

The Cash Problem Statement.

Not enough quality counterparties with appetite.
Banks are liquidity-constrained and deposits unattractive.
Forced to take undiversified and unsecured positions.
Cash or Fixed Income – nothing in between?

Secured Deposit Service.

Sophisticated and institutional depositors access favourable rates, better security, more counterparty choice, all major currencies, and deposit tenors.

How?

As nominee we arrange and place your deposits to your instruction, securing your position with ring-fenced collateral of the same value and tenor. Choose our panel counterparties or nominate your existing bank provider(s).

Secured Deposit Service (SDS).

You place deposits with your chosen bank and we arrange for your deposit to be secured with collateral.

Both you and your bank benefit.

How it works.

- 1 We, as your nominee, place the cash deposit with your selected bank for your selected tenor;
- 2 The bank simultaneously provides ringfenced collateral for the same value and tenor;
- 3 If the bank defaults, the collateral is sold and you retain the proceeds.

Benefits.

Your benefits...

With one SDS account you can place cash deposits with multiple banks and you can achieve:

- **significantly greater protection** in the event of a bank default;
- potential for **better rates of interest**;
- access to **more banks**;
- greater counterparty **diversification**;
- **faster** access to your money in the event of a bank default;
- **choice** of currency, tenor and collateral;
- access to banks with a **greater appetite** for cash balances;
- faster **access** to new banking counterparties (existing panel banks only); and
- if elected, there are potential interest rate benefits from the additional **purchasing power** from aggregation.

Bank benefits...

- **liquidity** – SDS transactions are treated favourably by banks as the liquidity restrictions associated with traditional unsecured cash deposits often do not apply;
- **balance sheet** – as the bank is releasing collateral in support of an SDS transaction, there is often a positive impact on their asset vs. liquidity ratio for the duration; and
- **appetite for cash** – as a result of the above, banks have a greater appetite for holding SDS deposits compared with traditional unsecured deposits and often offer higher interest rates as a result.

Eligibility criteria.

- minimum deposit c.£20mil equivalent (lower minimums with aggregation);
- maximum deposit is set by each bank (c.£1bil TBA);
- users must be:
 - Government / Supranational agency;
 - Regulated financial services business (JFSC/FCA or equiv.);
 - Corporate entity with regular cash liquidity of >£20mil; or
 - Individuals who meet the definition of Expert Investor under the Jersey Expert Fund Guide.
- subject to terms and CDD/KYC assessment.

We do:

- **provide the tools** and infrastructure for you to access all of the benefits;
- **establish all the necessary arrangements** for you to access your chosen counterparties and for every secured deposit to be fully collateralised;
- **arrange the transactions** and settlements as your agent and nominee.

We don't:

- **hold your money** as your money and collateral is ringfenced and we never take principal ownership;
- **have discretion** in relation to your money or transactions.

You select the:

- **counterparty** – we will establish the SDS service with any bank selected by you (subject to bank acceptance), or you can elect to use our existing banking counterparties;
- **transaction size** – subject to a minimum £20m or currency equiv. or £1m+ on the basis of an aggregated transaction size of £20m. Each bank may set different minimum transaction sizes;
- **tenor** – from call (instant access, subject to cut off times), to notice and fixed term deposits from 1 to 365 days;
- **currency** – GBP, USD, EUR and other currencies as agreed with the counterparty; and
- **collateral** – if specific collateral is requested interest rates may be lower.

Get in touch.

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