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34th Annual Conference
On Securities Lending
Day 3

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12 October 2017

Building for the future

EquiLend's NGT trading platform eyes future growth

Day 3 agenda inside

Cost of compliance will stunt growth

The cost of compliance will push out “hobby lenders”, conference panellists have warned.

“The cost of compliance really won’t help growth. It will force out people who aren’t able to afford it,” explained one speaker on the Securities Financing Transactions Regulation and second Markets in Financial Instruments Directive (MiFID II) compliance panel.

New reporting features such as the need for a unique trade identifier were accused of creating barriers to entry for smaller and less frequent lenders, but agent lenders will be expected to shoulder the costs.

Audience members heard that the debate of whether to build or buy a solution was a persistent dilemma for in-scope participants, and US entities should not neglect to solve the problem themselves.

One speaker urged: “Don’t leave it up to your European counterparties to take on SFTR, you have to be on the ball.”

It was noted by a beneficial owner representative that the build for SFTR was much simpler than that for MiFID II.

Concerns over cost of compliance flew in the face of reassuring messages offered by the International Securities Lending Association’s CEO Andy Dyson, who assured attendees of the IMN Annual Beneficial Owners’ International Securities Finance conference in London in September that, although cost increases were inevitable, they would be minimal.

The SFTR reporting requirements come as part of the EU’s bid for greater transparency in transactions resulting in a demand for a complete breakdown of their most intimate details. The implementing measures are expected to come into force by the end of 2017.

Market participants would have to start reporting their transactions to trade repositories 12 months after the publication in the Official Journal of the EU. The reporting obligation will be phased in over nine months.

the compliance deadline for MiFID II is set for 3 January 2018.

There’s risk in re-structuring

The Federal Reserve is in the process of ‘normalising’ its balance sheet and unwinding its assets, and the industry should be prepared for the potential risks this could cause, according to Seth Carpenter, chief US economist at UBS.

In his keynote speech, Carpenter noted that before the financial crisis began in August

Equity collateral requires triparty model

US lenders are reluctant to embrace equities as collateral unless they’re processed through a triparty model, attendees heard at the session on future market and regulatory impacts on securities lending operations.

Negotiations are continuing around introducing equities as collateral in the US, as part of reforms to the Securities and Exchange Commission Rule 15c3-3, a move that a speaker in Tuesday’s session said would be “a huge win for the US market”.

However, a panellist representing the sell side on yesterday’s panel suggested that this should only be done on a triparty basis, saying taking in equities bilaterally would be inefficient and would introduce additional risk.

He noted that, internationally, non-cash collateral has been around for a long time, and makes up a significant proportion of the book. A lot of this is equities, managed through triparty models.

Lenders “have the pipes in place” to manage equity as collateral with US brokers, and this would make processes more efficient. However, from an operational perspective, the speaker said “there’s no way we can really support taking in equities bilaterally”.

Beneficial owners would have to know the securities they’re taking are a part of the S&P 500 or Russell 1000, the speaker said, as well as the volumes of the securities they already have and the concentration limits, and they would have to monitor any corporate actions.

He said: “From that standpoint, equities are completely inefficient.”

When taking treasuries bilaterally, he explained, there can be complications and delays as lenders wait for brokers to source treasures.

They have to confirm they’re properly collateralised before they go out the door, and recall of collateral can take up a lot of time.

Going through a triparty in this instance, through partnership with vendors, makes this significantly easier.

While one speaker noted that moving to a triparty cash-pool basis would require significant operational developments, another, representing the broker side, noted that ultimately, the efficiencies a triparty model for equities as collateral could bring could make it “very lucrative”.

2007, the Fed's balance sheet was growing, primarily driven by liabilities, and in particular by the growth of physical currency bank notes. Now, the balance sheet is more driven by assets, however it is set to start growing again, with a re-focus on the liabilities side.

In August 2007, the Fed had total assets of approximately $860 billion, with treasury securities comprising $790 billion, and paper currency comprising $777 billion.

Last month, Carpenter said, it had total assets of $4.5 trillion, with currency comprising $1.5 trillion and the level of reserves totalling $2.25 trillion, both "notably larger than they were before".

The Fed plans to complete the normalisation of the balance sheet by June 2020, by which time Carpenter predicted it will likely have returned to being mostly comprised of currency, and will total around $3.25 trillion.

The reserve will dispose of a third of what it has bought, and, if the effects are linear and symmetric, there should be about 40 basis points (bps) of unwind.

"We think we've already seen about 30 bps," Carpenter said. "We're in for about another 10 bps or so of unwind."

With regards to financial markets, Carpenter suggested the change is "not going to be that big of a deal".

He said: "Over time, the market is going to have to absorb things, but they're going to start off very, very slowly."

The asset purchases following the financial crisis were intended to drive up the price of longer-term securities and remove duration risk and complexity risk from the market.

