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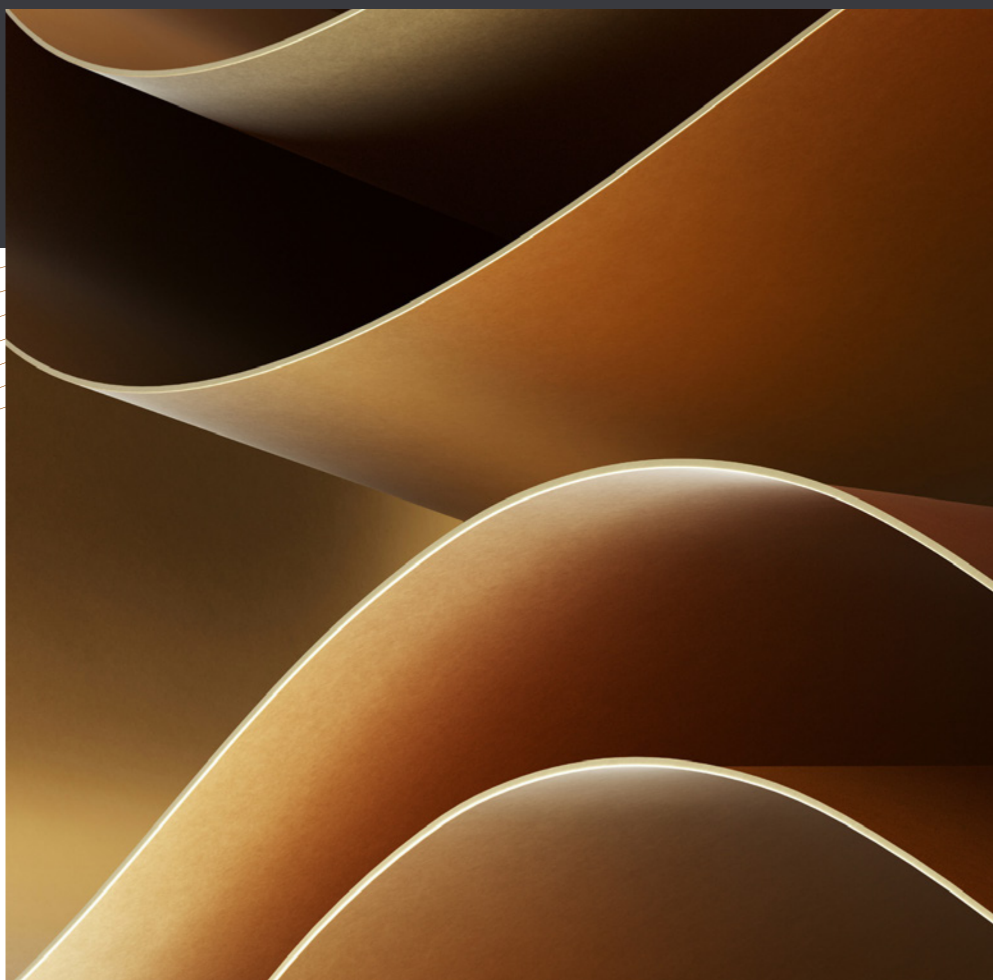
The art of sophistication

Discussing the evolution of the buy side, Ed Bond of J.P. Morgan explores the move to insource, and convergence with the sell side



FINRA Rule 6500 Series gets approved following amendments

The Financial Industry Regulatory Authority's (FINRA's) proposed rule change to adopt Rule 6500 Series, Securities Lending and Transparency Engine (SLATE), has now been approved.

On 2 January, the US Securities and Exchange Commission (SEC) released an order approving the proposed rule change, as modified by Partial Amendment No.1.

As described in the Notice and in Partial Amendment No.1, FINRA stated that it proposed to adopt the new rule to establish reporting requirements for covered securities loans.

It would also provide for the dissemination of individual and aggregate covered securities loan information and loan rate statistics.

These proposed rules would define key terms for the reporting of covered securities loans and specify the reporting requirements with respect to both initial covered securities loans and loan modifications.

FINRA also separately filed a proposed rule change to establish covered securities loan reporting fees and securities loan data products and associated fees.

The implementation date of the reporting requirements for the proposed FINRA rules will take effect on 2 January 2026, while dissemination requirements will come in on 2 April 2026.

Rule 6500 Series is designed to improve transparency and efficiency in the securities lending market, consistent with Section 15(A)(b)(6) of the Exchange Act, Rule 10c-1a, and Section 984 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

According to FINRA, the proposed rule change would do so by facilitating the collection of specified securities loan information from covered persons and reporting agents, both of which may include non-FINRA members, and providing access to such information to market participants, the public, and regulators.

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PERS selects MUFG Investor Services for securities lending

The Public Employees' Retirement System of Mississippi (PERS) has selected MUFG Investor Services for its securities lending services.

Established to provide retirement benefits for all state and public education employees, the PERS system administers a number of plans including the Mississippi Highway Safety Patrol Retirement System (MHSPRS), and the Supplemental Legislative Retirement Plan (SLRP).

As of 30 June 2024, the system's defined benefit plans served a total of 368,333 members, including 120,711 retirees and beneficiaries. The net position restricted for pension benefits totalled US$34 billion.

Commenting on the announcement, Anthony Toscano, MUFG Investor Services' head of global securities lending services in the Americas, says: "We are honoured to have been selected by Mississippi PERS, one of the largest retirement funds in the United States.

"We look forward to a long and mutually rewarding partnership."

Global securities lending revenue down 10.3% YoY

The global securities finance industry generated US$9.64 billion in revenue for lenders in 2024, according to DataLend.

The figure from the market data service of EquiLend represents a 10.3 per cent decrease from the US$10.74 billion generated in 2023.

Global broker-to-broker activity, where broker-dealers lend and borrow securities from each other, totalled an additional US$2.57 billion in revenue for 2024, down 9.9 per cent from the previous year.

Equity lending revenues fell 13 per cent globally, with revenue for North America declining 15 per cent and EMEA dropping 24 per cent.

In North America, the cause for the revenue decline was a 19 per cent decrease in average fees, says DataLend, while in EMEA, fees and balances decreased 16 per cent and 11 per cent respectively.

Equity lending revenues in APAC were largely flat year-over-year (YoY), DataLend adds.

Global sovereign debt revenue increased by 8 per cent over 2023, with US treasuries "making up the lion's share of the gains", according to the firm.

Treasuries were up 16 per cent YoY, driven by a 14 per cent growth in balances.

