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PROFESSIONALS

Welcome to this ACT webinar

**Cash investment opportunities for
treasurers in the new regulatory era**

24 February 2016 | 12.30-13.15 GMT

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Introduction

Stephen Baseby

Associate Policy & Technical

Director

ACT







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Agenda

Introduction

Stephen Baseby

Associate Policy & Technical Director, **ACT**

Presentations from Clearstream, Lloyds Bank and Bupa

Steve Lethaby

Vice President, GSF Sales / Relationship Management– UK, Ireland,
South Africa and the Americas, **Clearstream**

Nick Burge

Managing Director, Head of Strategic Liquidity, **Lloyds Bank**

Darren Wilson

Senior Treasury Dealer, **Bupa**

Panel discussion and Q&A

ACT webinar

Cash Management Opportunities for Treasurers in the New Regulatory Era

Steve Lethaby

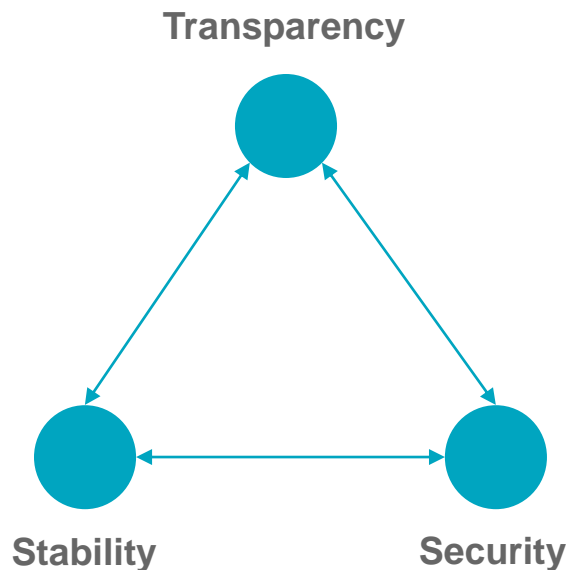
Senior Sales Manager

GSF - UK, Ireland, South Africa and the Americas



The New Regulatory Era

What have the regulators looked to achieve?

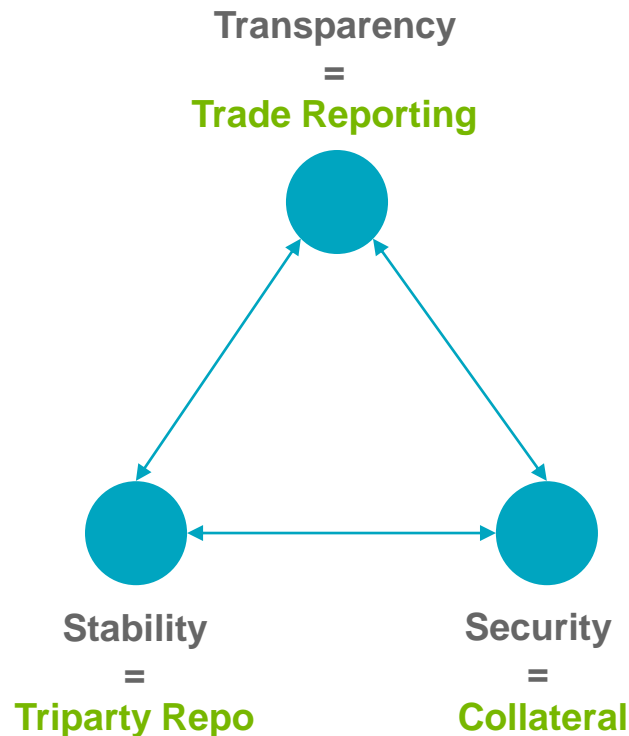


Which are :

- identifying and evaluating the risks in financial markets by reporting these centrally to a trade repository.
- enforcing financial stability by promoting the use of secured funding by banks.
- using collateral as a mitigator of counterparty risk and reducing the risk of bail-in.

The New Regulatory Era

How are regulations impacting treasurers?



Which regulations are relevant to treasurers:

- **EMIR** and **SFTR** promote trade reporting to regulators
- the advent of **Basel 3** and **CRD IV** has introduced the Liquidity coverage ratio (LCR) and the Net Stable Funding Ratio (NSFR). Different interpretation from bank to bank
- **BCBS/IOSCO** encourage the wider of use of collateral to mitigate investment risk.

