

LCH

RepoClear

Net more for capital efficiencies



LSEG POST
TRADE

There has never been
a better time to net.

Two ways to net

RepoClear provides two ways for you to net your trades: balance sheet netting, which helps you manage capital costs; and settlement netting, which simplifies your operational workflow.

Netting makes your capital work harder

In today's ever-evolving markets, the need for capital and operational efficiencies has never been greater. Netting responds to these demands by helping to optimise capital management and generate significant operational and cost benefits.

For over 20 years, RepoClear has harnessed its unparalleled depth of clearing liquidity to deliver these efficiencies, along with peerless risk management from the world's leading provider of fixed income clearing services.

As we expand the clearing of cash and repo products across the UK and Europe, multilateral netting through RepoClear can provide superior balance sheet, settlement and risk offset to our 100-plus members across 14 government bond and general collateral markets.

We are broadening our services to include Sponsored Clearing, which extends the benefits of CCP membership to the buy-side community. The addition of Sponsored Clearing further increases the netting benefits available to dealers, freeing up capacity and offering the opportunity to broaden the liquidity for all participants. To find out more, contact a member of the team.

Given these opportunities to net positions, now is the time to take advantage of the economic benefits of clearing with RepoClear.

Netting in practice

	DATE	AMOUNT	
REPOCLEAR	23-05-2023	+€100	
REPOCLEAR	24-05-2023	+€100	
REPOCLEAR	23-05-2023	-€75	
REPOCLEAR	12-04-2023	+€100	
			<p>BEFORE NETTING</p> <p>+375</p>
			<p>AFTER NETTING</p> <p>+225</p>

Balance sheet netting: How it works

Balance sheet netting gives you more control over your risk exposure and capital costs, especially against the backdrop of the Basel reforms and other regulatory requirements.

How? By clearing, LCH becomes the counterparty to your trades. This allows you to net your portfolio and reduce value outstanding, freeing up capital and increasing your trading capacity. Even better, these benefits are scalable; the more you net, the more efficient you become.

To net your trades, you typically need the following:

01. The same counterparty
02. The same currency
03. The same maturity date
04. The same settlement location

Settlement locations

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Settlement netting: How it works

Settlement netting through RepoClear reduces costs and simplifies trade processing. When you clear with LCH RepoClear, you significantly reduce the number and value settlements versus a non-cleared environment.

Similar to balance sheet netting, settlement netting typically requires the following:

- 01.** The same counterparty
- 02.** The same security
- 03.** The same settlement date
- 04.** The same settlement location

About RepoClear

The clear leader

- 01.** Over 1 trillion cleared daily
- 02.** 100-plus members
- 03.** 14 government bond and 3 general collateral baskets
- 04.** The market leader in cleared in the UK and European repo

Key benefits of clearing with repoclear

- 1.** **Minimise your counterparty risk exposure**
LCH is your sole counterparty.
- 2.** **Reduce your regulatory capital burden**
Trades cleared centrally have a lower risk weighting.
- 3.** **Streamline your operations**
Clearing through a CCP reduces operational risk.
- 4.** **Keep your trading patterns discreet**
RepoClear allows participants to trade anonymously.
- 5.** **Increase your offsets**
An expanding multilateral netting pool creates opportunities for capital efficiencies.

Open access

RepoClear accepts trades from a variety of sources, including electronic platforms and ETCMS (for voice-brokered and bilateral trades). Trades are currently accepted from:

- 1.** BrokerTec
- 2.** ETCMS
- 3.** MTS
- 4.** tpREPO
- 5.** Tradeweb
- 6.** GLMX

What we clear

LCH Group offers a variety of RepoClear services. These enable clearing of specific ISIN repo and cash bond trades in 14 different sovereign issuers, as well as agency, supranational and government-backed issuers through LCH Ltd and LCH SA. We also offer general collateral clearing baskets for Gilts and ECB-eligible collateral.

SPECIFIC ISIN LCH SA	
SPECIFIC ISIN LCH Ltd	
STERLING GC LCH Ltd	
€GCPLUS LCH SA	LCR Equivalent ECB Restricted

Contracts cleared

	Specific ISIN (Ltd)	Specific ISIN (SA)	Term £GC	€GCPlus
Max Term (days)	374	No Limit	374	730
Max Forward Start (days)	374	No Limit	374	30
Repo Type	Classic	Classic/ BSB	GC	GC
Cash Trades Allowed	Yes	Yes	No	No
Repo Rate	Fixed	Fixed/ Floating	Fixed	Fixed

LCH

LCH. The Markets' Partner.

LCH builds strong relationships with commodity, credit, equity, fixed income, foreign exchange (FX) and rates market participants to help drive superior performance and deliver best-in-class risk management.

As a member or client, partnering with us helps you increase capital and operational efficiency, while adhering to an expanding and complex set of cross-border regulations, thanks to our experience and expertise.

Working closely with our stakeholders, we have helped the market transition to central clearing and continue to introduce innovative enhancements. Choose from a variety of solutions such as compression, sponsored clearing, credit index options clearing, contracts for differences clearing and LCH SwapAgent for managing uncleared swaps. Our focus on innovation and our uncompromising commitment to service delivery make LCH, an LSEG business, the natural choice of the world's leading market participants globally.

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Contact us

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