The Fed doesn't hedge its securities in the same way as the private sector does, and so the extraction helped to shift investor portfolios, pushing them to seek to replace risk in another way, tightening risk spreads and, overall, boosting risk assets.

"Presumably, the unwind of the balance sheet should work in the opposite direction," Carpenter said.

As the Fed unwinds its balance sheets, risk spreads should widen and volatility should rise. There are a number of portfolio managers that may not be used to a high-volatility environment, and will find they have more risk than they previously realised.

If that change happens suddenly, instead of in the gradual manner that economic models suggest, there could be a "discontinuous change".

"If there is a tipping point, that sharp adjustment could be notable," Carpenter said.

"This is a risk that we have to carefully consider—I don't think it's going to happen, but it could. The question becomes: What do you do in that event?"

He concluded: "The question is not whether the forecasts will be wrong, the question is, how are they likely to be wrong? What are the different ways they could be wrong, and what are the consequences of those forecasts being wrong."

CCP panellist appointed ISLA chair

Jonathan Lombardo is set to become the new chair of the International Securities Lending Association (ISLA).

Replacing Andy Krangel, Lombardo will take on the role for a two-year term, effective November.

Lombardo will remain in his current role at Eurex Clearing as senior vice president of funding and financial markets.

As part of a wider board reshuffle, BNY Mellon's Simon Tomlinson was re-elected as treasurer, while Krangel, of Citibank, moved into the role of executive officer.

ISLA welcomed seven new members to its board, including Jamila Jeffcoate of State Street, John Shellard of J.P. Morgan, Phil Winter of Deutsche Bank, Peter Foley of Barclays, Alessandro Cozzani of BAML, Matt Collins of Morgan Stanley, and Paul Bradford of ING. Returning members include Mick Chadwick of Aviva and Arnaud Fransioli of Societe Generale.

Andy Dyson, CEO of ISLA, commented: "We've been delighted to see such a high level of interest during this term's election process."

"This reflects the important work we are doing at ISLA as well as the fundamental changes we are seeing in our markets. As we come to the end of the post-crisis regulatory agenda, I believe the new board will be increasingly focused on new and efficient ways of doing business."

CCP users shouldn't fear liquidity freeze

Beneficial owners should not be concerned by liquidity lock ups in instances of counterparty default, according to speakers representing central counterparties (CCP).

A CCP panellist stated that, from a European perspective, those affected by a defaulting counterparty would only see a two-day delay in being made whole by the CCP.


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Another CCP representative stressed that different assets behave differently and have different liquidity revenue.

It was noted that Eurex had witnessed three defaults to date, but that all of the relevant transactions were resolved by activating the higher levels of margin it collects from its users.

Utilising margin during a default is only the first of several layers that make up Eurex's waterfall of defence processes.

The second layer is a default fund, which has never been used.

Panellists called on regulators to clarify their position on what would happen if a major counterparty or the CCP itself were to default in order to give beneficial owners further peace of mind that they would not be left out of pocket.

Part of the appeal of using a CCP is to avoid a fire sale during a stressed market. Panellists agreed that any lock up in assets was only done to allow for an orderly unwinding process to take place.

Speakers clarified that the commitment to making users whole in the case of a default was extended to the buy side, which has previously argued that CCP use holds little incentive their side of the trade.

"There won't be a rush of buy side clients to take up CCP services but there's definitely a market there.

The question of whether central banks should be on standby to assist if a CCP defaulted was also put to speakers. The panel was in agreement that there will always be a place for central banks in the security framework of the capital markets, but CCPs should never rely on or presume upon their support, by neglecting their own liquidity safety measures.

NEX Group launches collateral tool

NEX Group has launched Pivot, a new fintech tool, that will enable clients to make cash movements and money market sweeps.

Through the partnership between NEX Optimisation and NEX Markets, Pivot connects the ENSO Core platform with the NEX Treasury.

According to Nex, the new solution will help buy-side institutions act on cash insights identified within ENSO Core on a pre-trade basis, which will enable clients to make decisions to optimise their counterparty transactions in one place.

Pivot will allow hedge funds to execute cash payments through the portal for margin management, manage third party relationships, and invest excess cash in money market funds.

The new fintech tool provides a straight-through processing connection via the SWIFT network, for single or multiple cash transfers.

Justin Meadows, CEO of NEX Treasury, said: "In partnership with NEX Optimisation, we have now extended this tried and tested capability to provide clients with a secure, reliable and convenient way to automate the substantial cash collateral management workload many of them face every day."

Pirum adds Crowther for innovation

Pirum Systems has recruited Todd Crowther as head of client innovation.

Crowther will be responsible for business development and will be active in Pirum's equity finance, liquidity management and prime brokerage businesses.

Before joining Pirum in September, Crowther was a consultant on Euronext's securities financing transaction collateral exchange.

