rma daily
36th Annual Conference On Securities Lending
Day 1
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15 October 2019

Launch Imminent

Guido Stroemer of HQLA^{X} reviews his blockchain securities finance platform ahead of its launch

Day one agenda inside

Facing the future

Fran Garritt provides insight on the RMA's new tech group and explains how, as the industry faces new challenges, the association is taking an active role in ensuring market participants are kept in the know

Maddie Saghir reports

A panel session at the RMA conference is on 'Harnessing FinTech Innovation in Securities Finance and Collateral Management'. Why did you choose this topic?

We expect a rich discussion among dynamic industry leaders who have leveraged their experiences to understand where financial technology trends are reverberating through the industry. Specifically, we expect to delve into where these trends will be applied over the next 12-18 months.

We chose fintech as a topic becuase it's one of the most important forces driving change in our industry. McKinsey & Company, a management consulting company, recently stated that "almost 80 percent of financial institutions have entered into fintech partnerships". As such, we approached this panel in a way that brings together executives with diverse perspectives who are seeing or driving the changes that the industry is experiencing.

The RMA has recently started a new fintech and automation committee. What is the purpose of this group?

The group is called the Financial Technology and Automation Committee. Its purpose is to guide the financial service industry's engagement with and adoption of new technologies while acting as an advocate for best practices. The committee will be responsible for reviewing, understanding the practical application, implementation framework, and governance of emerging technologies in core financial service areas. This includes but not exhaustive of trading, collateral management, funding, lending, clearance, and settlement.

The committee's goal is to further reduce risk and facilitate efficient financial markets through the understanding, leveraging and implementation of these technologies. It will accomplish this goal through the creation of a forum, and ultimately a community, where members can understand these technologies, their application, and risks, and formulate and drive standards to lower the barrier of entry for members.

What opportunities and challenges can technologies, such as AI, present to the industry?

New technologies allow more automated solutions and the ability to reengineer how the business can run more effectively. Artificial intelligence (AI), and all the underlying technologies, help the decision processing be faster, more accurate or simply allow for new decision types. Some specific use cases for AI/machine learning (ML) are detecting anomalies and predicting borrow and loan rates. For example, trying to figure out what types of trades will fail or simply reconciling faster more accurately. ML can help detect patterns in massive data sets to help us trade more efficiently and predictably.

In securities finance, you cover almost every security, both equities and fixed income. There is no way a trader can be cognisant of every single source of news and other factors driving trading technicals. By using natural language processing, we can create a huge curated news source scraping myriad news articles, extracting entities from those articles, and applying a sentiment score to figure out if the news is negative or positive. Mapping that against our trading book allows traders to be immediately informed when something is happening to a company that directly impacts their position. Alternatively, maybe this is an opportunity to highlight a security to get more supply out or adjust rates because we know it will get harder to borrow. These things are making a difference in how traders transact.

Some of the challenges in this space are overall governance frameworks and talent scarcity. From a transparency perspective, models must be able to show the decision path not just the result to avoid hidden bias. From a talent perspective, finding enough people that understand these new technologies is hard because the competition for this talent extends beyond just finance.

What is algorithmic trading and how is it currently being used in securities lending?

Algorithmic trading is codifying a series of steps to produce a consistent result every time. The exact implementation is changing with new technologies, but at the root, you take a list of parameters/inputs, run it through a block of logic and produce a result that gets executed in an automated way.

All trading businesses use electronic/trading as a cornerstone of their operations. What you're seeing in securities finance now is that transaction times are being sped up, after lagging the market versus other products over the past decade or so. In the early 2000s, traditional cash equity trading was going through its own transformation. That's when high-frequency firms emerged, taking the opportunity of the more digital and electronic exchanges. Securities finance has always been a bespoke market, but that is starting to change drastically because of regulations that are a by-product of the financial crisis.

The focus on financial research management (FRM), as well as new risk parameters makes it impossible to trade entirely manually because the complexity has increased exponentially. Before these constraints, you could borrow and lend, make a spread, and repeat an infinite amount of times. That is no longer even remotely possible. Securities lending had to change in order to absorb this complexity, not just with general collateral trades, which has long been automated in some aspects, but by allowing more complicated transactions to be done in this manner—for example, specials or hard-to-borrow trading.

FRM makes general collateral transactions much more complicated and important because of how they affect the balance sheet. Different collateralisation types and models drastically affect the balance sheet and liquidity structure and, ultimately, the profitability of a transaction. You have different constraints across participants because of their corporate structure, the type of collateral they accept, and the securities they hold. This has become a big optimisation problem that needs a sophisticated electronic solution.

The infrastructure between counterparties has also evolved drastically. New platforms allow implementation of electronic strategies on transactions that are more complex. We are now in a position to overlay new technologies and decision-making strategies to evolve our trading operations.

What else is the RMA currently working on that the securities finance industry should be aware of?

