s processing solution for derivatives and financing transactions draws on the capabilities of the **Margin Transit Utility (MTU) and Collateral Management Utility (CMU)**. The MTU is a comprehensive, straight-through processing solution for streamlining the processing and settlement of margin calls and collateral. 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.

These two utilities are powerful on their own. But together they offer an end-to-end solution that transforms collateral processing every step of the way.



## 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 industry through our advisory groups, which have a combined membership of 17 dealers, eight custodians, three CCPs and more than 30 buy-side firms.

Working with our stakeholders, GlobalCollateral has built an open platform that addresses the need to post collateral in the new regulatory environment and offers a more efficient funding platform that lowers the 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 efficiency while minimizing risk.

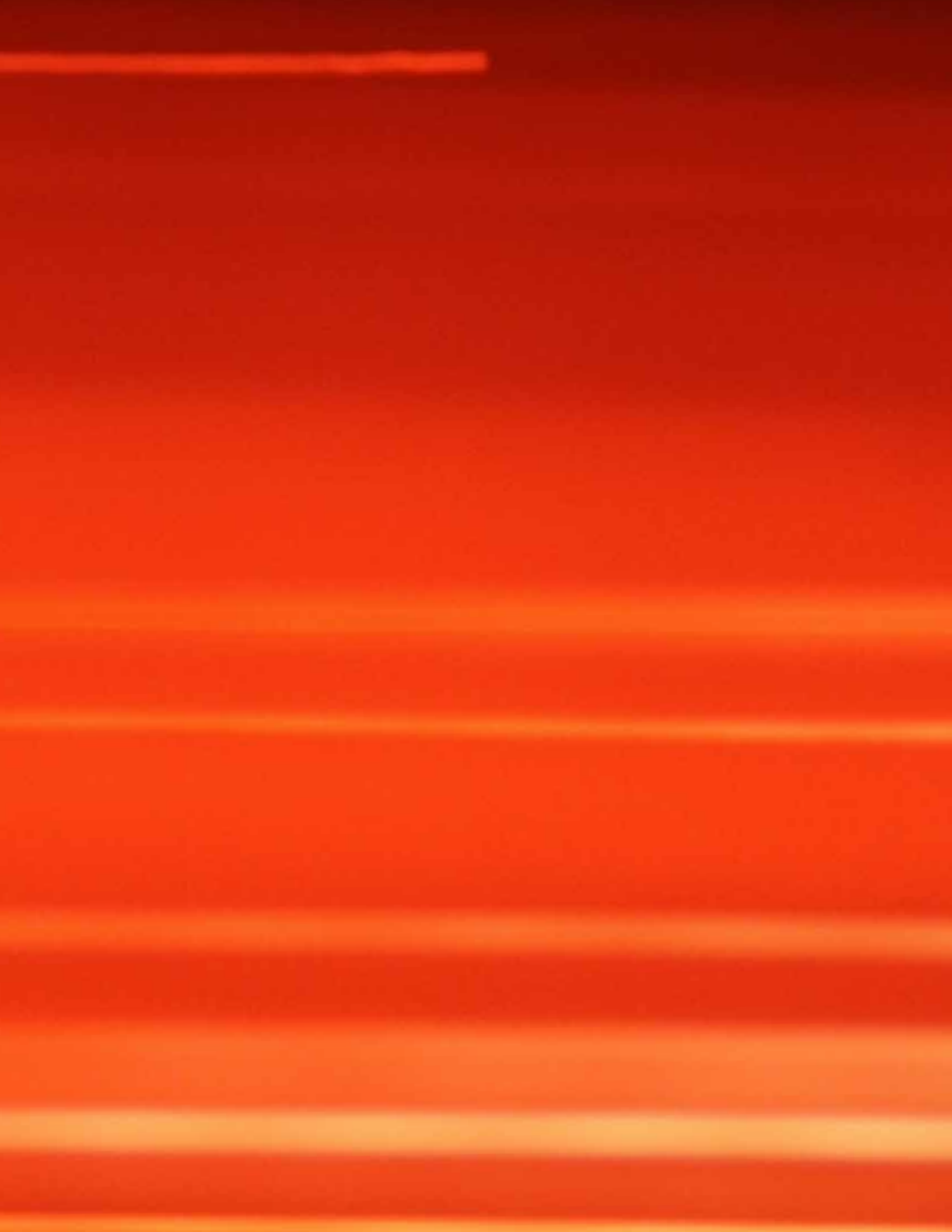
For more information, please visit our website, [www.globalcollateral.net](http://www.globalcollateral.net), or contact:

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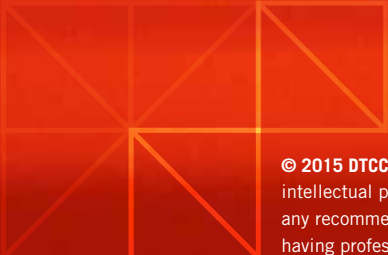


#### About DTCC:

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 [HYPERLINK "http://www.dtcc.com"](http://www.dtcc.com) [www.dtcc.com](http://www.dtcc.com) or follow us on Twitter [HYPERLINK "https://twitter.com/the\\_dtcc"](https://twitter.com/the_dtcc) @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](http://www.euroclear.com).



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