COMMERCIAL BANKING

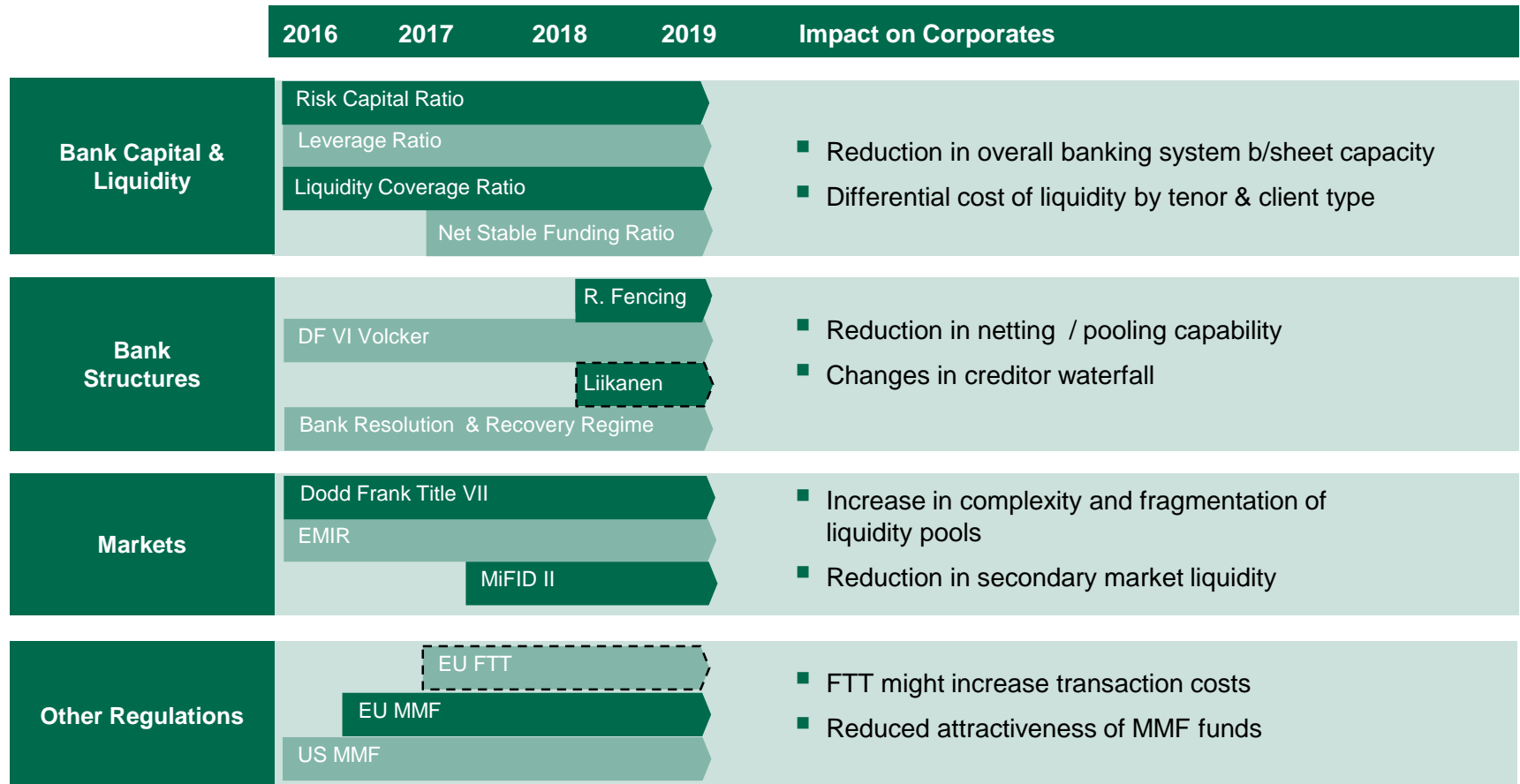
REPO FOR CORPORATES

Nick Burge – Managing Director, Head of Strategic Liquidity



LLOYDS BANK

FINANCIAL REFORMS IMPACT ON LIQUIDITY

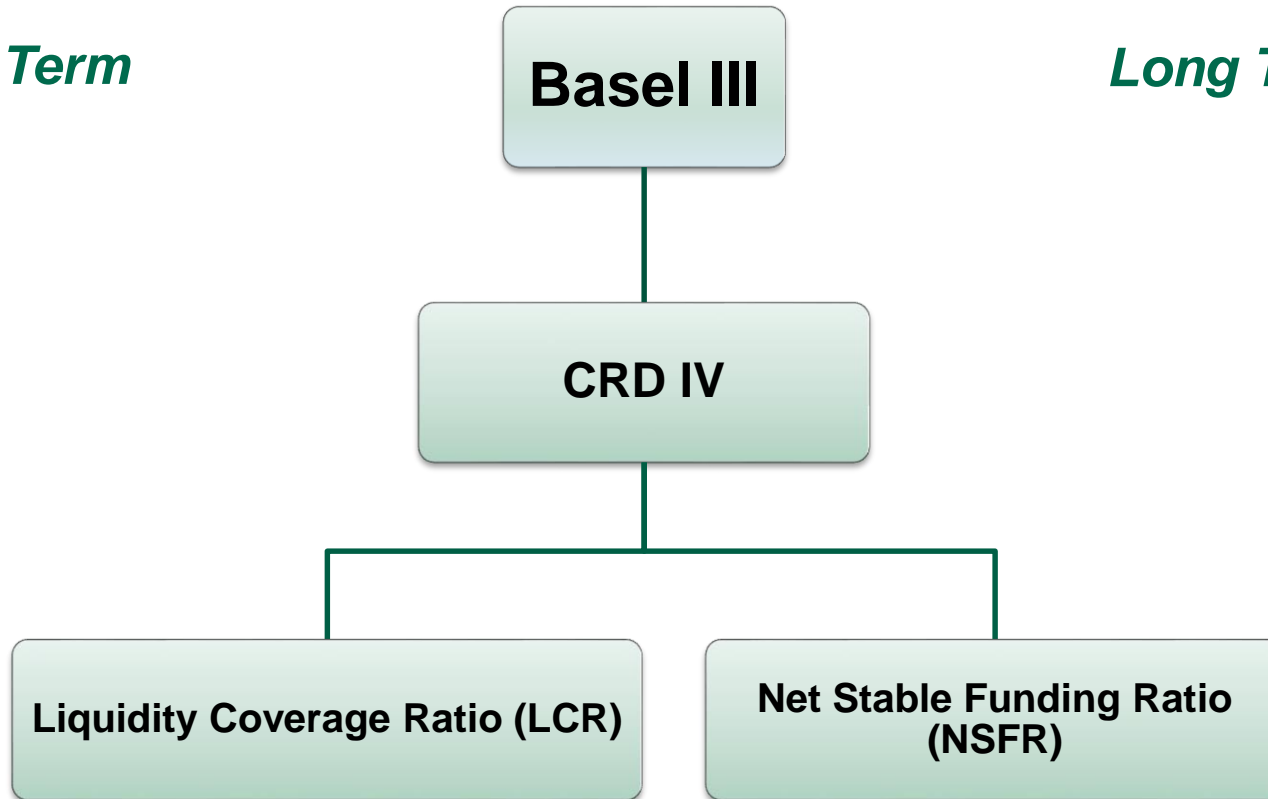


BASEL III LIQUIDITY METRICS OVERVIEW



Short Term

Long Term



