

GlobalCollateral: Margin Transit Utility Triparty Messaging Service

The Margin Transit Utility (MTU) Triparty Messaging Service allows clients to interface with major triparty agents for triparty collateral allocation processing without building to agent-specific messaging standards.

Margin Transit Utility (MTU) is a comprehensive, straight-through industry solution that automates and streamlines the processing and settlement of margin and collateral for dealers and buy-side firms.¹ Developed and offered by Global Collateral Limited, a joint venture between DTCC and Euroclear, MTU reduces risk and costs for market participants by securely capturing settlement instructions, accelerating processing velocity, improving visibility and consolidating reporting.

MTU acts as a conduit from the point of agreement of the margin call through settlement and standardizes most inputs and outputs to the middle office. By eliminating many touch points, MTU lessens the operational complexity and hence the operational risk of margin-call and collateral settlement processing.

The **MTU Triparty Messaging Service** streamlines the collateral allocation process by providing a central interface that eliminates the need for separate connectivity builds to individual triparty agents.

Optimize your triparty agent messaging with common infrastructure

By automating the processing of payment instructions for major triparty agents, the MTU Triparty Messaging Service provides the following benefits:

Risk Reduction

- Reduces operational risk by replacing multiple communication points between clients and triparty agents with shared MTU infrastructure
- Supports risk management through increased transparency and a comprehensive view of collateral exposures and holdings across triparty agents

Operational and Systems Cost Reduction

- Eliminates the need for industry participants to build and maintain agent-specific connectivity through use of common MTU infrastructure
- Consolidates reporting of collateral across major triparty agents through a single interface

Productivity Enhancement

- Increases scalability and capacity to handle rising collateral demands resulting from market and regulatory changes
- Facilitates interfaces with additional triparty agents

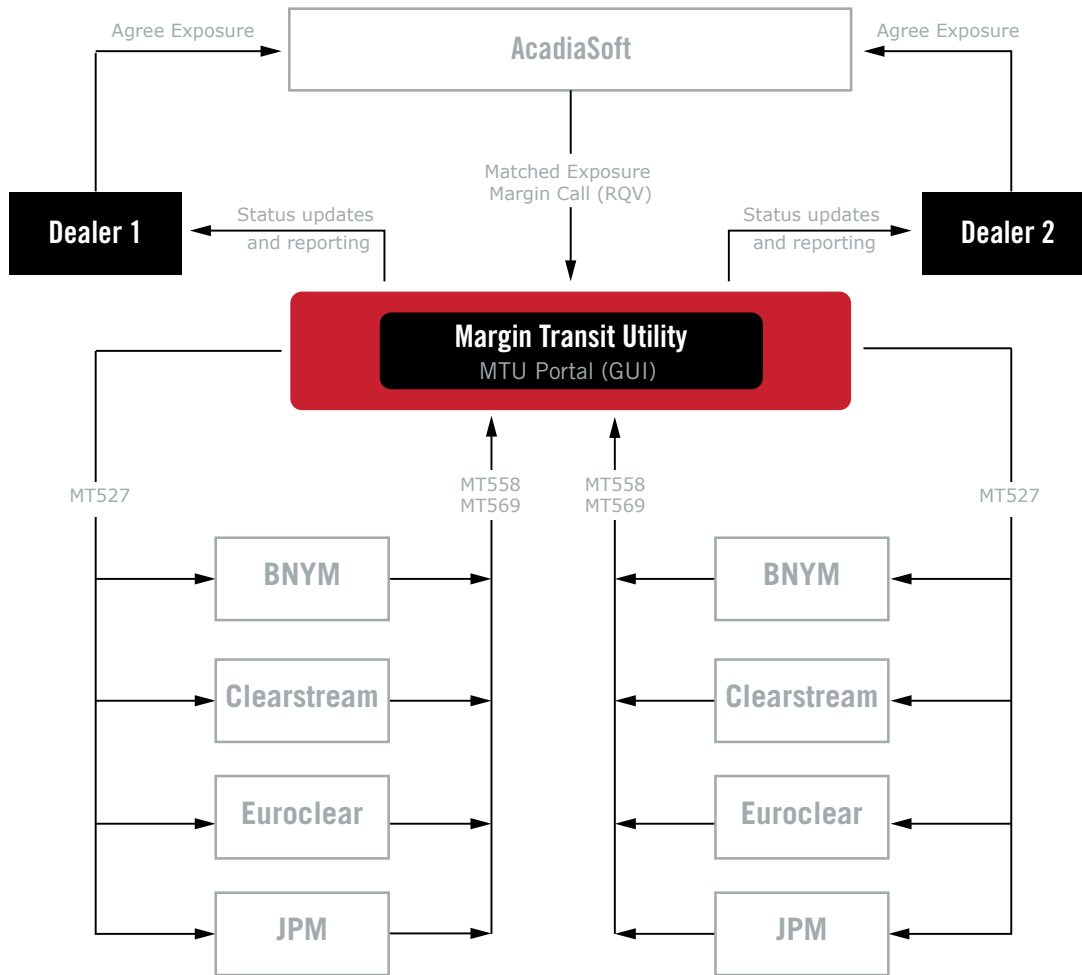
¹ The launch of MTU services by DTCC Euroclear Global Collateral Limited is subject to regulatory approval.

How It Works

MTU Triparty Messaging automates and optimizes a previously fragmented and multilateral process, thereby reducing risk while improving efficiency. The service's stages of processing are as follows:

- **Validate matched exposure margin call details** – Upon receipt of a matched exposure call message from a margin-matching provider, MTU validates that the message can be processed.
- **Enrich exposure message with triparty agent instructions** – MTU enriches the exposure message in line with that triparty agent's message requirements.
- **Communicate collateral instructions** – MTU initiates a collateral instruction to the identified triparty agent using ISO messaging standards with agent-specific rules. Once the allocation of collateral has been settled, the triparty agent communicates back to MTU the most recent allocations and status.
- **Maintain collateral reporting and record keeping** – MTU provides consolidated reporting and record-keeping regarding collateral activity on a global basis across all supported triparty agents.

Triparty High-Level Flow



Who Can Use The Service

MTU Messaging clients that have triparty agent collateral management requirements can utilize the MTU Triparty Messaging Service. Triparty agents will be integrated into the service to ensure they can send and receive messages from MTU but they will not be direct clients.

For more information regarding this service, please contact: solutions@dtcc.com