In corporate debt lending, global revenue declined by 21 per cent, as a regression from a record 2023 continued.

Fees were the main culprit, says DataLend, with a 29 per cent decrease driving the YoY decline in revenue.

The top five earning securities in 2024 were Sirius XM Holdings, Lucid Group, Beyond Meat, Tempus AI, and Trump Media & Technology Group.

The five securities in total generated US$644 million for lenders over the course of 2024, which is a "significant dip" from the US$1.11 billion generated by 2023's top five earners.

SIX unlocks global access to CO:RE repo data

SIX Swiss Exchange has made the SIX interbank repo market data available globally via its Multi-Dimensional Data fluX (MDDX) interface.

Jan Zürcher, head of market data, says: "The integration of CO:RE data into MDDX unlocks new opportunities for market participants globally, enriching our information product portfolio with comprehensive money market data solutions."

The CO:RE platform is a multi-currency trading hub designed to support primary auctions, liquidity management, and risk reduction through collateral management tools.

To facilitate this global expansion, SIX introduced data packages via MDDX data feed consisting of real-time updates of individual quote changes and comprehensive data on public quote executions.

These packages are accessible for and from data vendors under the Market Identifier Code (MIC) 'XREP'.

During the initial rollout phase, data vendors can deliver this information to subscribers free of charge, including non-display usage.

According to SIX, this new integration enables market participants to gain real-time access to actionable repo market data, enhance liquidity management and regulatory reporting, as well as use advanced analytics for better decision-making.

Nerin Demir, head of repo and collateral management, adds: "This initiative demonstrates our commitment to excellence and transparency in the repo market."

In December, Comyno and SIX partnered on the integration of the CO:RE platform via C-ONE Connectivity solution.

HKMA plans offshore RMB bond repo business

The Hong Kong Monetary Authority (HKMA) has revealed its plans for an offshore

renminbi bond repurchase business.

Through this move, the institution aims to enhance the market-based offshore RMB liquidity management and increase Hong Kong's competitiveness as an offshore RMB business hub.

Under the offshore repo arrangement, Northbound Bond Connect participants can use eligible onshore bonds as collateral to conduct RMB repo business in Hong Kong.

The participants include all existing Northbound Bond Connect investors, including Central Moneymarkets Unit (CMU) members and offshore investors with CMU sub-accounts opened through Hong Kong custodian banks that are CMU members. All bonds held by participating institutions under Northbound Bond Connect, regardless of bond type, will be eligible.

In the initial stage, each repo transaction will have to involve at least one of 11 primary liquidity providers designated by the HKMA as market makers.

Participants may choose their own repo agreement template, such as the Global Master Repurchase Agreement (GMRA) or the National Association of Financial Market Institutional Investors (NAFMII)'s Bond Repurchase Master Agreement.

Transactions may be conducted bilaterally over-the-counter, through an electronic trading platform, or in the same manner as existing Northbound Bond Connect transactions, and via the linkage between the Central Securities Depositories (CSDs) in the onshore and offshore markets.

Settlement will be completed under the Repo Service by CMU.

This announcement comes as part of new policy measures introduced by the HKMA and the People's Bank of China, with the aim to deepen the financial market connectivity between the two entities.

According to the HKMA, the business is scheduled to commence soon, but no concrete date was given in the announcement.

Government bond lending rising as gilt yields soar

In a week that saw 10-year gilt yields hit their highest level since the global financial crisis, and 30-year gilt yields their highest since 1998, government bonds have been "flying off the shelves", Matt Chessum, director of securities finance at S&P Global Market Intelligence, tells Securities Finance Times.

"The recent sell off in government bond markets isn't surprising, and increased positioning in the securities lending market has been offering signals of declining sentiment for a few months," says Chessum.

He notes: "Borrowing activity in government bonds started to increase in the second half of 2024. As the year progressed a recalibration of future expectations in interest rates led to further volatility in the market providing opportunities for lenders.

"During the year, revenues increased eight per cent year-on-year to US$2.03 billion, while balances grew 10 per cent year-on-year to an average of US$1.19 trillion."

Though the recent sell off in gilts has seen longer-dated bonds bearing the brunt, Chessum also highlights that shorter-term sovereign debt was seeing the majority of securities lending activity last year, while globally US Treasuries were in focus.

"Throughout the year there was a focus on borrowing short-dated bonds as they remain sensitive to immediate moves in interest rates.

"US Treasuries dominated borrowing activity during the year, with nine of the top 10 revenue generators being US assets," he adds.

The increase in sovereign debt securities lending activity is not limited to the US and UK. Chessum explains: "Borrowing activity in French government bonds has been growing, currently sitting at US$103.2 billion of on loan value — its highest level post-global financial crisis.

"The same is true of Italian and Portuguese government bonds. When looking at European government bonds, value-on-loan is currently sitting at just over US$430 billion — its highest level since 2022. Inflationary pressures, increased bond issuance, and long-term debt sustainability continues to put this asset class under pressure."

While there are a number of reasons for increased securities lending activity in government bonds, a rise in short selling may be key.

Chessum notes: "Shorting government bonds when yields are moving higher can often be a strategic move for investors due to the inherent inverse relationship between bond prices and yields — when yields rise, bond prices typically fall.

"Investors may anticipate continued increases in yields driven by factors such as tightening monetary policy, inflationary pressures, or changing economic conditions, allowing them to profit from the expected decline in bond prices."

He also highlights the market sentiment potential of increased short selling: "Higher yields may reflect market adjustments to new economic realities, prompting investors to bet against perceived overreactions or to capitalise on price corrections.

"Shorting government bonds can also serve as a hedge against potential losses in other investments, especially in a rising interest rate environment."

Japan Securities Clearing Corporation partners with State Street

Japan Securities Clearing Corporation (JSCC) has added USD cash to the eligible collaterals in its IRS Clearing Service, with the help of State Street.

Following the "trust establishment" with State Street Trust Bank (SSTB), USD cash collateral posted by clearing participants and customers will be managed on a daily basis through the sponsored repo transactions.