In an effort to increase contractual standardisation and simplify the implementation of mandatory reporting under the Securities Financing Transactions Regulation (SFTR), the RMA is leading a working group of industry participants to develop an industry standard delegated reporting agreement. The agreement will be dedicated to addressing the agent lender-beneficial owner relationship under SFTR and encapsulate the various responsibilities and liabilities of the parties involved. The RMA understands this effort mirrors, to a degree, similar activities in Europe to develop a standard agreement for delegated reporting. It does not seek to conflict with that effort but is designed to offer a more targeted and bespoke agreement reflecting the agency lending business.

The RMA has been working with members and triparty agents to enhance the utilisation of triparty collateral in US securities lending transactions. This requires improved connectivity of third-party support of lending collateral maintenance compared to the current approved collateral types. Additionally, when US equities are approved as collateral under SEC 240.15c3-3 enhanced triparty capabilities will be required to meet the demand for this form of non-cash collateral.

The RMA has been actively involved in keeping members informed about adjustments to the Fedwire Securities Service's Automated Claims Adjustment Process (ACAP) to reflect securities lending and borrowing transactions separate from repo and reverse repo transactions. The opt-in component of ACAP is set to go live in October and has created a concern regarding lack of consistency in the approach to support the enhancement within the securities lending industry.

The focus has been on the enhancements to the principal and interest claims process and not on the risk of settlement failures. There remains a risk of disparity among market participants if one side were to adopt the change and one side does not; or is unable to support the change upon implementation. The Federal Reserve Bank's (Fed) proposal to support the registration adjustment from repo to the new securities lending code is by way of the Fedwire's adjustment service, which is incremental as opposed to supporting an aggregate balance adjustment between counterparties.

An emerging issue has been how the market handles non-recurring holidays such as a national day of mourning. Historically some parts of the market infrastructure have processed activity as normal; whereas other parts have been closed. This has led to the possibility of excess uninvested cash or large overdrafts occurring. The RMA continues to work with Securities Industry and Financial Markets Association and other key market participants including the New York Stock Exchange to eliminate any of the unintended consequences that may result from such events.

The RMA continues to confer with the Fed's Alternative Reference Rate Committee on the planned London Interbank Offered Rate (LIBOR) replacement. The current plan is to replace US LIBOR with the Secured Overnight Funding Rate (SOFR). However, industry members have become concerned with potential risks associated with moving to SOFR given the volatility of this particular rate during the recent repo market dislocations. The Fed came into the market with both overnight and term repos to bring the SOFR back to more normalised levels, but a shock did occur and market participants are concerned that similar shocks may happen after the reference rate change.

We continue to monitor the ongoing Overstock.com dividend that was to be payable in Digital Voting Series A-1 Preferred Stock. Under the original proposal the record date was set for 23 September 2019 and the payable date was 15 November 2019. However, many industry participants had concerns that these shares would be held in a digital form and would only be able to be held with a broker affiliated with Overstock.com and traded on a digital exchange affiliated with Overstock.com. Additionally, these shares would not be tradeable or transferable for six months. This created concern as to how borrowers would meet their obligations to lenders. The company has announced a three to six week delay on the dividend and it will be immediately free to trade or transfer and such transactions do not need to be performed on the affiliated exchange.

The industry continues to face new challenges, but RMA with its member firms take an active role in ensuring market participants are informed about these events and that regulators and other relevant entities are aware of the potential unintended consequences.

A new chapter

RMA conference co-chairs Alina Casner and Robert Zekraus discuss what to expect from this year's event, which focuses on industry changes in the decade since the global financial crisis and what the next few years will bring

Maddie Saghir reports

What can delegates expect from this year's event?

Alina Casner: We are rolling out several new features this year at the Risk Management Association's Securities Finance and Collateral Management Conference, all of which are very exciting and timely. First is the expansion of the conference to cover collateral management in addition to securities finance, which introduces an important new aspect to the event since these two areas are closely intertwined and complementary.

I would also highlight the two panels on Tuesday afternoon that are focused on fintech and the future of the industry, in which the perspectives of incumbent industry leaders during the first panel, will be contrasted against the opinions of future leaders during the second.

This year we've also worked hard to ensure that the event includes a diversity of views and that all market participants are represented in the discussion. As such, we are hoping that a number of interesting insights will emerge from the a panel on the buy-side's perspective.

In addition, the 'Strategic Shifts in the Macroeconomic Environment' panel could not be more prescient, given the political and economic environment in both the US and the UK, as well as globally.

Of course, we are also very excited to have Mary Jo White as our keynote speaker, and I'm very much looking forward to our fireside chat discussion with her on Wednesday. Last but not least, we are delighted that, once again, the Women in Securities Finance industry group is playing a prominent role and hosting a panel and networking session on Tuesday morning.

Robert Zekraus: This year's event, focused around the theme, 'the long and short of it: future perspectives of the industry a decade after the financial crisis', which is relevant as we look at what the next two to five years will bring for the industry. The global financial crisis resulted in a heavy dose of regulatory changes, permanently altered our perspectives and business practices. The changes and lessons are still top of our minds, but we're taking a look at this year's conference with a fresh set of eyes and forward momentum.

