

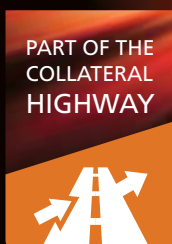


*Post-trade made easy*

# Securities borrowing

## Avoid the cost of settlement fails

Euroclear's securities lending and borrowing programme  
– benefits for borrowers



# Increase your settlement efficiency

Euroclear's securities borrowing programme helps you avoid the cost of settlement fails and improves cash management.

The securities lending and borrowing programme in Euroclear is a tried and tested service designed to avoid settlement fails and counterparty claims. It also allows you to manage your cash efficiently, as the proceeds you receive for settled trades can be used for further trading activity.

## How the programme works

Euroclear's securities lending and borrowing programme has been an integral part of our settlement service for more than three decades. Unlike many street lending desks that focus on demand from trading or arbitrage strategies, our securities lending targets borrowing demand to avoid settlement fails.

The programme takes place in one of the safest financial environments in the world. Whenever a settlement fail is detected due to lack of securities in your account, the programme automatically provides the securities you need from a large lendable pool made available by international market players. You avoid fails and potential counterparty claims automatically.

## Specific features of the programme

- **No direct relationship or collateral exchange with lenders.** Instead, as a borrower your contractual relationship is with Euroclear Bank.
- **Complete confidentiality.** The name and positions of the counterparties are not disclosed. Lenders' positions are aggregated into an anonymous 'lending pool' from which securities are allocated to borrowers.
- **Flexibility to tailor your participation.** Meet your needs by using service options which can be modified at any time.

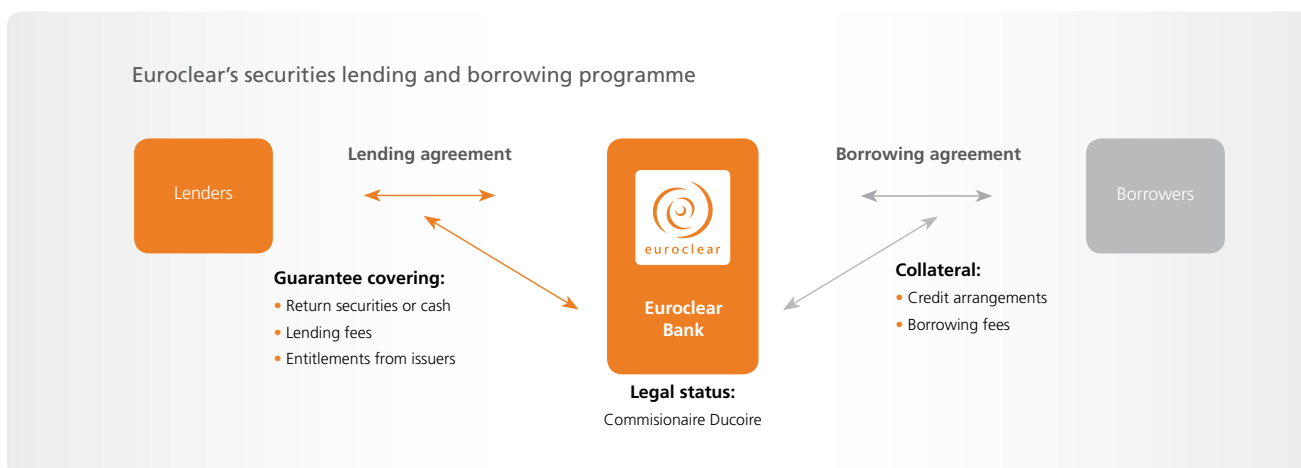
## Borrowers benefit from

**Enhanced settlement efficiency** – minimise costly fails and additional administration.

**Free intra-day borrowing** – get 18 hours' free borrowing if you reimburse borrowed securities by 17:30.

**Borrow the exact amount, only when you really need to** – our integrated system enables you to borrow overnight or intra-day whenever you need to settle. You borrow only the outstanding amount of securities necessary to match your settlement instruction.