Prior to Euronext, Crowther served at Nomura as head of equity finance trading and liquidity management for Europe, the Middle East and Africa for nine years.

Crowther will continue to be based in London.

Building for the future

EquiLend global trading product owner, Alvin Oh, outlines some of the lessons learnt in the rise of the NGT trading platform, and lays out plans for further growth

What's the latest news with NGT?

Given the great industry adoption of our flagship trading platform NGT, we've shuttered most of our legacy trading systems, including Trade2O and Trade Optimisation. As of September, 93 percent of our trading flows were on NGT, and we expect to reach 100 percent shortly. AutoBorrow, our remaining legacy trading platform, will be retired in December this year. This is a very exciting time for EquiLend and for the industry.

Why the migration from AutoBorrow to NGT? As they say, if it's not broken, why fix it?

Indeed, AutoBorrow has been our core trading platform since the inception of EquiLend in 2001. It has worked very well over the years, with upwards of 100 different financial institutions around the globe using it for securities finance trading in recent years.

However, AutoBorrow was developed for, and tailored to, a specific segment of the securities finance market—general collateral (GC) trading. As markets have become more dynamic over the years, the industry was in need of automation beyond just GC trading. Thus, we developed NGT to allow our clients to automate trading of warms and specials in addition to the traditional GC flow.

The NGT development and rollout was a significant undertaking, not just by EquiLend but by the industry as a whole. Building to NGT involved considerable infrastructure work on the part of EquiLend and our clients, but we worked together with our client base throughout the development and rollout process to ensure NGT would serve them in the best way possible.

The industry's efforts to migrate to NGT have clearly paid off. EquiLend has seen trade executions in the non-GC space double since the introduction of NGT, with hit rates increasing 10-fold among clients adopting the Targeted Availability workflow, a brand-new functionality introduced in NGT. The majority of our clients have already migrated all their trade flow to NGT. It is clear that NGT has overtaken AutoBorrow to be our flagship trading platform.

Has streamlining your trading offering affected trade flows on your systems?

Yes it has, and we're excited to see how it continues. Over the course of the last quarter, we have had a series of record trade count dates, most recently on 19 September, when close to 42,000 trades (counting one side of the trade only) were conducted on our platforms globally. It's important to note that the recent record trade dates are not attributed to any specific market events, which goes to show that our clients are simply doing more of their trading on our platform.

How do you ensure that NGT meets the demands of the industry?

While designing and building NGT, we have one core mandate: to build a product that clients need, want and love. We adopted an interactive software development process, constantly seeking client feedback in all phases of the product lifecycle. This effectively shortens the feedback loop, and it gives us the intelligence we need to make sound product decisions that cater to our clients.

From a business perspective, we host global NGT industry meetings to share usage statistics, reinforce market best practices and build a network of dedicated and committed stakeholders. Similarly, we held monthly developer days, a series of sessions 'by developers, for developers' to help technologists understand and implement the various NGT functions.

I believe that the level of client engagement with EquiLend is unprecedented and has been a key factor in the success of NGT.

SFTR is going to have an immense impact on trading in the European securities finance market. Can NGT help with SFTR?

The Securities Financing Transactions Regulation (SFTR) regulatory mandate in the EU affects both trading and post-trade activities of the securities finance transaction. Because of this, EquiLend is incredibly well positioned to provide a front-to-back solution that is congruent with the reporting requirements. NGT is the most logical place to start, as it is the beginning of the trade lifecycle and therefore the entry point to the ecosystem of EquiLend's SFTR solution.

A vast swathe of the industry has either built out to NGT for straight-through processing or is utilising our trading screens. The existing NGT mechanism can be leveraged not just for new loans, but for other integral requirements of SFTR reporting. As we enhance NGT for SFTR support, we are taking steps to actively reduce client build requirements with the knowledge of how invasive new technology builds can be.

In addition, by using NGT as a trading venue, firms can look to receive standardised and consistent trade data for reporting purposes, therefore reducing the risk of information mismatches.

What are some of your future plans for NGT?

Data. In this era of advanced technology, having the means to automate is only the first step. But, armed with data, firms can do so much more, as we've seen happen through DataLend. NGT is in a unique position in that we facilitate requests and execution, and we can help clients leverage that data for insights into their business.

With increasing trade flow, we are ramping up our data-crunching abilities to be able to provide NGT-specific trade data analytics to our clients. Internally, we are also increasing data-driven design processes in our product development by using client behavior data to ensure we build a best-in-class platform.

NGT also has opened the door for various strategic opportunities. A successful trade execution is simply the first in a series of trade-lifecycle events. Having established connectivity with our external partners—for example, central counterparties (CCPs), regulatory technology firms and other technology providers—we are constantly looking to expand the breadth and depth of our service offerings.

What did you learn from building a brand-new platform?

It has been quite a journey over the past few years. We had some lofty goals, which included building a brand new platform from the ground up, while keeping the lights on for the legacy system.