Elsewhere, we will look at the overall macro-economic landscape and potential impacts to securities finance, given events such as Brexit, tariff wars, short-term interest rates, and the 2020 US presidential election. Related market topics will include the transition away from US dollar London Interbank Offered Rate (LIBOR) with a focus on Secured Overnight Financing Rate (SOFR) as an alternative reference rate; discussing the impacts of Uncleared Margin Rules (UMR), which could drive an increase in collateral costs; the development and evolution of central counterparties (CCPs); and updates on leverage rules and liquidity ratios like the net stable funding ratio (NSFR). We are also increasing the focus on the fixed-income component of the industry with panels dedicated to this asset class.

Additionally, this year there will be a new panel called: 'The Future of the Industry: Viewing Financial Services Through a New Lens' where we will take a look at today's hiring process, business evolution and what the makeup of a securities finance leader may look like in the future.

What are the hot topics of the securities financing industry this year and how did they influence your choices for this year's RMA agenda?

Zekraus: Harnessing fintech innovation in securities financing and collateral management is a very important topic at this conference and the depth of experience the panellists and moderator have collectively, speaks to the amount of attention this space deserves.

A timely topic is what is happening in the repo markets. Recently, we experienced a bit of turbulence in the secured funding markets. The fixed-income component of the conference will undoubtedly offer valuable discussions around what transpired and what we can prepare for over year-end and beyond.

We will also have a panel for buy-side participation where we will hear from beneficial owners of securities and the demand for securities loans driven by end-users like hedge funds. Instead of having the intermediaries on the panel, agent lenders and/or prime brokers, we will hear directly from the drivers of demand and the long holder and supplier of the assets. We expect an interesting dialogue among buy-side firms that are active participants in the securities financing arena.

What sessions are you particularly looking forward to?

Zekraus: I'm looking forward to this conference as a whole given the diversity of topics, panellists and firms represented. With that said, the transformational leader panel will be interesting because we'll address a topic that is new to the conference. I also think the economics of the trade along with the evolution of an institution's business model will be an opportunity for our delegates to better understand and acknowledge the drivers, motivations, levers, and requirements that impact firms at different speeds. We end the conference with the popular industry leaders' panel. A collective of senior executives will provide thought leadership and shared experiences on the pulse of the market and their feelings on the industry's direction moving forward.

Looking forward, what developments do you expect to see in the securities finance market between now and the RMA 2020?

Zekraus: Without having a crystal ball in front of me, it would be hard to predict the future and what next year may bring. As stated earlier, securities finance continues to be a critical part of a functioning capital markets structure within the US and beyond its borders.

If I had to pick one area of focus as we look forward to next year and the RMA 2020, the optimisation space will heat up as businesses continue to differentiate and re-align themselves to capture market share in a competitive landscape. Firms will need to define what optimisation is. They will also need to dive into the details, including:

- Where collateral management lives within their respective organisations;
- What financial resources will be available for growth; and
- What technology tools, either built in-house or outsourced to the many fintech platforms available, will take hold to drive transformation.

Needless to say, the next several years will be an interesting journey.

Alina Casner
Associate general counsel and head of legal for markets
BNY Mellon

Robert Zekraus
Capital markets managing director, global head of client capital management and funding
Scotiabank Global Banking and Markets

Blockchain:

Coming to a market near you

Guido Stroemer, founding partner of HQLA^X, reviews a busy year for his distributed ledger technology platform for securities finance ahead of its November launch

What is the key benefit of using distributed ledger technology in securities finance?

In my opinion, the key benefit of distributed ledger technology (DLT) is to enable the modern-day institutional treasurer to execute frictionless ownership transfers of cash and collateral between legal entities for precise periods of time, where both legs of a securities finance transaction are defined not only by start and end dates, but also by precise start and end times.

What are some of the key requirements for creating broad market adoption for a new market solution like HQLA^X?

First, you need a solid use case that creates real economic value and solves for a commonly identified market pain point. Second, implementation of the solution needs to be relatively easy, minimising the burden for new market users to make 'big bang' changes to existing processes. I believe that the most effective technology solutions in this space will complement legacy infrastructures.

What is the biggest barrier to market adoption of a new market solution?

This may sound strange, but I think the main barrier is the resistance to change that is part of human nature. Niccolò Machiavelli got it right with this quote on change and innovation in his 16th century political treatise, 'The Prince', which reads: "There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things."

"For the innovator has enemies in all those who profit by the old order, and only lukewarm defenders in all those who would profit by the new order, this lukewarmness arising from the incredulity of mankind, who do not truly believe in anything new until they have had actual experience of it."

HQLA^X has had a busy 2019 onboarding clients and preparing for go-live. What have been your key highlights?

We have been working hard preparing for our operating model to be technically ready to accommodate live transactions. Specifically, we have connected the HQLA^X digital collateral registry with two Deutsche Boerse entities, the Eurex Repo F7 trading system which serves as our front-end trading venue, and the Trusted Third Party entity which provides a critical interface between our digital registry and existing securities registries at incumbent custodians and triparty agents.

We have also been very busy on-boarding clients. More than 20 market participants are currently engaged in the on-boarding process, and we're planning on launching the go-live of our platform with a handful of clients next month.

You've made a number of key hires this year. How does this play into your strategy to expand and enhance your offering?