- Short term liquidity outflow risk
- Anchor on 1-month point

- Longer term liquidity risk
- Anchor on 1-year point

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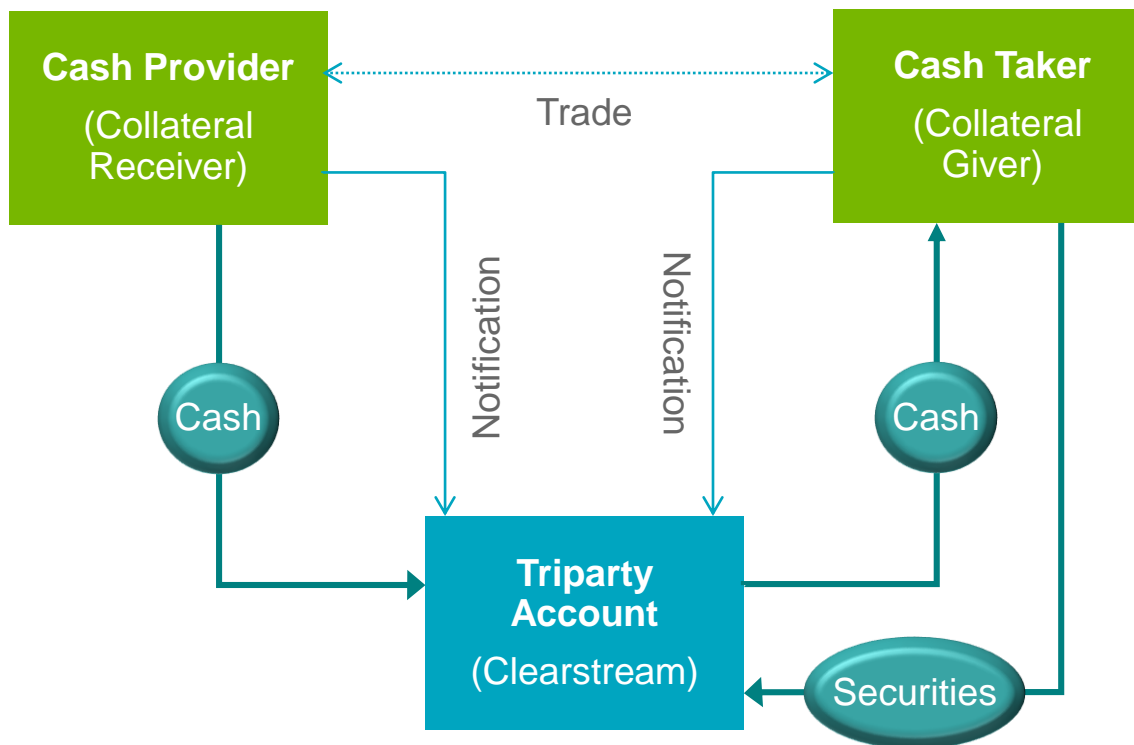
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What tools are available to treasurers?