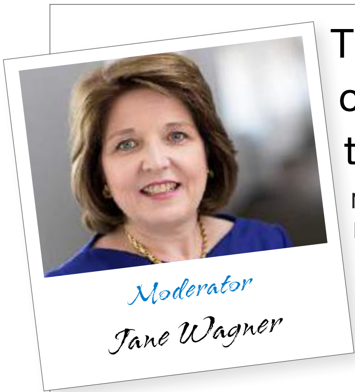
We also had to make sure that it was business-as-usual for our clients, and at the same time coordinate across very different timelines and priorities from firm to firm. There were many moving pieces, with each posing a risk if not managed well.

I am comforted by the fact that the industry's resilience and commitment to moving toward more dynamic, automated trading is paying off. NGT is the biggest initiative that EquiLend has undertaken since its inception, and we are thrilled that our vision, shared by our clients, has come to fruition in such a positive way for the industry.

But, make no mistake, this is just the tip of the proverbial iceberg. There is so much more to be done to bring even greater efficiency to the securities finance industry, and we will be right there at the forefront. **SLT**

Speakers' Corner

To brush up on any of the topics covered in today's panels, visit the Securities Lending Times website for all the need-to-know updates on the conference



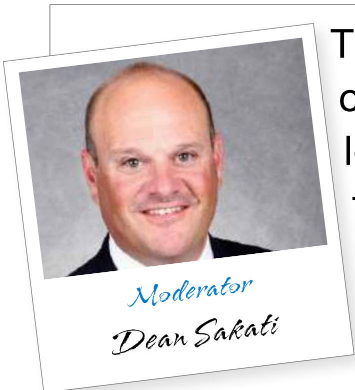
The innovation and disintermediation panel takes on the contentious task of reviewing new, technology-enabled trading platforms that have got everybody talking this year

No conference in 2017 would be complete without a panel attempting to crack the enigma that is the potential use of blockchain in securities lending and to assess the role that peer-to-peer and all-to-all lending platforms have to play in today's market. The past 18 months saw a plethora of innovative trading platforms entering the securities financing arena, and many in attendance today represent what is arguably the fastest-growing sub-segment of the market.

Is the introduction of distributed ledger technology and peer-to-peer really bringing a threat of disintermediation that will see traditional agent lenders out on the street? Or, much like the argument for central counterparties, are these platforms simply going to become another feature of the mainstream market. You will have to join us in the session to find out.

Moderator:
Jane Wagner, global head of securities lending, Vanguard Group

Panellists:
Indrajit Bardhan, managing director, Credit Suisse
William Kelly, managing director, BNY Mellon
Ciaran O'Flynn, managing director, Morgan Stanley
Jason Strofs, managing director, BlackRock
Martin Tell, senior vice president, State Street



The industry leaders panel closes out this year's RMA conference by bringing together a wealth of securities lending knowledge in a panel of highly-experienced industry figures, to discuss what's next for our market

Today's securities lending participants face a barrage of challenges and pressures in multiple forms, from income regulation to evolving lender and borrower demands. The industry landscape is changing before our eyes and in order to continue to thrive we must analyse the new opportunities that change brings, and be willing to adapt when needed.

This panel will put the traditional lending model under the microscope and ask whether it's still fit for purpose. New innovation and market entrants must be acknowledged and made to work in the new environment. The consequences of the rise of quantitative hedge funds, the effects of regulation on supply and demand, and new risks, such as what to do with all this data we must now manage, will be put to the panel.

Moderator:
Dean Sakati, senior managing director, State Street

Panellists:
Emmanuel Aidoo, director, Credit Suisse
Nickolas Delikaris, managing director, State Street Global Markets
Guido Stroemer, CEO, HQLA X
Rajen Sheth, CEO, Pirum

Pirum introduces CollateralConnect

Pirum Systems CEO Rajen Sheth discusses the evolution of Pirum's new CollateralConnect service, and plans to move towards an enterprise-wide, end-to-end margin and collateral management solution

Pirum continues to advance to the forefront of repo and securities lending trade lifecycle management. New product releases and increased connectivity are strengthening its global product offering in the exposure and margin processing space, allowing clients to efficiently extend their trading relationships across both bilateral and triparty venues.

Collateral challenges and opportunities

The drive for efficient use of inventory and how to achieve it continues to be a hot topic across the industry. Solving the problem is relevant to financial institutions across the spectrum of both sell-side and buy-side entities to corporates and central banks.

The past few years saw a clear shift to firms focusing on better management of balance sheet and other financial resources to enable business growth, rather than welcoming all new business as positive. Increasingly, firms want to ensure businesses provide sufficient return on resource as well as being a good match to their strategic goals.