Yes, we have been busy hiring. Our headcount is now up to 15, including the following key hires in 2019: Nick Short as chief operating officer; Raoul Bhoedjang as chief technology officer; Matthew Benz as general counsel; and Geoffrey Arend as chief financial officer.

Our focus right now is on bringing our platform into production in Europe. Our initial minimal viable product (MVP) offering will be limited to delivery versus delivery (DvD) ownership transfers of baskets of securities held for safe-keeping at leading custodians/triparty agents in Europe, but we also have medium-term aspirations to expand our product and jurisdictional footprint through collaboration with other technology platforms and service providers.

What's next for HQLA^X?

Go-live in November 2019, followed by additional platform features based on customer demand.

Looking ahead, what do you see as the main technology trends of 2020 and beyond?

My forward-looking view is one in which asset depositories located across the global jurisdictional landscape are connected by an interoperable network of digital registries, which together facilitate seamless ownership transfers, not only for cash and securities, but also for other asset classes such as commodities and precious metals. Regulations will undoubtedly continue to dominate the securities finance industry's attention next year.

Is a greater emphasis on various technology solutions (DLT and others) the ultimate answer to the challenges those regulations pose?

Technological solutions will continue to enable banks to better satisfy regulatory requirements for balance sheet reporting and balance sheet management. They can be leveraged to produce real-time balance sheet reporting, which can feed into optimisation engines, which in turn can connect to execution platforms, thus allowing the modern-day treasurer to satisfy regulatory requirements to get the right collateral to the right location at the right time.

> **"More than 20 market participants are currently engaged in the on-boarding process, and we're planning on launching the go-live of our platform with a handful of clients next month**

Guido Stroemer
Founding partner
HQLA^X

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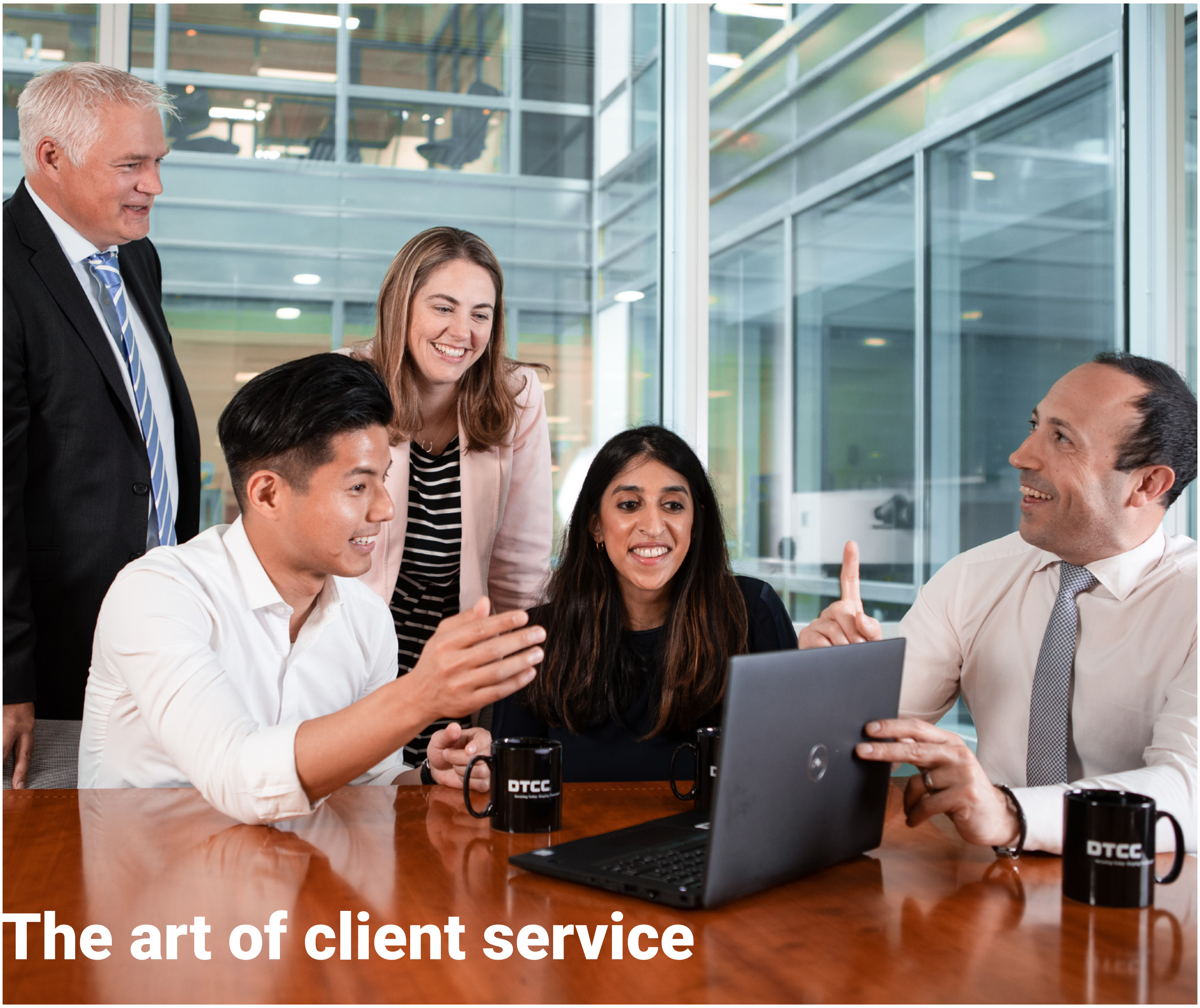