Stay in control with comprehensive reporting – reports are available through EUCLID, SWIFT and mail.



## Euroclear takes care of everything

- **Reduced workload** – automatic participation means there is no need for you to actively identify borrowing needs or reimbursement opportunities. You receive comprehensive reporting several times a day.
- **Leave asset servicing to us** – Euroclear takes on the administrative burden of any asset servicing required on the securities while they are on loan to you.
- **Securities recalls** – kept to a minimum as the pool concept enables lender substitution if an individual lender needs their loaned securities back.

## Easy setup and administration

By signing one contract you gain access to a large pool of lendable assets.

**Define your own profile:** the programme allows you to define your profile using service option sheets, which exclude certain asset classes, or individual securities.

**Collateral provision:** your borrowing is secured by leveraging collateral already deposited to support your Euroclear credit facility.

**Stay in control:** a pre-agreed borrowing cap with Euroclear's credit department allows you to stay in control by limiting how much can be borrowed on your account through the automatic programme.

## Condition for participation

Automatic borrowing is generated for your instructions when there are insufficient securities to settle a delivery instruction and the following conditions are met.

- You must be registered as a borrower
- You must have adequate collateral to cover your credit line
- The security must not be excluded from your profile
- The security is eligible in the programme
- There must be sufficient lendable pool available to meet your entire need

### Five good reasons to become a borrower

1. **Improve your settlement efficiency**
2. **18 hours free borrowing:** no intra-day fees when you return securities before 17:30
3. **Optimise your borrowing:** you borrow only the exact amount required
4. **Let Euroclear do everything for you:** the fully automated programme means there is no need for you to actively identify borrowing needs or reimbursement opportunities.
5. **Easy setup:** sign one contract and gain access to a large pool of lendable assets. Use your existing Euroclear Bank credit line and collateral setup

*Euroclear's securities lending and borrowing programme improves settlement efficiency, leaving you free to focus on market opportunities rather than fails investigations*

# Borrowing in one of the safest environments in the world

Euroclear has invested heavily over the years in the resilience of its systems, which have proved themselves robust in times of crisis and in risk management procedures.

## Credit and collateral

The Euroclear group is strong and stable and has been consistently rated AA+ by Fitch Ratings and AA by Standard & Poor's. We are renowned for applying a conservative participant admission and credit policy.

As a borrower you need a credit line with Euroclear Bank to cover your obligation to return the securities. You must hold enough collateral in your pledged Euroclear securities clearance accounts to cover the market value of borrowed securities. Collateral is made available to Euroclear Bank on a simultaneous and irrevocable basis when securities are transferred to the borrower's account.

Euroclear Bank has established a reputation as an industry leader in collateral valuation techniques. We re-value securities loans daily and any additional collateral required is automatically selected from your account and posted when needed. Haircuts are applied as a function of the quality of the collateral.

### Olivier de Schaetzen

Head of Product Solutions, Collateral Management  
olivier.deschaetzen@euroclear.com  
+32 (0)2 326 2884

### Gösta Feige

Director, Product Solutions, Collateral Management  
gosta.feige@euroclear.com  
+352 (0)2748 5070  
mobile +352 621 29 11 10

### Simon Mees

Product Solutions, Collateral Management  
simon.mees@euroclear.com  
+32 (0)2 326 1626



© 2015 Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium – Tel: +32 (0)2 326 1211 – [www.euroclear.com](http://www.euroclear.com) – RPM Brussels number 0429 875 591 – Euroclear is the marketing name for the Euroclear System, Euroclear plc, Euroclear SA/NV and their affiliates. If at any time in the future you prefer not to receive communications from Euroclear advising you of Euroclear products and services that may be of interest to you, please contact us at [Data\\_Protection\\_Officers@euroclear.com](mailto:Data_Protection_Officers@euroclear.com) and specify on what product or service you no longer wish to receive marketing information.

Euroclear is a carbon neutral company – PAS2060 certified

[www.euroclear.com](http://www.euroclear.com)

MA0051-2015