Triparty Repo

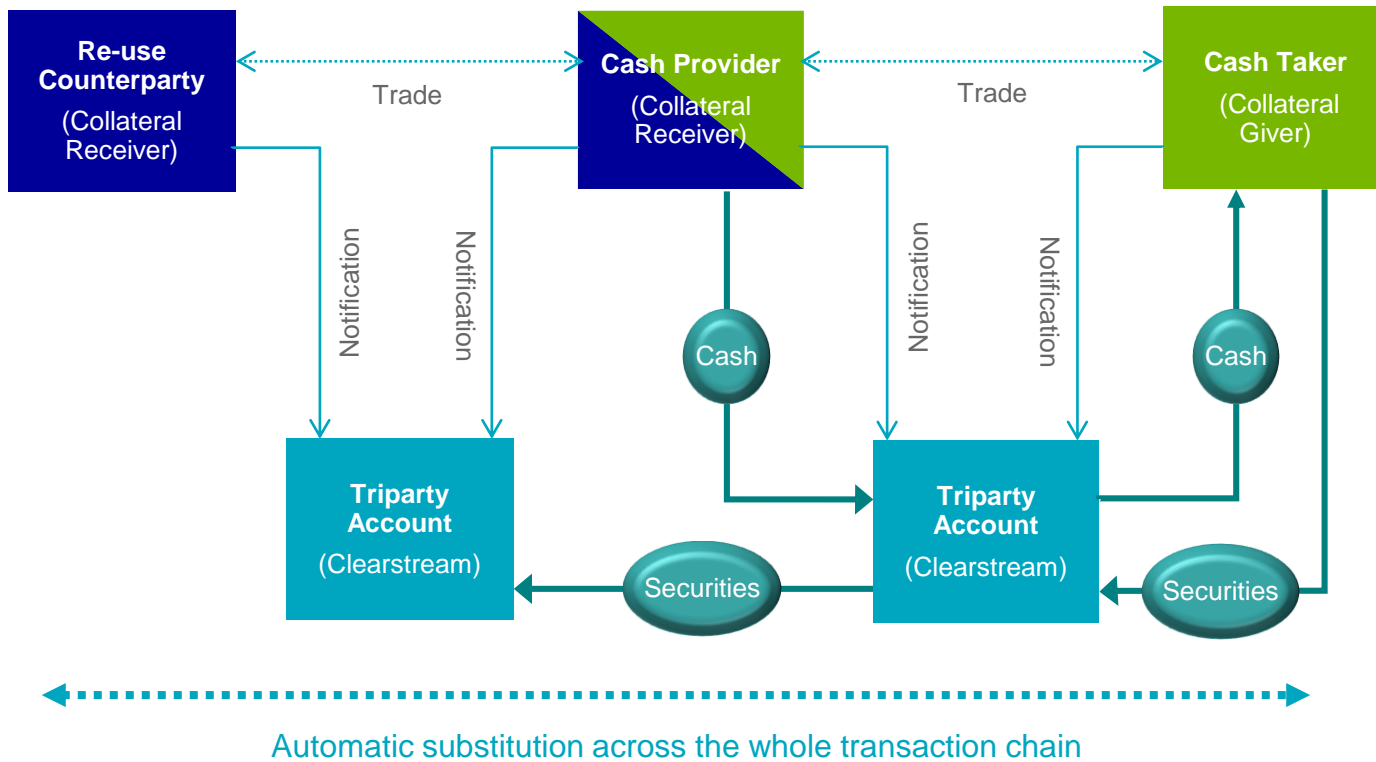
How does it work?