The structure of sponsored repo was jointly developed by State Street Bank and

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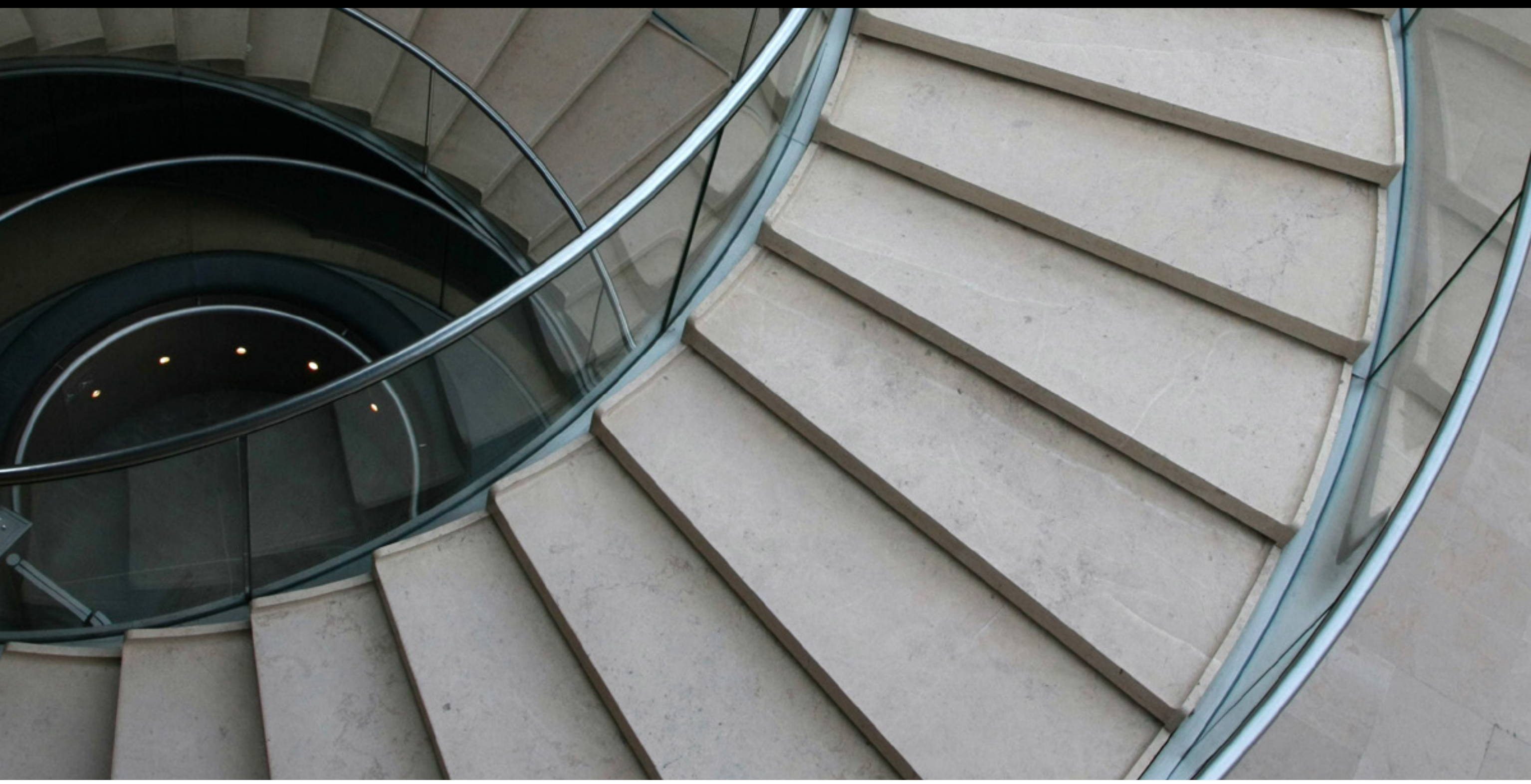

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Trust, the parent company of SSTB, and the Fixed Income Clearing Corporation (FICC) in the US.

Commenting on the announcement, Konuma Yasuyuki, JSCC president and CEO, says: "An addition of USD cash to eligible collaterals in IRS Clearing Service is a very big milestone for JSCC providing clearing services to clearing participants and their customers active globally.

"Amid rising calls for CCPs' safe custody and efficient management of collaterals globally, we are confident that State Street's USD cash collateral management service will realise great value for our users in Japan and overseas."

Akiko Terada, representative director and president of SSTB, adds: "The sponsored repo transaction provided by us is an innovative investment scheme which will bring more sophisticated credit management and risk control to the Japanese market.

"The scheme also meets US Treasury repo clearing requirements which is scheduled to be introduced by the US Securities and Exchange Commission (SEC) in June 2026."

GLMX reports 78% jump in volumes

GLMX has released its Q4 2024 platform activity and has announced its 2025 objective to focus on global integration of transformative technology.

According to the report, the average daily volume (ADV) of securities finance transactions traded on the GLMX platform was up 78 per cent year-on-year (YoY) to US$1.08 trillion.

For average daily balance (ADB) of new and existing trades on the platform, the firm reports a 55 per cent YoY rise to US$2.9 trillion for Q4 2024.

Reflecting on the fourth quarter and 2024 as a whole, GLMX CEO Glenn Havlicek says this period was "significant" for the firm in terms of innovation, resiliency and expansion.

He continues: "As we look ahead, we'll continue to push boundaries with a keen focus on the global integration of transformative technology and seamless workflow across securities finance while expanding our footprint in adjacent short end markets."

PASLA welcomes HQLA^x

HQLA^x has joined the Pan Asia Securities Lending Association (PASLA) as a Solutions member.

Founded in 2017, the Luxembourg-based fintech firm specialises in leveraging distributed ledger technology (DLT) to bring new efficiencies to the securities finance and repo industry.

By coupling the benefits of DLT with existing triparty and custody infrastructure, HQLA^x aims to make it easy for clients to improve collateral mobility and avoid costly intraday liquidity.

In December 2024, HQLA^x collaborated with Clearstream and Eurex Repo to facilitate intraday delivery-versus-payment (DvP) repo transactions, using DLT in the European Central Bank (ECB) trials.

PASLA's Solutions membership is specifically aimed at clearing houses, data providers, exchanges, fintech platforms, and infrastructure providers that are involved with securities finance transactions.

Eurex Repo ADV down 6%

Eurex Repo has recorded an average daily volume of €337.1 billion for 2024, down 6 per cent from the previous year.

Eurex's electronic market for secured funding and financing attributes the downturn to the current market environment and reduced interest in repo term business.

Average daily term-adjusted volume for GC Pooling fell by 3 per cent year-on-year (YoY) to €153.9 billion in 2024, while special repo volume decreased by 8 per cent to €183.1 billion compared to the previous year.

For OTC derivatives clearing, notional outstanding volumes have risen 12 per cent YoY for 2024, to €33,411 billion.

