

7 May 2015

Repo Central Clearing Consultation
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Submitted by email to: RepoCCPConsultation@rba.gov.au

Yieldbroker welcomes the opportunity to comment on the RBA's *Central Clearing of Repos in Australia: A Consultation Paper*.

Yieldbroker supports the comments provided by AFMA in their submission, and additionally offers the feedback below relating to the electronic trading of repos and STP efficiencies associated with a move to central clearing.

Q4. If a repo CCP is desirable, what additional services should it provide in order to maximise the net benefits of central clearing? For example, auto-collateralisation through a centralised collateral management service, substitution or re-use of collateral, novation of both legs of the repo, (anonymous) trading on an electronic platform?

Yieldbroker currently provides a repo electronic trading platform. Anonymous trading of repos is available option that could be introduced in conjunction with the introduction of a CCP.

Q8. Would there be any material impediments to the safe and efficient operation of a repo CCP in Australia? Are there likely to be aspects of a CCP's design that could not readily accommodate Australian repo market practices? Would there be likely to be material challenges in transition to a centrally cleared environment?

There would be no impediments in relation to Yieldbroker's services. Repo trades executed on the Yieldbroker platform can be used to facilitate STP connectivity to participants and/or directly to a CCP as part of transitioning to a centrally cleared environment.

Q18. To what extent are repo trades processed in a straight-through manner? Are there particular aspects of processing repos that require material manual intervention?

Yieldbroker's repo trading platform is able to provide significant STP opportunities, based on providing electronic copies of trade details to each counterparty, custodian, collateral management service, CCP or authorised 3rd party messaging service.

*Q19. Would central clearing of such trades encourage more trading on electronic platforms?
Why/why not?*

We agree with section 3.3 Operational Efficiencies, of the RBA consultation paper.

Yieldbroker considers that widespread adoption of centralised mechanisms in the Australian repo market (collateralisation services, CCP, etc) will contribute to a focus on increasing the standardisation, automation and efficiency of end to end repo execution and processing across the market. This would likely include increased adoption of electronic trading platforms.

Yours sincerely,

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