The art of client service

Industry experts at DTCC discuss the expansion of its GTR functionality to accommodate the reporting of SFT as required by Europe's SFTR and how it will support clients who are gearing up to comply with the regulation

Market participants doing business in the EU face an additional regulatory regime starting in 2020, one that will challenge their operational capacity to report large volumes of securities financing transactions (SFT) to trade repositories (TRs). While many of these firms are experienced in reporting over-the-counter (OTC) derivatives trades to trade repositories (TRs) under the European Market Infrastructure Regulation (EMIR) regime, the EU's Securities Financing Transactions Regulation (SFTR) will place additional pressure on standard operating procedures and impose new compliance burdens in a business area previously untouched by such mandates.

DTCC's Global Trade Repository service (GTR) is the premier transaction reporting and disclosure solution for clients and regulators worldwide. Launched in 2012 in response to the G20 recommendations for risk mitigation in the OTC derivatives market following the 2008 global financial crisis, GTR is the largest trade repository for OTC derivatives, processing some 40 million open positions a week and more than 11 billion messages for 5,250 clients in multiple jurisdictions around the world.

In response to SFTR, GTR is offering an end-to-end client service programme that includes all the features of its standard global client support system along with new enhancements and specific testing tools designed for SFT reporting.

GTR's partnership model

Over the years GTR, in partnership with its user community has amassed unparalleled expertise working with a wide array of market participants. This experience allowed GTR to build out its functionality to accommodate SFT, making GTR a one-stop shop

Over the years GTR, in partnership with its user community, has amassed unparalleled expertise working with a wide array of market participants

for clients' transaction reporting needs. GTR's multi-channel client service operation provides comprehensive support throughout clients' trade reporting lifecycle, from onboarding and connectivity through to testing, go-live and post-reporting data analysis. Enabled by its global footprint, GTR provides follow-the-sun support servicing clients in Europe, Asia, North America and Canada. Its email and call centres connect to a case management system to create a feedback loop with clients, relationship managers and client service staff.

SFTR's unique challenges

Compliance with SFTR, as with any new mandate, is generating anxiety among firms that will be required to comply with it. Not only does SFTR cover a broader swath of market participants than EMIR's derivatives rules, but the securities finance industry also has a heavier lift in preparing for SFTR compliance, particularly in the areas of data availability and daily workflows. For instance, SFTR requires up to 153 fields for data reporting, compared to 129 fields under EMIR.

Maria Dwyer, managing director of solutions client services and business operations at DTCC, said: "Firms under the SFTR mandate are asking questions such as, 'do we have the right systems in place for organising our trade data and transmitting it to a TR efficiently? How do we know if our trade data is robust enough to meet the standards of the new rules?'"

Dwyer explained: "GTR has responded to these concerns by developing an end-to-end support service that starts by helping these firms understand the regulation and their obligations, then gets them connected to our platform and provides value-add with analytical resources that can enhance the quality of their data."

She added: "GTR's success is driven by our collaborative relationships with clients, regulators and industry partners. We're committed to minimising the client build-out effort and facilitating SFTR implementation to the greatest extent possible."

New support tools and practices

As the demands of GTR's user base continue growing in response to the ongoing release of new and revised technical standards by regulators, GTR keeps improving its client support model.

Luca Cappelletti, global head of client service for DTCC's repository and derivatives services group, explained that the "increasing volume of messages we process and number of clients we support has generated a large number of user inquiries over time, which funnel into GTR's client support teams."

Cappelletti said: "Since 2012 we have evolved from a reactive helpdesk to deliver a more proactive user experience. Having our client community represented on our board and steering committees drives the voice of the client right to the heart of our business both in terms of product delivery and continuous improvements to our support services."

GTR has also invested heavily in new client service tools over the last three years, "putting a variety of knowledge, testing and training modules at clients' fingertips," Cappelletti said.

These new tools will be easily accessible thanks to a redesigned user portal GTR began rolling out in 2017 to improve the client experience. Users now have direct electronic access to the data stored in the repository maximising user control over the content, number, and frequency of reports generated.

Dwyer explained: "The portal redesign grew out of lessons we learned from the go-live of EMIR derivatives reporting in Europe several years ago. With EMIR we could see patterns of repeated inquiries, so we built into our new platform hands-on learning resources that guide users to the answers of common questions."

Besides its self-service capabilities, the new portal offers a simplified, more-intuitive interface along with features that can smoothly integrate other DTCC solutions into clients' trade life cycle-management workflow.

Features include an advanced dashboard that provides a snapshot of submission, trade and reconciliation data; analytical tools that enable performance benchmarking by country; and a feature-rich search interface that expedites data queries and customisation options to filter and sort query results. The portal's enhanced landing page shows a summary of user data from the previous reporting day.