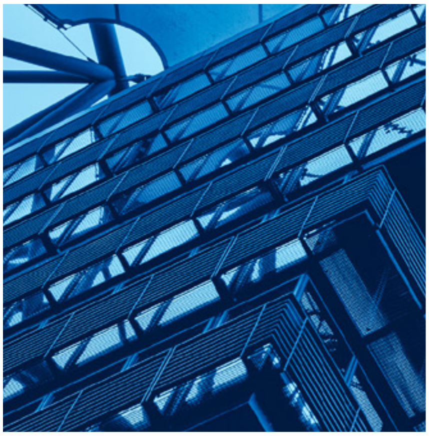
Growth in this area has been attributed to a YoY increase in notional outstanding for interest rate swaps (12 per cent, €15,663 billion) and overnight index swaps (35 per cent, €4,237 billion).

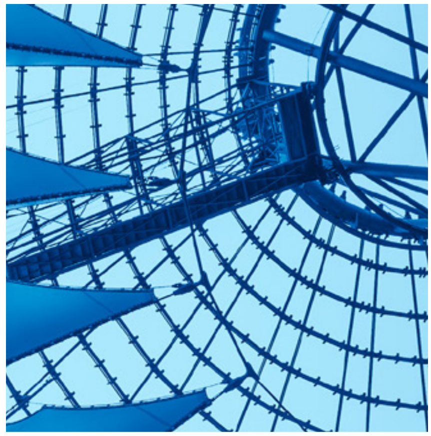
Average daily cleared volumes through Eurex Clearing have increased 13 per cent YoY for 2024 to €209 billion.

The firm reports a YoY increase in average daily cleared volume for interest rate swaps (29 per cent, €25 billion), and overnight index swaps (34 per cent, €21 billion).

On a monthly basis, the average daily volume recorded for Eurex Repo was down 10 per cent YoY to €282.9 billion in December.

Contributing to this, GC Pooling volumes fell by 4 per cent YoY to €133.2 billion, while special repo saw a 15 per cent YoY decline to €149.7 billion.






The art of sophistication

Discussing the evolution of the buy side, Ed Bond, global head of Trading Services at J.P. Morgan, speaks to Carmella Haswell about the move to insource, convergence with the sell side, and increasing optimisation of collateral

The increasing sophistication on the buy side is in full swing, from insourcing fund management and central treasury functions, to furthering convergence with the sell side.

Notably, there has been a marked evolution on the buy side in terms of priorities, sophistication, and function. Over the past decade, J.P. Morgan has observed a significant increase in lendable assets which have taken residence within global securities lending programmes, with demand to borrow these assets remaining relatively stable.

“For institutions such as J.P. Morgan to continue to meet our clients’ needs, it's important that we evolve our product away from just vanilla discretionary securities lending,” explains Ed Bond, global head of Trading Services at J.P. Morgan.

Further, J.P. Morgan has seen an increase in non-custody securities lending, alongside a growing trend in activities designed to increase returns and optimise investment outcomes. This reflects a strategic shift among clients, who are increasingly evaluating and selecting providers based on specific capabilities in alpha generation, rather than defaulting to existing custodial arrangements. This approach underscores the importance of aligning with partners who can deliver bespoke solutions that meet diverse investment objectives.

Acting as a catalyst, the Uncleared Margin Rules (UMR) brought a more focused view on sources and uses of collateral for J.P. Morgan’s buy side clients. In turn, this raised questions around how to optimise and, according to Bond, fundamentally drove a desire to build in-house central treasury functions or teams.

Essentially, clients are internalising processes and beginning to take a more holistic view of inventory management and collateral use.

Two sides of the same financing coin

The route to sophistication is an important one. For Bond, there is no better example of this than in Australia.

The Australian superannuation fund industry has undergone significant consolidation over the past few years, a trend likely to continue in the medium term. Bond highlights an increasing amount of capital now distributed across fewer asset owners in the market. This shift has increased the fiscal responsibility of these asset owners, further bolstered by government initiatives aimed at protecting the integrity of the financial system.

Firms have had to boost their internal treasury functions and inventory management abilities to ensure that they can maximise performance and allocate the increasing amount of capital, while also adhering to any regulatory changes that occur. Bond explained: “In a world where capital continues to grow, we see a trend where the buy side are building out their international presence; as an example, APAC institutions opening up desks in London or New York."

He adds: “That clearly helps in an environment where we're seeing a shortened settlement cycle. It also helps that the buy side is building out relationships bilaterally. It enables them to have relationships with sell side institutions and trading counterparts across financial centres globally, and that, in turn, will generate flow and idea generation.”

Bond also highlights an increase in sell side experts moving to work for buy side institutions, while the buy side continue to build out teams through their internal talent programmes to support central treasury functions.

In his view, the sell side and the buy side are two sides of the same securities financing coin within the securities financing ecosystem. “With the expertise that the buy side has been investing in and building out, they're having sophisticated dialogue with the sell side,” he adds, “the most sophisticated buy side clients understand the binding constraints of the sell side.”

In other words, buy side clients are now more acutely aware of the requirements of the sell side and are able to direct and structure securities financing trades. They are also in a better position, in Bond’s experience, to understand, price, and build these relationships directly. He believes this expertise, along with having larger teams, has enabled the buy side to be more active directly with the sell side, therefore generating alpha for them.

“In summary, UMR, increased balance sheet management, and talent acquisition, both internal and external, have driven a convergence between collateral and financing,” Bond highlights. “There's a convergence between sell side and buy side, and there's a convergence between what's historically collateral management and securities financing.”

According to Bond, this convergence has prompted firms to focus on optimising their use of collateral and securities. The goal is to “get the right asset in the right place at the right time” to generate returns and support the institution’s wider investment strategy. Additionally, buy side participants aim to build out relationships across the financing ecosystem, including sell side and buy side participants, all through an inventory management process.

To build or to buy

The trend towards insourcing has become increasingly prominent among buy side market participants, particularly in response to regulatory changes like UMR.

UMR regulation was “a real change”, as it required, for the first time, many firms to post margin. This shift has compelled buy side firms to internalise processes to better manage their collateral needs. Although UMR is directed at the derivatives market, it has a meaningful impact on the use of collateral for securities lending participants.

Those impacted the most are predominantly buy side entities. Under UMR, initial margin (IM) is commonly a two-way exchange with liquidity and funding implications. Therefore, buy side firms now need access to collateral that is eligible for IM, and need to check whether their counterpart is in agreement on the type of collateral. Historically, variation margin has been posted as cash, whereas regulatory IM is generally non-cash collateral.