Regulatory pressures have added further complexity to the task with a requirement to show assets are sufficiently liquid and have the requisite long-term funding profile. The issues surrounding best use of assets and the collateral management process clearly affect securities financing, but are also are relevant across all collateralised products residing in an institution's ecosystem. For example, recent changes to the over-the-counter (OTC) derivative processes, as a result of the European Markets Infrastructure Regulation's initial margin segregation rules, have already made a significant impact on behaviour. Concerns have also been raised around potential collateral shortfalls in the industry. Although the consensus now seems to suggest that there is enough collateral in the system, it is the collateral's mobilisation, efficient use, timely agreement and exchange that are now the key challenges.

In transactional discourse, collateral providers have always desired the flexibility to deliver a broader diversity of collateral to the receivers. In some cases (and where legally possible) collateral receivers have responded to this demand by becoming more flexible in terms of their margin eligibility rules and transfer mechanisms, improving returns and positively differentiating themselves in the market. The breadth of collateral is now therefore a key determinant in assessing the full and true cost of a trade.

From a collateral provider perspective, this is also a major driver globally where an increasingly non-cash collateral preference has become a priority for most trading desks. This is underlined by progressively rising levels of both international and US domestic non-cash collateral, both in response to regulation and to dealers who continue to reposition and deleverage their balance sheets. Current estimates place the percentage split at roughly 60/40, up from 45/55 only a year ago.

In the US market, which has historically preferred cash collateral, recent regulatory developments will further encourage the acceptance and uptake of equities as collateral.

While the efficiency of equity-for-equity trading on the dealer side has recently become more entrenched, the effect of the proposed regulation changes, including Rule 15c3-3, will also add the institutional buy side as collateral providers seeking to do more direct margining using their equity inventories. It is clear that this evolution will require equally significant changes in collateral management capabilities including compliance, operational infrastructure and processing capabilities including the likelihood of greater take up of services from external providers such as triparty agents.

The challenges the industry are facing are numerous, but the benefits of solving these are substantial. We have recently seen the industry directing a significant amount of resource towards enterprise-wide collateral management, with varying degrees of success. As a result of these observations, coupled with wide-ranging and consistent discussions with our clients, Pirum has come to the conclusion that there is an industry-wide opportunity to improve collateral visibility, efficiency and process. Pirum is ready to assist its clients by providing easily-deployable solutions in order to help clients better their collateral management capabilities.

Operational solutions for exposure management

Pirum's existing product suite calculates all your triparty and bilateral margin requirements, provides a centralised view of real-time exposures and enables the automatic posting, monitoring and resolution across multiple venues. Through these services, clients have benefited from scale, efficiencies and better control.

In addition, this post-trade suite offers seamless integration to all four main triparty agents: BNY Mellon, J.P. Morgan, Euroclear and Clearstream. Pirum's triparty RQV reconciliation service has revolutionised intraday, real-time margin management for collateral moved via triparty agents. Under this service, Pirum currently processes $900 billion of non-cash collateral.

The service advantages of ExposureConnect are:

- A centralised platform to calculate, communicate, agree and record exposures for all counterparties across all collateral venues (bilateral, triparty, central counterparty)
- Full, real-time exposure calculation and agreement workflow
- Full audit and MIS of exposure
- All collateral methods supported including bilateral non-cash, cash pool, cash rebate and intercompany exposure across all types of securities financing trades
- A multi-product capability across equity, fixed income, financing, repo and collateral trades all in one environment
- Live, real-time updates from client systems, counterparties, triparty agents, trading venues and central counterparties (CCP), ensuring breaks can be identified and resolved quickly and efficiently leading to faster, more efficient collateralisation
- A management dashboard to identify key risks and alert users to significant exposure changes
- Combined with Pirum loan release service, exposure management becomes an exception-based model with straight-through processing capabilities

The service advantages of ExposureConnect are:

- Reduced operational risk as Pirum manages key trade lifecycle events
- Improved control and transparency ensuring enhanced supervision and audit trail
- More efficient and timely resolution of exposures, helping to minimise financial resource usage
- Reduced manual processing, key staff dependencies and improved scalability
- Easy and flexible integration with minimal build

From a more holistic view, our clients will continue to benefit from our increasingly broad connectivity for no additional IT build cost. Pirum continually drives to partner with more firms in order to act as a post-trade hub for the full trade lifecycle. As already discussed, in addition to having established connectivity with triparty agents, Pirum has extended this connectivity to central securities depositories (BNY Mellon, J.P. Morgan, Euroclear, Clearstream, and so on), CCPs (Eurex Clearing), market data vendors (IHS Markit) and trading venues (Elixium Collex, Wematch).

