

DTCC



GlobalCollateral

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Inventory Management Service

The need to access sufficient liquidity and optimize collateral across all secured funding and margin postings has driven financial institutions to pursue credit and operationally efficient collateral management solutions on a global basis.

Basel III has changed how global banks fund their inventory. Nowhere is this more apparent than in the case of US repo desks faced with the need to fund non-liquid collateral on term transactions in order to satisfy their Liquidity Coverage Ratio. GlobalCollateral's Inventory Management Service (IMS) is a cost efficient, fully automated service that allows banks to mobilize DTC assets, fixed income and equities, into the global funding markets via Euroclear's triparty platform.

Access additional sources of liquidity

As a global bank you can take advantage of a broader spectrum of counterparties, flexible collateral schedules and longer funding tenors to optimize funding across your US and European holdings.

Use US assets to meet your margin requirements

- Mobilize assets from your DTC account into the Euroclear Bank triparty environment for use as margin collateral on a broad spectrum of exposures.
- Optimize your holdings across both the US and international markets.

Efficiently access international collateral markets

Automated transfer, recall and substitution of assets allows you to use them in the international securities finance markets and for OTC derivatives margining in Europe.

The IMS benefits

Counterparty connectivity

- Access additional counterparties. Ensure that you have sufficient sources of term funding for non-liquid assets.
- Efficiently reposition US equities to Europe for use in collateral management transactions.

Improved collateral efficiency

- Optimizes secured funding across your US and European inventory.
- Optimize collateral across securities finance and OTC derivatives margining.

Risk and cost reduction

- Lower operational risk and overheads with fully automated cross-border collateral transfers via a direct link between DTC and Euroclear Bank.
- Fully automated cross-border securities recalls for settlement or corporate actions in DTC.

How IMS works

IMS automates the movement of corporate bonds, asset-backed securities and equities from your DTC account to the international triparty environment of Euroclear Bank.

1. **Create an IMS Sub Account within DTC** – This account is linked to your main DTC account and operates under the same debit cap.
2. **Reposition securities to the associated IMS Sub Account** – Select your pool of securities and move them via a Free Delivery Order within DTC.
3. **Securities are repositioned from your IMS Sub Account to Euroclear Bank's account within DTC** – Once repositioned to your DTC IMS Sub Account, IMS automatically moves the securities to Euroclear Bank's DTC account. Euroclear will immediately reflect these positions within the pool of collateral eligible for collateral management transactions in the Euroclear environment.

Securities can be managed as a separate pool of collateral or can be combined with other assets held in Euroclear Bank for triparty collateral management purposes.

4. **Recalling securities to the main DTC account** – Enter a Free Delivery Order instruction from your DTC IMS Sub Account to your main DTC account. The IMS will trigger recall instructions along the collateral chain and automatically return the security to your main DTC account.

The IMS also returns individual securities to your main account automatically to accommodate pending corporate actions.

You also have the option to sweep all non-used securities back to your DTC account at the end of the day.

For more information or to arrange a meeting, please contact **Joyce Thormann**, Director, Sales and Relationship Management at 646-835-5409 or joyce.thormann@euroclear.com, or contact DTCC at globalcollateral@dtcc.com