Due to the move from cash to an increase in non-cash, firms have increasingly needed to review what non-cash collateral they should be posting. It also presents a question around the value of a security and its funding cost. Firms have been looking at alternate routes and other collateral that can be posted, and J.P. Morgan is now able to support, as an example, posting equities as margin.

“We've seen Archegos Capital Management collapse, the UK gilt crisis, the change through Covid-19, and the vendor dependencies that came out of that, as well as the Silicon Valley Bank event — they all highlighted limitations around liquidity, and that all overlaps with a sustained period of interest rate hikes,” Bond comments. “Those factors combined have really driven an insourcing of some functions to ensure that firms have a clear and better understanding about how they are being optimal in the use of their collateral.”

Inventory management is now seeing the buy side using securities to fulfil certain obligations, to generate alpha, or for a number of other purposes. Bond suggests that the industry has come a long way from using discretionary securities lending to generate returns to pay custody, to a much more sophisticated, holistic inventory management view, fulfilling obligations and seeking to achieve alternate routes of revenue accretion.

“We've had to focus on developing our product to make sure that as the overall lending supply has increased, we've captured as much of that relatively stable borrower demand as possible,” Bond notes. “And to do that, you have to differentiate, build products, and provide more routes to market in order to generate value for the client.”

Unique value proposition

Speaking to Securities Finance Times, Bond analysed the core challenges facing the buy side in relation to securities lending and collateral management, and how this is shaping their development decisions.

Expectedly, regulatory changes form one of the concerns facing firms. Bond highlights the increasing number of firms posting margin through the UMR regulation. “Firms are trying to determine which assets to use to meet obligations — they therefore need to understand the fair value of collateral and the liquidity of their assets,” he explains.

Underpinning all of this is data — having comprehensive access to data and the ability to aggregate various credit support annexes (CSAs) and funding requirements ensures that, at any point in time, “they can make optimal decisions around which security to use to fulfil specific obligations”, Bond confirms. He believes that this is increasingly complex and is not limited to the buy side, but also “applies across the financing industry”.

In navigating the changing landscape for buy side firms, J.P. Morgan’s Trading Services business is positioned to provide support. Bond highlights the firm's distinctive structure, where three independent global businesses — Agency Securities Finance, Collateral Management, and Triparty — are integrated under the Trading Services umbrella, allowing J.P. Morgan to offer a suite of services tailored to the needs of its clients.

“Our aim has been to bring these three components together to provide a platform style of solutions for our clients,” Bond notes. “We want to be able to provide a range of solutions to our clients, as well as improved connectivity, and the analytics to support their decision making.”

To help buy side clients’ needs further, J.P. Morgan has invested and built out its Collateral Transport product. It is a mobilisation service that utilises J.P. Morgan’s securities lending infrastructure to assist clients in managing the mobilisation of their assets from custody accounts into Collateral Management or Triparty services, as well as handling the recourse substitution process for sales. Importantly, it collaborates with clients to support the use of assets as collateral, helping to better determine their intrinsic value in the lending market.

He adds: “Through this transport mechanism, we have been enhancing our ability to work with clients to direct collateral more optimally, meeting their various requirements.”

Looking forward

J.P. Morgan has much underway over the coming 12 months, including continued work on the Collateral Transport business — the firm aims to review the ability for clients to auto-select assets from custody, based on eligibility, preferences, and costs, evolving the holistic inventory management optimisation model. The key focus will be further enhancing this process to provide real-time insights and recommendations, ensuring optimal asset allocation.

Within J.P. Morgan’s Trading Services is also a digital product unit that is run independently and supports a platform known as the Tokenized Collateral Network (TCN). TCN uses the firm’s private permissioned blockchain, Kinexys Digital Assets, which enables clients to post assets to a collateral receiver without the need for physical movement, supporting an accelerated settlement process with less friction. According to Bond, Tokenisation will continue to be a focus for the business.

Bond explains: “Tokenisation of real world assets is gaining momentum. It's an area in which we've invested and continue to invest in. We work with both the buy side and sell side to develop use cases, and expand the participants on our network. Additionally, we are focused on connecting our Triparty systems to other digital platforms to enhance the financing of digital assets.”

This is an area of growth and development for 2025, and one that is very relevant to the suite of products within Trading Services and securities finance through Triparty, Agency Securities Finance, and Collateral Management.

In conclusion, Bond says: “We will continue to work with our clients to make sure that we can meet their needs, and we need to do that through understanding their liquidity, treasury needs, and the evolution of those over time, so that we can continue to innovate and partner with them. Our commitment to integrating automation into our services, through the likes of digitised CSA review and upload capabilities, ensures that we remain at the forefront of innovation, providing clients with the tools they need to succeed.

“Partnership and product evolution to support the buy side in growing their business in an optimal way is our focus right now, and will remain so through this year.”

Funding and financing in an age of geopolitical uncertainty

Clearstream's Marton Szigeti and Eurex Repo's Frank Gast explain how Deutsche Börse Group's cleared and uncleared repo services are helping cash lenders and borrowers to meet their liquidity needs across a wide range of market conditions

Geopolitics is currently front of mind for Europe's financial authorities as they navigate the sector through a period of complex monetary readjustment. Conflict in the Middle East, Russia's invasion of Ukraine, and US-China tensions over Taiwan are just some of the political drivers which have reinforced financial uncertainty during this phase of post-pandemic adaptation.

These geopolitical tensions are superimposed on a period of central bank monetary 'normalisation' which featured the most aggressive tightening phase in the European Central Bank's (ECB's) history, prior to its four successive 25bps cuts since June 2024.

Against this background, Frank Gast, managing director, Eurex Repo, and global head of repo sales at Eurex, highlights three key trends that have defined activity levels through Eurex Repo during 2024.

These are a contraction in levels of excess liquidity in the euro area, the easing of concerns around collateral scarcity, and increasing participation of buy side firms in cleared repo.

"In the financing markets, we see a change of direction as a result of the reduction in excess liquidity," he explains. "This has created an apparent contradiction where, even though there is still more than €2.8 trillion in excess liquidity outstanding, there are questions around whether there are enough players willing to lend cash in the European repo market."

Cleared repo on elevated levels

At its peak, excess liquidity hit record highs of close to €4.7 trillion in 2022, but this has contracted as banks have repaid their loans taken under the third series of targeted longer-term refinancing operations (TLTRO) and the ECB has choked off reinvestment of the proceeds of bonds maturing under its asset purchase programme.