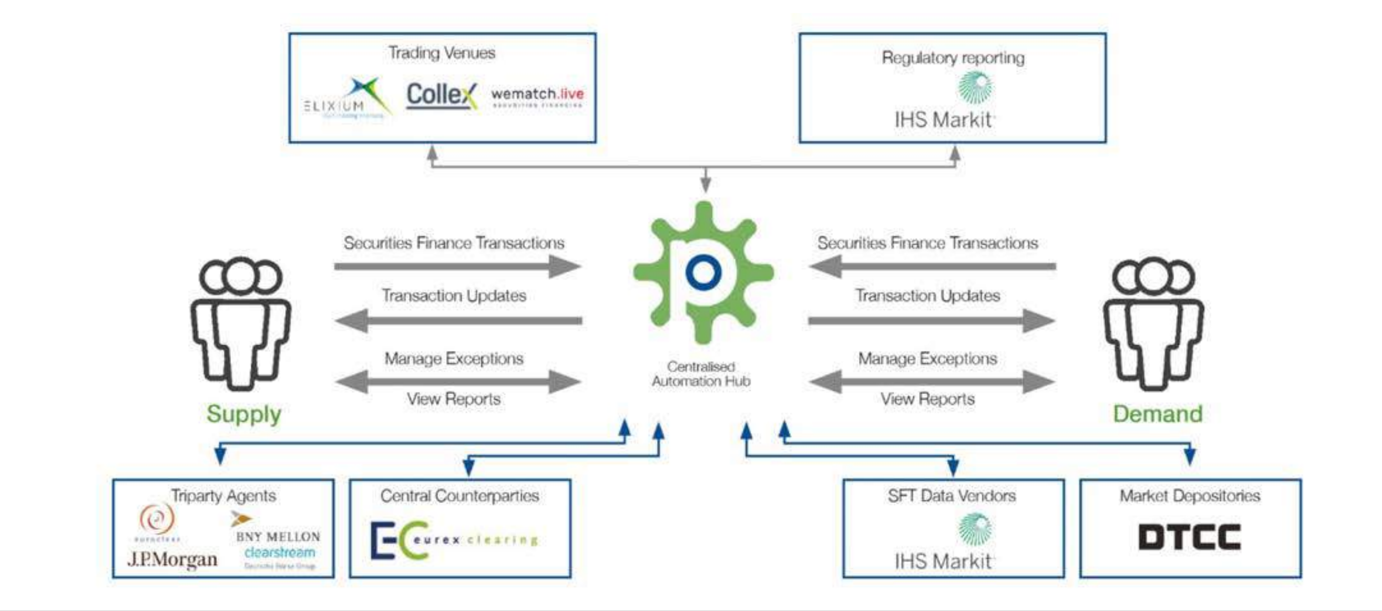
We have also recently gone live with connectivity to DTCC as we increase our focus on the US market.

There have been a plethora of technical challenges to overcome in reaching the goal of a single, centralised collateral view. Institutions typically have a number of disparate internal systems across equity and fixed income businesses. Further considerations come into play when considering the varied execution options, such as whether the product is collateralised bilaterally, via a triparty agent, centrally cleared or exchange traded. CollateralConnect looks to synthesise these disparate inputs together in one platform and in near-real time.

Efficient deployment of inventory requires consideration of a firm's specific constraints at that time and includes factors such as capital position, counterparty credit limits and balance sheet. Working in collaboration with our five pilot clients we discovered a huge amount of value can been ascribed to CollateralConnect as it bridges and aggregates data from diverse internal trading and collateral data sources, triarty agents and collateral schedule data.

The main benefits reported for our pilot partners include:

Visibility
The ability to view all sources and uses of inventory across the enterprise in real time. CollateralConnect leverages data residing in our widely adopted post-trade Core, Live and Live+ services and harnesses



Pirum's connectivity:

Historically, Pirum has focused on operations and post-trade automation, however, as requested by clients, the product is now being developed to extend into the front office. And, given Pirum's connectivity, data and know-how, it is clear that this new focus to provide pre-trade analytics for the collateral management process will simply be a natural extension of the existing platform.

Introducing CollateralConnect
CollateralConnect is a collateral management solution that provides a single view of all deployed and available assets and incorporates future collateral requirements.

Initially covering securities financing, CollateralConnect supports bilateral and triparty business for stock loan and repo and is a natural front-office oriented extension to Pirum's post-trade ExposureConnect solution for automated exposure and margin operational processing.

the power of our broad connectivity to many industry infrastructures and service providers making the transition experience seamless for our clients. Globally, Pirum is currently processing $2 trillion of securities financing transactions and $850 billion of triparty collateral on a daily basis.

Clarity
Eligibility and exposure coverage to determine whether and where assets can be used as collateral. Asset class eligibility transparency at an asset class, sub-class, market and security level to see if pledged assets are utilised efficiently and that the margin requirements are met.

Instant visibility is provided to the security level for assets used as trade and/or collateral. The platform's main aim is to provide instant collateral clarity from a very high level, through various levels of customer determined granularity right down to a specific security. A user can easily navigate to counterparty and venue breakdowns to quickly determine where collateral requirements reside or where blockages in the chain exist, as well as which assets could be eligible to meet margin calls.

