

ASX Collateral Management Service

ASX Collateral, ASX's Centralised Securities Depository (CSD) tri-party collateral management service, provides a flexible, scalable solution to efficiently collateralize exposures across a range of A\$ products. Built in response to the increased global regulatory requirements for collateral, the service enables users to optimise their collateral to ensure the right collateral is delivered to the right place, at the right time.

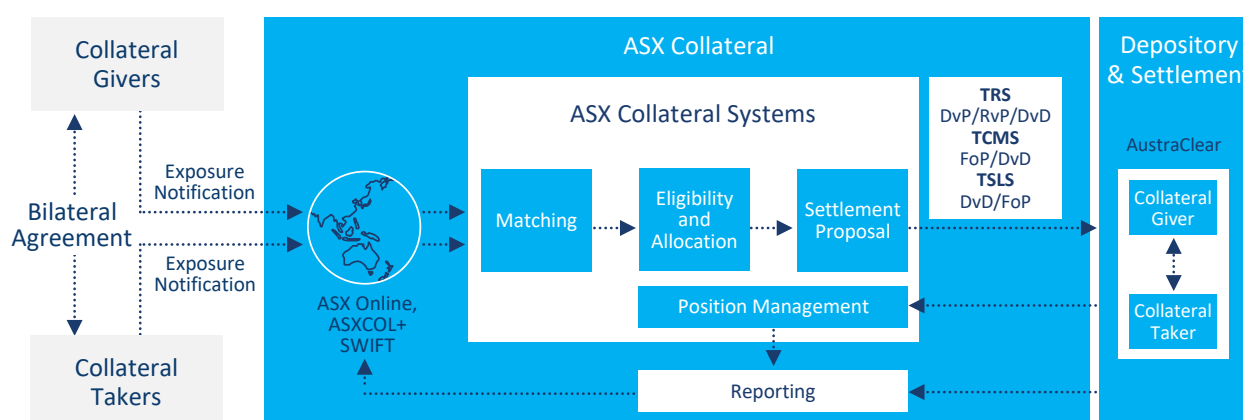
A comprehensive solution

ASX Collateral is the only live, fixed income, tri-party repo, securities lending and collateral management service provider in Australia that mobilises collateral directly within the CSD. The service collateralises exposures across a range of A\$ products including:

- Securities lending and borrowing
- Repurchase agreements: intra-day, overnight and term
- Lending
- OTC derivatives bilateral exposures
- Central Counterparty (CCP) margining

State of the art technology

ASX Collateral leverages Clearstream Banking SA technology to facilitate the automatic allocation and optimisation of collateral across an array of bilateral agreements and counterparts. Assets are assigned as collateral based upon a set of eligibility criteria determined by the counterparts. The automated service uses proven asset optimisation algorithms and integrates directly with ASX's Austraclear securities settlement service to ensure smooth transition of collateral between collateral givers and takers.



Considered the needs of givers and takers

ASX Collateral has considered the needs of both collateral givers and takers.

The service automatically facilitates interest or distribution payments to collateral givers, according to their nominated preferences. Givers can also request collateral substitution at any time and have the option to auto-allocate assets from their source account.

Meanwhile, collateral takers maintain full cover through effective mark to market processes and proactive margining. They can also reuse collateral within the ASX Collateral environment.

Highest regulatory standards

The service is subject to the highest regulatory standards:

- Underpinned by Austraclear which is a Systemically Important Financial Institution (SIFI)
- Assessed annually by the Reserve Bank of Australia and ASIC
- Clearstream Banking SA is regulated by Luxembourg's own central bank, the Banque Centrale du Luxembourg.

Furthermore, ASX Collateral is the only tri-party collateral manager to be appointed by the Reserve Bank of Australia, who use ASX Collateral to conduct tri-party repo transactions with its members in its Open Market Operations (OMO).

Reduced counterparty risk

Collateral within the service is held in special purpose accounts within Austraclear. This feature reduces counterparty risk, by enabling customers to hold their collateral in an account structure which suits their principal agreement (i.e. outright transfer or pledge), and segregate their collateral across different accounts as they require.

Servicing a range of A\$ exposures

ASX Collateral services a range of A\$ exposures including:

- Tri-Party Repo Service (TRS) provides a delivery versus payment (DvP) mechanism for the principal settlement, collateralisation and maintenance of repo transactions.
- Tri-Party Collateral Management Service (TCMS) provides a free of payment (FoP) mechanism for the collateralisation and maintenance of various exposure types, including exposures relating to securities lending and borrowing, CSA margining and CCP margining.
- Tri-Party Securities Lending Service (TSL) provides a delivery vs delivery (DvD) mechanism for the principal settlement, collateralisation and maintenance of securities versus securities transactions, including exposures relating to securities lending and borrowing.

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