With the ECB adjusting its remuneration cap for non-bank deposits in May 2023, such that non-banks receive a ceiling of euro short-term rate (€STR) -20bps on cash deposits placed with their national central banks, this prompted non-banks to seek alternative channels to deliver a more attractive yield on their cash.

This confluence of factors resulted in a major step up in activity through Eurex Repo during late 2022 and 2023. For the full year 2023, the average daily term-adjusted repo volume increased by 70 per cent relative to 2022, climbing from €210.3 billion to €357.8 billion. The GC Pooling market expanded by 142 per cent year-over-year (YoY) during this period, while the special repo market grew by 38 per cent YoY.

However, this expansion has flattened off during 2024. "During the past two years, activity through cleared repo has hit peak levels," explains Gast. "Overall repo outstanding volumes remained robust during 2024. While GC Pooling volumes increased by 7 per cent YoY, volumes in specials have contracted by almost 10 per cent at Eurex, primarily given reduced specialness in the German government bond segment."

Explaining further, Gast notes that debt management offices (DMOs) typically sell government bonds, receive cash and then reinvest this cash in liquidity markets, particularly through GC Pooling. "The lower levels of activity in EUR government bonds, particularly in bunds, due to lower demand, allied with a decline in the level of 'specialness', has resulted in DMOs holding lower cash balances," he observes. This has resulted in a decline in cash lending from DMOs and state treasury agencies through cleared repo markets.

A strong year for triparty repo

While activity levels through cleared repo have flattened off during 2024, this has provided a fertile period for uncleared activity through Clearstream's triparty repo segment. "In the cleared market, use of a CCP offers stability and standardisation; for banks this offers efficient balance sheet treatment for their funding and financing activities, but collateral flexibility is limited to a specified set of baskets," says Marton Szigeti, head of collateral, lending and liquidity solutions at Clearstream. In contrast, financing through triparty or bilateral relationships enable counterparties to access liquidity against a wide range of collateral sets.

"Even though there is still more than €2.8 trillion in excess liquidity outstanding, there are questions around whether there are enough cash providers in the European repo market."

Frank Gast
Managing director, **Eurex Repo**
Global head of repo sales, **Eurex**

In the uncleared triparty repo segment, liquidity has grown as TLTRO III has run off and cash borrowers have needed to find other financing channels for harder-to-finance assets. Those assets have typically gone into the commercial bank world, with new and returning liquidity providers stepping up to meet this demand. Banks that had ceased to lend are now resuming their lending activity, corporates are lending in higher volume and buy side firms have been active in search of yield opportunities in uncleared repo.

While this shift from collateral scarcity to relative collateral abundance has made high-quality liquid assets (HQLA) cheaper to access, banks continue to face regulatory and operational pressures that are driving them to review their approaches to collateralised trading activities. "This theme is now biting hard and banks are investing heavily to optimise their collateral more effectively," says Szigeti.

Getting better at collateral optimisation

Improving collateral optimisation will be a major focus for Clearstream during 2025, according to Szigeti. "For triparty providers, the strength of their optimisation services, and how well this is supported by effective data and analytics capabilities, will be a primary point of differentiation," he adds. In turn, banks are examining their long boxes and evaluating what they can do to mobilise, optimise and allocate their collateral more effectively. "Some bank clients have identified collateral funding savings of tens of millions of euros across their global business by focusing on how they can improve their collateral optimisation," he explains.

Clearstream has made significant investment over the past few years in improving its own in-house artificial intelligence capability specific to collateral management. OSCAR, the collateral eligibility negotiation and collateral screening platform developed by Clearstream in association with IntelliSelect, has been rolled out to users via a staged release from early 2023 and is now being employed by more than 40 clients.

In February 2023, Deutsche Börse Group announced a relationship with Google Cloud that has confirmed the California-based hyperscaler as Deutsche Börse's preferred cloud provider for the coming 10 years. This partnership will further support the development of the D7 digital platform, while supplementing Deutsche Börse's data distribution and data analytics capabilities.

Building on these developments, Szigeti indicates that Clearstream will be extending its digital collateral platform to deliver some eye-catching advances during the coming 12 months. "This is not just applying AI and digital innovation to make existing processes more efficient," he says. "Rather, it will transform these legacy processes, breaking down fundamental barriers that currently prevent banks from optimising their collateral as they would like. We are developing best-in-class digital and AI services that will take to a new level the custody-agnostic collateral optimisation that we are currently operating in five markets."

With the European Securities and Markets Authority's (ESMA's) proposal that EU markets should move to T+1 settlement by October 2027, Clearstream is confident, from a securities services perspective, that it can support next-day settlement for most securities. "However, it is important to work through these challenges with participants in securities financing markets to ensure that we offer the tools to thrive in a T+1 settlement regime," he says.

A T+1 securities settlement environment is, in effect, a T+0 environment for funding and financing. With securities lending and rehypothecation, this settlement process often involves a series of interlinked transactions where a settlement failure can lead to the failure of a whole chain of settlement instructions. In this context, the ability to access cash liquidity and securities liquidity on an intraday basis becomes essential to manage and unwind these chains of transactions.

"To date, this has not been a big issue in a T+2 environment because there is commonly time to resolve these concerns," observes Szigeti. "But that will change when operating in a next-day settlement cycle." With interest rates at their current levels, this is likely to have cost implications, and to present significant reputational risk, for firms that are confronted with a rise in settlement penalties as a result of their failure to manage this adaptation effectively.

Buy side access to cleared repo

For the past three years, Eurex has focused on bringing more buy side customers into cleared repo. Through ISA Direct and ISA Direct Indemnified, Eurex aims to combine the benefits of direct clearing access for buy side firms with the benefits of sponsored access via a clearing member.

Reflecting on this initiative, Gast indicates that Eurex has continued to see new pension and insurance funds coming on board as cash providers. This offers access via a multilateral agreement to a wide range of potential cash borrowers, while also safeguarding their ability to access cash at short notice required to meet variation margin requirements under Uncleared Margin Rules (UMR).

More broadly, some pension and insurance funds are seeking to finance HQLA through cleared repo markets. As holders of large portfolios of high-quality assets, many of these funds previously sought to generate yield from these assets via an agent lender — and, as such, they are newcomers to cleared repo markets in financing these assets directly to the street. In this sense, Gast notes that cleared repo via ISA Direct is providing additional business opportunities to the buy side, not only to raise cash but also to sell collateral to the market.