Data integrity with information that is correct, current and comprehensive. Post-trade lifecycle ensures reconciled, timely, validated data from triparty agents and other infrastructure providers.

CollateralConnect also utilises the dataset already residing within the existing Pirum Live services, enabling overlay of key data points including fails, exposure mismatches, mark-to-markets and returns to be incorporated into analytics and projections with no additional integration required.

Insight

Front-office supervision and oversight with metrics to help manage risk, return and performance. CollateralConnect's trend analytics help to monitor current and past performance relative to key business and risk identifiers, as well as managing costs and regulatory capital drivers.

The ability to have oversight of frequently changing collateral allocations provides collateral receivers with the information they need to ensure that their collateral asset make-up is of the intended quality and diversity to mitigate counterparty and market risk.

Results

Direct effects on profit and loss through an instant view of inefficient collateral, both deployed and long. CollateralConnect helps identify collateral inefficiencies across counterparties and venues and therefore aids their choice of assets that are also eligible, but that would be more efficient from a cost or risk perspective.

Client innovation

Pirum has a proven track record of working with clients to deliver innovative, quickly-implementable solutions to complex problems. Positioned at the heart of the market, our central connectivity and automation hub brings together these disparate data sources and connects trading counterparties and industry-wide systems and infrastructure.

These type of high-cost yet non-differentiating technology solutions, require much external connectivity. This makes it an ideal opportunity for a trusted, well positioned and independent service provider such as Pirum to deliver a solution for all market participants, which aids overall efficiency.

Regardless of whether firms have decided to centralise the collateral management function or have chosen to continue to handle it departmentally, Pirum's product suite provides the visibility, data, connectivity and automation required to make the process efficient, controlled, cost-effective and brings value add directly to a client's business. **SLT**

Places to visit in Naples

The Rev Institute

Address: 2500 Horseshoe Dr S, Naples, FL 34104
Contact: revsinstitute.org
A museum that is a must for classic car enthusiasts
Travel time from The Ritz: 22 mins

Naples Jet Ski Rental & Tour

Address: 1500 Danford St Naples
Contact: naplesjetskirental.com
End the week on a high and go Jet skiing with Naples Jet Ski Rental
Travel time from The Ritz: 30 mins

Blue Martini Lounge

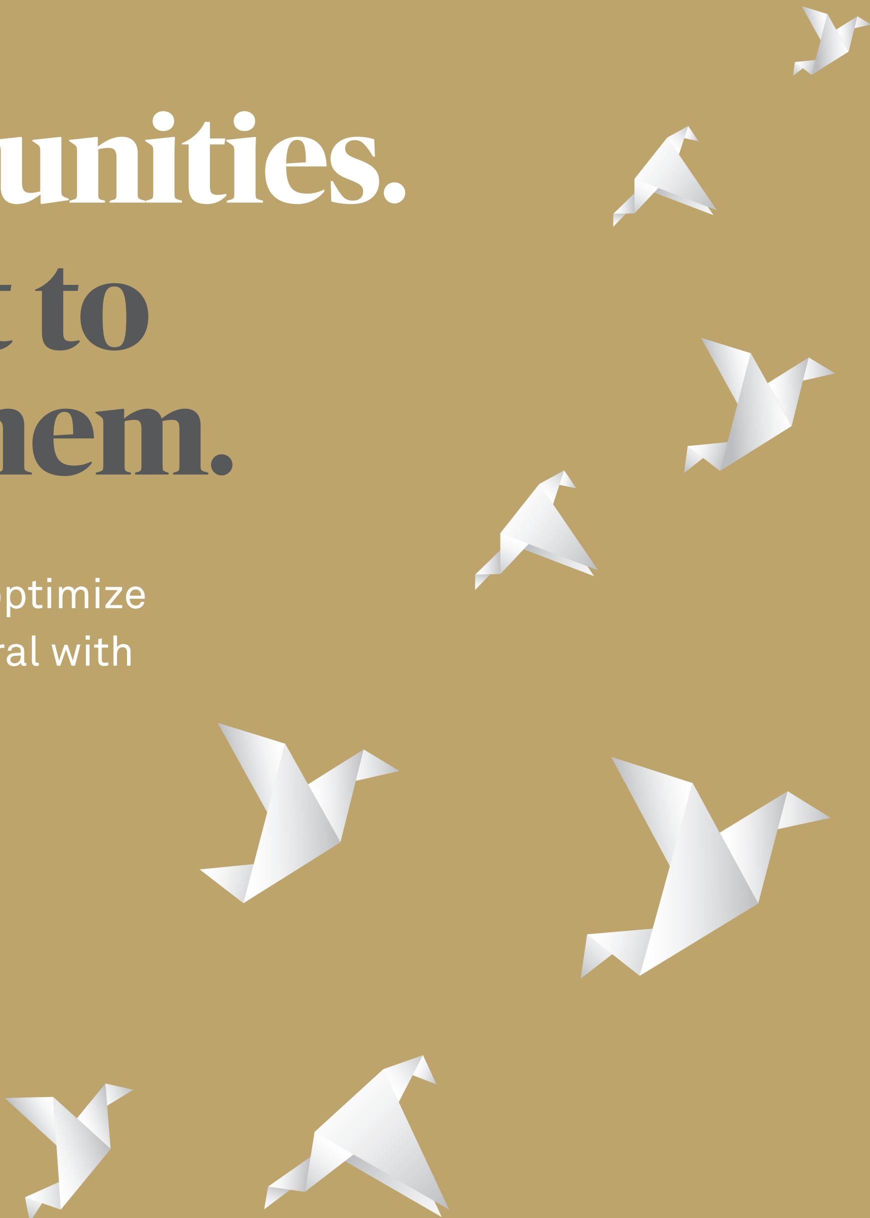
Address: 9114 Strada Pl, Naples, FL 34108, USA
Contact: naples.bluemartinilounge.com
No introduction required. Laid-back lounge that serves martinis and offers a global tapas menu with live music
Travel time from The Ritz: 4 mins