Our UAT environment will be live from August 2019, which along with this structured approach to testing, will help avoid a last-minute free-for-all

Dwyer said: "Clients coming on board for SFTR reporting will realise all these benefits. I'd also encourage existing GTR clients who haven't yet switched to the new portal."

From onboarding to testing

Onboarding to a new service is often cumbersome for clients, Cappelletti noted, but GTR's SFTR offering delivers a "slick, web-based, digital onboarding process. New self-service features will streamline onboarding and eliminate a lot of the headaches that typically characterise this process".

Once onboarded, firms will need to test their internal builds and identify where their data quality requires improvement, to ensure operational conformance with SFTR. To give clients a long lead time to prepare for the new mandate, which will be phased in by type of entity starting in April 2020, GTR worked with users and vendors to develop an innovative pre-user acceptance testing (UAT) simulator. Available now and at no additional cost, the simulator allows clients to submit test messages and determine whether they will be "acknowledged" or "negative acknowledged" by GTR's trade message validation process. For negative acknowledged messages, the simulator flags why the message has not been acknowledged so firms can adjust their messaging specifications accordingly—and proceed to UAT later this year with confidence.

For SFTR, GTR has structured its UAT phases in order to support both vendor and client testing. It will be making downloadable testing scripts available to clients.

Cappelletti explained: "Furthermore, our UAT environment will be live from August 2019, which along with this structured approach to testing will help avoid a last-minute free-for-all that can occur with new regulations as go-live approaches."

Continuous improvement

"Besides our platform, testing tools and training modules, something else sets GTR apart from the competition: we continuously adapt our client support to respond to the needs users bring to our door," Dwyer said.

She added: "We assimilate best practices by participating in the Consortium for Service Innovation and the incremental investments we've been making across support are reaching an apex to coincide with our SFTR launch."

Among the improvements is the move to knowledge-centred support, with solutions to commonly asked client questions organised by topic to help GTR respond quickly and resolve issues consistently.

What's more, GTR is integrating the Agile methodology into its client support system.

Cappelletti said: "Our software developers in the Asia-Pacific region employed Agile in building out our new portal there. Now we're extending Agile's squad-based collaborative practices beyond IT applications to the delivery of client service. It's a groundbreaking use of Agile that will laser-focus us on streamlining our responsiveness at every step of our client interactions."

Clients are taking note of GTR's client support performance. In DTCC's latest Brand Equity Survey, conducted in December and January, the company's brand attribute ratings registered the largest increase in Europe, thanks to positive feedback from GTR users. Furthermore, GTR clients overall reported significantly increased engagement with the business and showed greatly improved perceptions over the past five years in areas like proactivity, reliability, expertise and client focus.

Dwyer commented: "We're extremely proud of the level of support we offer our clients. This enhanced client support model, along with DTCC's ongoing commitment to mitigate risk, automate processing, enhance transparency and drive down costs in transaction reporting enable us to deliver a compelling SFT offering to clients in Europe and beyond over the coming years."

Women in Securities Finance and Industry Leader Keynote, Panel, and Networking Session

Led by: Elaina Benfield
Senior Counsel, Vanguard
Arianne Collette
Executive Director, Morgan Stanley
Jill Rathgeber
Director, Product and Strategy, BNY Mellon

Panellists: Linda Benzi
Head of Securities Lending, E*TRADE
Christine Mattone
Director, Citi
George Rennick
Head of Agency Lending Americas, J.P. Morgan
Casey Spezzano
Managing Director, Head of Flow Collateral Trading, Americas, NatWest Markets

We are excited to open the conference with our Women in Securities Finance panel and networking breakfast! Our keynote speaker Michelle Girard, chief US economist at NatWest, and panellists will be sharing their personal stories of professional development, as well as providing updates on their company's corporate initiatives to increase diversity and inclusion within the securities finance industry.

Studies indicate that companies who hold themselves publicly accountable for their diversity and inclusion efforts tend to achieve greater successes than those companies that do not hold themselves publicly accountable. By raising awareness of these efforts within the securities finance industry through our panel discussion, we hope to promote greater success in this area within our specific industry. Over the past few years, the RMA has been a huge supporter of Women in Securities Finance and has achieved great success promoting diversity and inclusion by increasing female panel participation and conference attendance. We are extremely grateful for the RMA's support, as well as all the support we have received from our industry sponsors. Consistent with our mission, we hope our event will create additional opportunities to network for all industry participants, and help foster connections within securities finance to create a community."

Harnessing FinTech Innovation in Securities Finance and Collateral Management Panel

Moderator: Dean Sakati,Senior Managing Director, State Street

Panellists: Andrea Dyson
Managing Director, Morgan Stanley
Paul Lynch
Managing Director, Global Head of Products, EquiLend
Brian Ruane
CEO, Government Securities Services, BNY Mellon
Raj Sheth
CEO, Pirum
Guido Stroemer
CEO, HQLA^{X}
Patrick Morrissey
Director of Product, Development, and Implementation - Securities Lending, Vanguard

At this year's RMA conference, a panel 'Harnessing fintech Innovation in Securities Finance and Collateral Management' has been curated to explore how current fintech trends are reverberating through securities finance, collateral management and repo. Financial technology continues to shape financial services broadly and with the application of new advanced technologies the securities finance industry will presumably evolve in unpredictable ways.

