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## **Clearstream launches real-time night settlement for the German market** Next step forward for the settlement market

On 14 March 2005, Clearstream Banking AG successfully launched additional real-time processing between 1.30am and 5.30am for the high volume of settlements at nighttime. This means that the CASCADE settlement system is one of the few in Europe which is available to customers 18 hours a day. The so-called Real-Time STD permits additional exchange between participants at Clearstream Banking Frankfurt and the two International Securities Depositories Clearstream Banking Luxembourg and Euroclear in Brussels.

With the new settlement cycle, Clearstream is further expanding the New German Settlement Model, implemented in November 2003, to the benefit of market participants. In addition to real-time processing at nighttime, the New German Settlement Model is also employed for nighttime processing in the early evening. Furthermore, during daytime two additional settlement cycles and one real-time processing are available to Clearstream clients.

On the first day alone, the new nighttime settlement cycle settled more than €23 billion in additional transactions between market participants. As well, over 75 percent of instructions that had previously been blocked at nighttime were released, providing additional liquidity.

With Real-Time STD, Clearstream is advancing interoperability between the German market and Clearstream Banking Luxembourg as well as Euroclear in Brussels. Settlement efficiency increases significantly lowering costs for market participants. Customers also benefit from lower financing costs, since lending transactions, for instance, are closed sooner using securities that are delivered overnight rather than the next morning.

"The addition of overnight processing means that substantial transaction volumes, that used to be processed in the first daily settlement run SDS 1 are now carried out already at nighttime," said Matthias Ganz, CEO of Clearstream Banking Frankfurt and Chief Operating Officer of Deutsche Börse. "The counterparty risk through the potential default of a counterparty are further reduced, thus guaranteeing increased stability for the financial market."