Season 52

Address: 8930 Tamiami Trail N, Naples, FL 34108
Contact: seasons52.com
Restaurant offering classic American dishes with happy hour drinks and small plates
Travel time from The Ritz: 6 mins

We See Opportunities.

You Get to Take Them.



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Agenda Day 3

7:30 AM to 9:00 AM	**Buffet breakfast**
9:00 AM to 10:00 AM	**Balance sheet management through centralised financing and collateral management** Panellists will discuss the evolution of the traditional securities financing business and how market and regulatory concerns have increased the need for non-cash collateral. This has resulted in certain lines of businesses facilitating their firms’ collateral obligations and requirements, for example, the increase in non-cash collateral upgrade/downgrade transactions. More importantly, the liquidity coverage ratio and net stable funding ratio have expanded the role of such groups to manage their firms’ high-quality liquid assets and liquidity management by expanding the durations of their funding trades. **Moderator:** Yury Shmuylovich, managing director and co–head of global equity and commodity group, National Bank of Canada **Panellists:** Derrick Cusick, director, Bank of America Merrill Lynch; Travis Keltner, vice president, State Street; Anand Krishnan, managing director, Natixis; Sean McCormack, director, Wells Fargo Securities; Christopher Owens, executive director, Morgan Stanley
10:00 AM to 10:45 AM	**Challenges in cash collateral reinvestment** Panellists will debate current market issues such as the continuing impact of Money Market Fund (MMF) reform, investing in a rising rate environment, the impact of increased demand for non-cash collateral, and declining issuance in the shorter end of the curve. Where will cash investors go? Additionally, what impact does dealer demand at month/quarter end have, and if equity for equity takes off? And, what is the impact on equity repo and cash markets? Moderator: Matthew Sarson, managing director, J.P. Morgan Panellists: Mark Cabana, director, Bank of America Merrill Lynch; Eric Hiatt, director, BlackRock; Brad Pederson, vice president, Northern Trust; Casey Spezzano, managing director, NatWest Markets
10:45 AM to 11:15 AM	**Coffee break with exhibitors**
11:15 AM to 12:00 PM	**Innovation and disintermediation of the securities lending industry** Panelists will debate the potential for disruptive technologies in the securities lending industry including peer to peer lending, automated trading, distributed ledger (blockchain), robotics and the application of machine learning. Will this technology make this industry more or less transparent? What does it mean for us now and where are the risks? Moderator: Dean Sakati, senior managing director, State Street Panellists: Emmanuel Aidoo, director, Credit Suisse Nickolas Delikaris, managing director, State Street Global Markets Guido Stroemer, CEO, HQLA X Rajen Sheth, CEO, Pirum
12:00 PM to 1:00 PM	**Industry leaders panel** Senior business leaders will discuss what’s next, their outlooks for the business and the impact of regulation. Market and regulatory pressures on short term funding and leverage have the potential to drastically change the repo and securities lending market. Is the securities financing transactions operating platform suitable for the business of the future? What is the impact of active versus passive investing to our industry? How do quantitative hedge funds affect demand and supply securities lending with their high leverage? How important is our data and is it appropriate for prime brokers to share with clients? **Moderators:** Jane Wagner, global head of securities lending, Vanguard Group **Panellists:** Indrajit Bardhan, managing director, Credit Suisse; William Kelly, managing director, BNY Mellon; Ciaran O’Flynn, managing director, Morgan Stanley; Jason Strofs, managing director, BlackRock; Martin Tell, senior vice president, State Street
1:00 PM	**Closing remarks and thanks**
1:30 PM	**Golf tournament**
6:30 PM to 8:30 PM	**Closing reception**