McKinsey Consulting recently estimated that "almost 80 percent of financial institutions have entered into fintech partnerships". The panel intends to share how fintech innovation is currently being applied to solve securities lending industry pain-points, where priorities for deployment lie, where bets are being made, and what some of the barriers to adoption are. During the discussion, and in the spirit of being provocative, the panelists will also be asked to share where they think the next frontier lies. This panel is uniquely positioned to address these topics, with its participants having a rich set of diverse perspectives, from leading well established institutions to promoting and driving some of the most cutting-edge innovation in securities finance, collateral management and repo.

One of the participants from the Global Legal, Regulatory and Tax Update and Future Strategy Panel, Andy Dyson, shares his thoughts ahead of the event

First, it is a great honour and a privilege to be part of this year's RMA Securities Lending Conference. Over the 35 years or so that this event has been part of the calendar, the role of regulation has never been more important. In the post crisis era, Europe in particular has seen regulation that has changed our world beyond all recognition. As part of this panel session, I hope to be able to put what is happening in Europe into better context and discuss how imminent regulations such as Securities Financing Transactions Regulation and the Central Securities Depositories Regulation are fundamentally changing behaviour and the way we have to think about the industry.

I also want to look past the immediate regulatory imperatives and explore how we are beginning to think about what tangible benefits we can draw from these changes. Also, whilst not wanting to step into the Brexit debate but acknowledging that this is part of our daily lives here in Europe and something that will happen at some point, we should also not forget that across the EU27, a new European Commission is already outlining some important policy objectives. These include greater focus on an economy that works for the people, ensuring Europe is fit for the digital age, and a wide-ranging green agenda.

In addition, we are seeing the development of a values-based wrapper that will cut across all of these key areas. This will mean that for the first time, we will see the traditional rules-based legislative approach that we all know collides with a more values-based framework. This has potentially far-reaching impacts for our industry.

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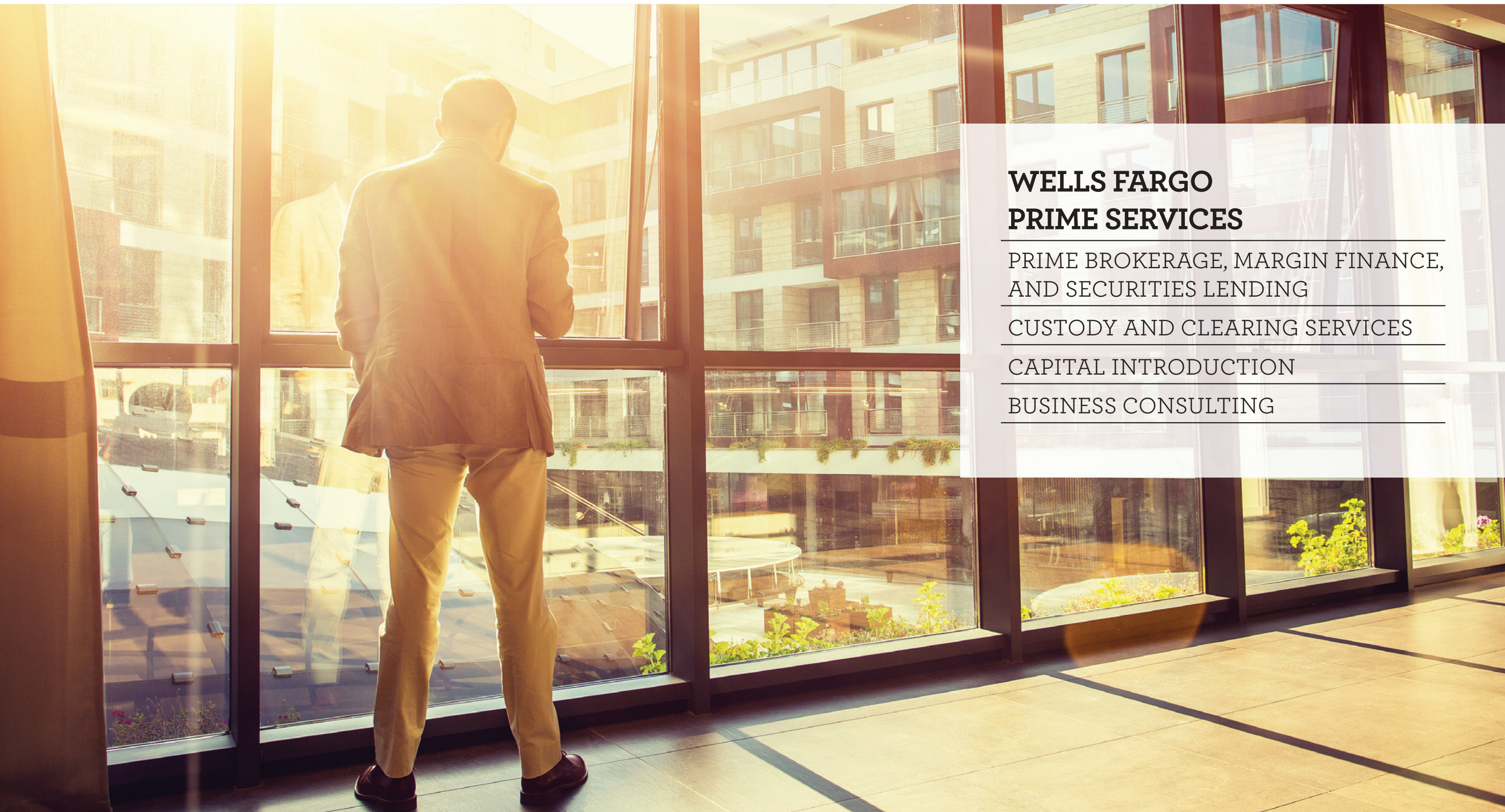