Eurex has expanded this facility with indemnification to attract more hedge funds into cleared repo and early adopter clients are now completing their onboarding procedures. It is also working with clearing members to increase the number of sponsors active in the programme and expects by mid-2025 to add several banks to its list of sponsors.

In closing, Gast is confident that Eurex Repo will continue to increase buy side participation in cleared repo during 2025 and beyond. It will also continue to attract supranationals and central banks to cleared repo, offering a stable and efficient infrastructure for these institutions to meet their liquidity management requirements. Discussions are in progress with several central banks and supranationals to become active in Eurex Repo in the new year.

For Clearstream, Szigeti invites readers to watch out for announcements later in 2025 relating to its application of AI to collateral optimisation and the innovation enabled through the computing power and cloud computing capabilities available through its partnership with Google.

Recognising how large and complex the collateral inventories of global financial institutions are, it has taken several years to fully digitise collateral schedules, to build new data interfaces into participating custodians and, in doing so, to create a data lake that provides the foundation for this advanced optimisation service. With these building blocks in place, important advances are just around the corner.

“We are developing best-in-class digital and AI services that will take to a new level the custody-agnostic collateral optimisation that we are currently operating in five markets.”

Marton Szigeti
Head of collateral, lending and liquidity solutions
Clearstream

The future of repo?

As the use of blockchain and distributed ledger technology starts to make real footholds in the repo market, Karl Loomes looks at the technology and the potential benefits it brings

In the world of overhyped phrases and terminology everybody knows but nobody truly understands, blockchain and distributed ledger technology (DLT) have to be near the top in the financial industry of late. DLT, theorised as early as 1991, has itself existed for more than a decade — famously hitting the mainstream through the development of bitcoin. Its use in the repo market first saw pilot systems making headlines around 2016.

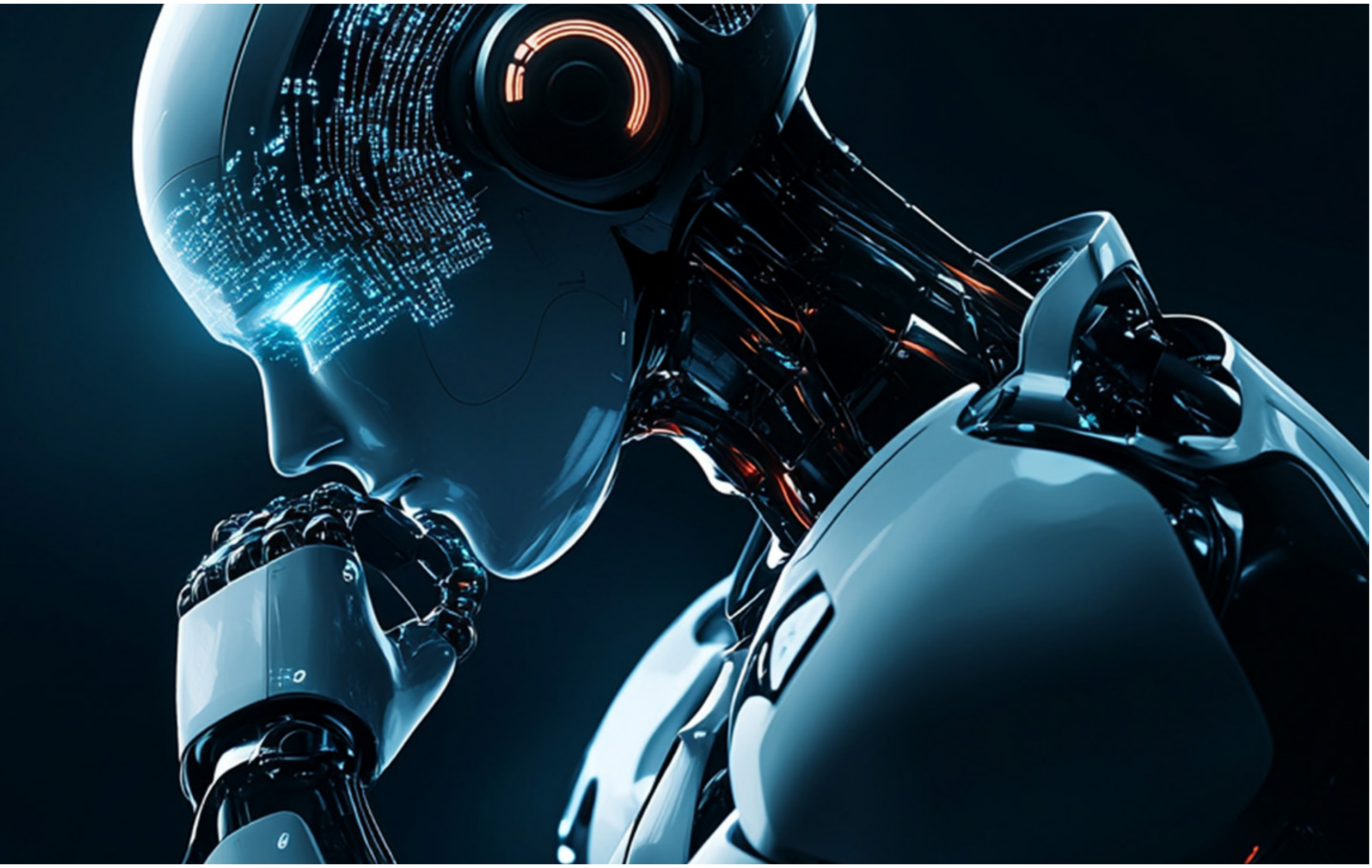
Just last month, Société Générale completed its first repo transaction in digital securities with a Eurosystem's central bank fully executed on blockchain, while Santander Corporate and Investment Banking (CIB) announced its first programmable intraday repo transactions with J.P. Morgan via Digital Financing on its blockchain-based Kinexys Digital Assets platform.

As overhyped as bitcoin and crypto currencies might make the term ‘blockchain’, the reason for such genuine interest, and such eager uptake of the technology, is that it does truly have a lot to offer. From increased liquidity to improved security, blockchain brings a wealth of benefits to repo participants.

What’s in a name?

Though the terms are often used interchangeably, blockchain is in fact a specific type of DLT. Put simply, blockchain is a public, centralised and immutable ledger that stores records across a peer-to-peer network. Each record, or ‘block’, is stored in chronological order, and is linked to its predecessor in a digital ‘chain’ — hence the name.