- Both parties appoint a third party collateral management agent
- Trade terms are still agreed bilaterally
- Collateral received is held in a segregated account in the name of the cash giver
- Triparty agent handles all post-trade administration



What tools are available to treasurers?

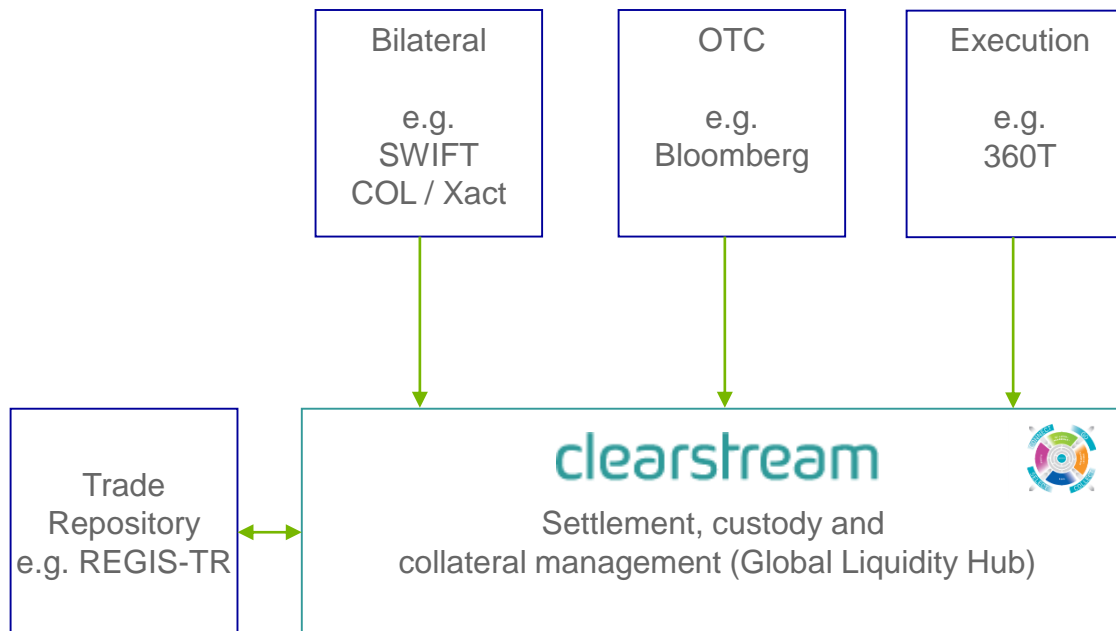
Collateral Management



- Why would I need to use collateral?
- How does triparty make it easy to do?
- Does it involve a lot of paperwork?

What tools are available to treasurers?

Technology



:

- Downstream access to trade reporting
- Upstream connectivity with vendors and TMS
- Integrated solutions

clearstream | DEUTSCHE BÖRSE
GROUP

Bupa Group – Darren Wilson

**ACT webinar:
Cash investment opportunities for treasurers in the new
regulatory era**

Introduction to Bupa

- £3.6bn of financial assets globally
- £1.2bn of financial assets in the UK
- Significant exposure to the financial sector
- Solvency II now requires insurers to hold capital against risks
- Current initiative to reallocate unsecured cash into repo

Why Repo?

- Reduced counterparty risk
- Liquid pools of high quality collateral (repo and reverse repo)
- Comparable returns to unsecured deposits
- Unsecured deposits now inherently more risky?
- Potentially increases the size of the investment universe

Why Tri-Party Repo?

- Bilateral GMRAs require substantial resource
- CRC umbrella documentation key enabler
- Simple execution through Creation Online (Clearstream)
- Available through familiar treasury systems (360T)



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The panel

Chair

Stephen Baseby

Associate Policy & Technical Director, **ACT**

Speakers

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CONNECTING MINDS

FORTHCOMING EVENTS



ACT Europe Conference
9 March 2016 | Düsseldorf

**ACT video webinar: Corporate liquidity –
managing the critical challenges facing
treasurers in 2016**
23 March 2016 | webinar

ACT Middle East Annual Dinner
11 May 2016 | Dubai


ACT Annual Conference
18-20 May 2016 | Liverpool

ACT Annual Dinner
9 November 2016 | London



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