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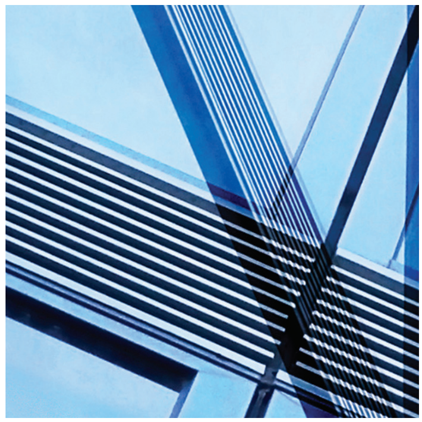
10:00 A.M.	**Women in Securities Finance and Industry Leader Keynote, Panel, and Networking Session** **Led By:** Elaina Benfield, Senior Counsel, Vanguard Arianne Collette, Executive Director, Morgan Stanley Jill Rathgeber, Director, Product and Strategy, BNY Mellon **Panelists:** Linda Benzi, Head of Securities Lending, E*TRADE Christine Mattone, Director, Citi George Rennick, Head of Agency Lending Americas, J.P. Morgan Casey Spezzano, Managing Director, Head of Flow Collateral Trading, Americas, NatWest Markets
12:00 P.M.	**Light lunch and refreshments with exhibitors**
12:30 P.M.	**Global Legal, Regulatory and Tax Update and Future Strategy** **Moderator:** Greg Lyons, Partner, Debevoise & Plimpton **Panellist:** Andrew Dyson, Chief Executive Officer, ISLA Dominick Falco, Managing Director, BNY Mellon Dalia Hamdy, Senior Tax Counsel, Global Banking and Markets, Scotiabank Glenn Horner, Managing Director & Chief Regulatory Officer, State Street
1:30 P.M.	**Association Update** **Moderator:** Fran Garritt, Director, Securities Lending and Market Risk, The Risk Management Association **Panellist:** Andrew Dyson, Chief Executive Officer, ISLA Glenn Horner, Managing Director & Chief Regulatory Officer, State Street Eugene Picone, Director - Collateral Management and Funding, Scotiabank Matthew Puscar, Executive Director, J.P. Morgan George Rapalje, Vice President, State Street
2:15 P.M.	**Coffee break with exhibitors**
2:45 P.M.	**Harnessing FinTech Innovation in Securities Finance and Collateral Management** **Moderator:** Dean Sakati, Senior Managing Director, State Street **Panellists:** Andrea Dyson, Managing Director, Morgan Stanley Paul Lynch, Managing Director, Global Head of Products, EquiLend Brian Ruane, CEO, Government Securities Services, BNY Mellon Raj Sheth, CEO, Pirum Guido Stroemer, CEO, HQLA^{X} Patrick Morrissey, Director of Product, Development, and Implementation - Securities Lending, Vanguard
4:00 P.M.	**The Future of the Industry: Viewing Financial Services Through a New Lens** **Moderator:** Charles Post, Managing Counsel & Director, BNY Mellon **Panellists:** Christel Carroll, Vice President, Goldman Sachs Nickolas Delikaris, Global Head of Algorithmic Trading, State Street Christopher Galli, Vice President, J.P. Morgan Alyssa Miller, Executive Director, Prime Services Group, CIBC Global Markets
6:00 P.M.	**Gala cocktail reception**

We clear the path

OCC has the largest centrally-cleared stock loan offering in the world with approximately $80 billion in cleared loan balances. Over the last 25 years, OCC has built an innovative and unique U.S. program for securities lending transactions where OCC steps in as the counterparty (with a two percent risk weight) and guarantees the return of stock or collateral. We continue to enhance and expand access to our stock loan program in order to offer clearing solutions and capital efficiencies for our members and the entire securities finance industry.



As the world's largest equity derivatives clearinghouse, OCC is committed to providing market participants with high quality and efficient clearing, settlement and risk management services. As a Systemically Important Financial Market Utility, we work to enhance our resiliency in order to reduce systemic risk, increase market transparency, and provide capital and collateral efficiencies for the U.S. capital markets.