

# Know Your Counterparts' Creditworthiness

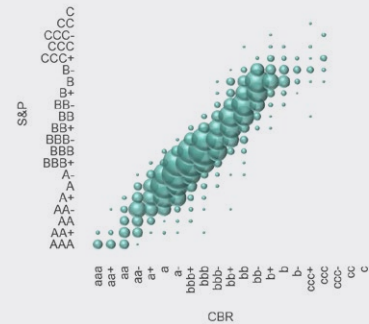


Credit Benchmark is the world's most comprehensive source of consensus risk data on 50,000 + entities, more than 75% of which are unrated by the Credit Rating Agencies (CRAs). By aggregating and anonymizing credit data from 40 + of the world's leading financial institutions, Credit Benchmark provides a unique view on counterpart creditworthiness.

Recent research indicates that one of the best applications of this growing data set is in the counterpart 'heavy' Securities Finance industry, incorporating securities lending, repo and prime brokerage. Securities Finance market participants including beneficial owners, agents, and principal borrowers can leverage Credit Benchmark data to improve business performance:

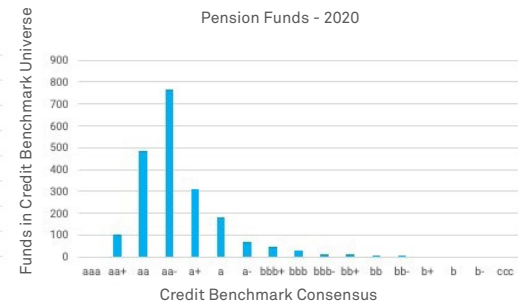
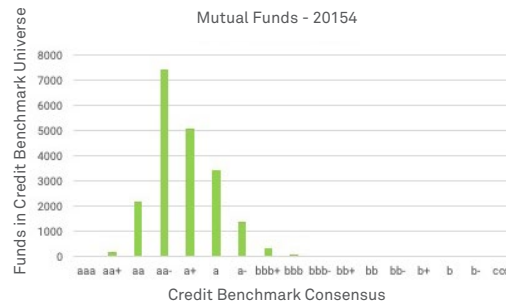
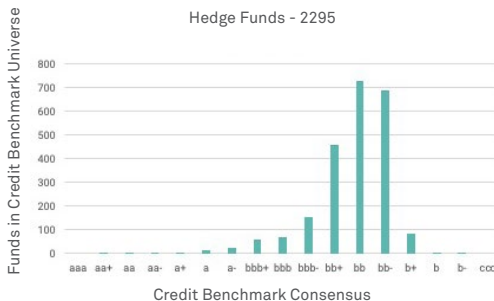
- select and monitor new and existing counterparts
- increase reporting transparency
- manage capital and Risk Weighted Assets (RWAs)
- comply with forthcoming regulatory reporting requirements
- better inform resource allocation and financing decisions

Comparison for 3,234 entities, November 2018



Credit Benchmark Ratings vs. S&P ratings. Approximately 80% of the entities in the Credit Benchmark universe do not have a long-term S&P rating.

Credit Benchmark provides unrivalled credit data coverage on funds – from sovereign wealth funds to hedge funds via mutual funds, insurance funds, pension funds, and others. Credit Benchmark also has extensive data on entities across Custodians (and sub-custodians), Prime Brokers (and subsidiaries), Broker Dealers (and subsidiaries), Indemnification Providers, Central Clearers, and Exchanges. The challenge of reviewing and onboarding large numbers of funds will continue to grow as the Agency Lending Disclosure (ALD) rules and Securities Finance Transaction Reporting (SFTR) change and come into force. Credit Benchmark data helps Securities Finance market participants make these processes more automated and efficient.



Credit Benchmark data includes credit views on 20,000+ funds.

## How can Credit Benchmark help your business?

For those who are responsible for understanding and communicating counterparty exposures within a firm or to clients, Credit Benchmark provides a unique source of independent information and perspective to improve understanding and decision-making. Knowing your counterparty (KYC) is essential, and knowing your counterparty's creditworthiness is a critical part of KYC. Because of the sheer number of counterparties involved in securities finance, upcoming regulatory changes, and capital implications of the transactions, securities finance participants can benefit from Credit Benchmark data in the following ways:



### Beneficial Owners

- ✓ Whether you lend directly or via Agents, Credit Benchmark data can support your activities
- ✓ Inform and expand your counterparty selection process to include hitherto unrated non-traditional counterparties
- ✓ Explore the opportunities of Peer to Peer lending confidently from a position of knowledge
- ✓ Understand and monitor your counterparties' creditworthiness – be alerted to rating changes
- ✓ Commission your own 'Private Rating' to facilitate more efficient onboarding
- ✓ Improve your Know Your Counterparty (KYC) and Operational Due Diligence (ODD) processes



### Agents

- ✓ Leverage a unique, new data set to remain competitive in a changing landscape
- ✓ Assist in your regulatory compliance with SFTR
- ✓ Add and monitor additional, non-traditional counterparties to your borrower list
- ✓ Enhance your reporting and risk management capabilities
- ✓ Embrace ongoing 'Peer to Peer' opportunities
- ✓ Position your organisation appropriately for the development of 'Agency Prime'



### Principal Borrowers

- ✓ As Capital Markets continue to evolve, the creative application of data provides a competitive edge
- ✓ Process and manage the numerous funds and counterparties you deal with more efficiently
- ✓ Optimize management of capital and RWAs
- ✓ Allocate balances and balance sheet where it makes most commercial sense
- ✓ Prepare for the world of 'smart buckets' and SFTR
- ✓ Expand collateral possibilities into areas such as ETFs – many have Credit Benchmark Ratings

Credit Benchmark data can be delivered securely into your proprietary or industry-standard systems to bring efficiencies and automation to your workflow and benefits to you and your clients.