Being a centralised ledger, there is only the need for one record, which everybody has access to. As each block is immutable, no records can be tampered with or changed after they have been recorded. Any errors need to be corrected via a new, independent transaction.



Being a digital system, the blockchain is able to contain 'smart contracts' — snippets of code that automatically execute an agreed action when specific conditions are met. These self-executing digital agreements help reduce the need for any intermediaries or manual processes and speed up virtually any aspect of a transaction.

New technology, established market

These broad, generic benefits are amplified when applied to repo transactions. As Ed Tyndale-Biscoe, head of Secured Funding at ION Markets, notes: "Distributed ledger technologies have the potential to be transformational in overhauling the repo market's complex settlement and post-trade processes."

"The market has successfully issued numerous financial instruments on blockchain networks," highlights Johann Palychata, head of Partnerships and New Platforms, Securities Services, BNP Paribas, adding: "Using them for refinancing purposes through repo is a natural use case. It was therefore only a matter of time for such usage to gain traction."

This positive note is mirrored by Horacio Barakat, head of Digital Innovation at Broadridge: "Distributed Ledger Repo is transforming repo market infrastructure. Via the utilisation of tokenisation and smart contracts, DLR allows for better collateral velocity, optimal liquidity management, reduced financing costs and operational risk.

"DLR currently processes over US$1.5 trillion in notional every month in multiple types of repo transactions. Intraday repo is one example of one of the advancements that DLR is bringing to repo markets."

The centralised and immutable nature of blockchain transactions help bolster transparency and accountability — all parties involved can check and verify each stage of a transaction and the collateral involved, all in real-time. This potentially means increased confidence both in each transaction and in the market as a whole.

Similarly, the cryptographic security involved with a blockchain transaction, and the decentralised, peer-to-peer nature of DLT, inherently add another element of confidence and security for all participants.

The use of smart contracts means the terms of a repo agreement can be automatically enforced, reducing the potential for human error and the need for manual intervention. Pre-agreed smart contracts can enforce the transfer of collateral and payment terms with no room for argument.

> “The next steps involve achieving a critical mass of liquidity in blockchain networks. We expect the key stakeholders of these blockchain initiatives to be aligned on this objective.”

Johann Palychata
Head of Partnerships and New Platforms
Securities Services
BNP Paribas

Palychata notes: “Blockchain enables the digitisation of contracts and programmable money, hence automated transactions. It also accelerates the movements of collateral and the transfer of assets.”

This automation means settlement times are reduced — to the point of making T+0 feasible with intraday settlement — while minimising the chance of settlement failure, and therefore reducing costs.

Tyndale-Biscoe expands: “It can lower the costs associated with all forms of secured funding transactions and increase collateral fluidity by improving settlement efficiency — bringing the settlement cycle into a fully real-time model, increasing collateral visibility leading to a reassessment of liquidity management.”

Smart contracts mean regulatory requirements can be adhered to automatically, reducing the risk of noncompliance, while the ability to monitor transactions in real-time, the immutable nature of blockchain, and the inherent ‘audit trail’ available through the linear block-linked system, all result in greater regulator compliance and monitoring.

DLT reduces the need for intermediaries — such as agents, clearing houses and custodians — in a transaction, further reducing costs. The automation brought by smart contracts and reduction in the need for manual input, not only reduces the costs associated with errors and settlement failures, but also improves the efficiency of the repo process.

In addition, Tyndale-Biscoe suggests: “The use of smart contracts can simplify the client onboarding process and simplify the post-trade lifecycle process. We also know it can open new options to market participants.”

These benefits are already being actualised. Speaking of the work at Broadridge, Barakat says: “By integrating smart contracts and tokenisation, we are enhancing operational efficiency and creating new opportunities for seamless transactions. Our focus on interoperability ensures that these advancements work harmoniously across various platforms, driving innovation and setting new standards for the future.”

Bits and pieces

Blockchain and tokenisation go hand-in-hand, and in repo, the tokenisation of assets and collateral brings its own set of benefits. Tokenisation — breaking down underlying assets into smaller fractions, digitally tradable — can potentially open up a range of new assets as collateral, or enhance the ease and use of current asset classes. It also has the potential to make the transfer and trade of collateral across jurisdictions and markets easier.

Reducing the usual complexities associated with moving collateral across borders, as well as removing the need for intermediaries and enabling real-time tracking, allows for greater efficiency and collateral optimisation, as well as reducing costs.

Tokenised assets can also be traded 24/7 via DLT-based platforms. Combined with the potential lower barriers to entry that digitisation of assets brings, as well as the increased ability for global trading via blockchain without the need for central clearing houses, tokenisation and DLT can lead to increased trading and enhanced liquidity.

"It can lead to an increase in trading volumes since tokenised assets can be traded round the clock on DLT-based platforms, and enhance liquidity by democratising market participation, since tokenisation allows for fractional ownership," confirms Tyndale-Biscoe.

Up and coming

It is natural, then, that all these potential benefits are seeing the blockchain repo market grow rapidly. "The use of DLT in repo, and securities lending markets is continually growing. We're seeing platforms such as HQLA^X and J.P. Morgan's Onyx process billions in daily repo volumes already, and others claiming trillions in monthly volumes.

"Recently there are reports of fully-digitised securities, using central bank digital currency being traded end to end within the euro collateral trading environment," Tyndale-Biscoe emphasises.

There is, of course, still a fair way to go, and despite some systems seeing trillions in monthly volumes, the total number still lags far behind the traditional repo market. "We are getting there," as Palychata puts it.

"Technical and functional layers are progressing fast, and this is a great collective achievement. We are seeing more and more transactions occurring between various counterparties," he highlights.

Naturally, this type of new technology and market apparatus takes time to disseminate more broadly, and certainly, the early signs (if they can still be considered such) seem to be positive. Liquidity will be essential.

Palychata notes: "Particularly in our industry, the benefits materialise only when a market or a venue reaches sufficient liquidity," adding: "The next steps involve achieving a critical mass of liquidity in blockchain networks. We expect the key stakeholders of these blockchain initiatives to be aligned on this objective."

In the long run, there are also a number of potential hurdles the market will need to address. Interoperability between the various networks and platforms will be key. Palychata expands: "Building interoperability is essential, as multiple networks are expected to coexist. There might be scenarios where cash is on one network and securities on another, but this should not add friction to the trades."

Barakat confirms: "Interoperability between platforms and with existing market infrastructure is critical for success. Once interoperability is achieved, it is pretty seamless to manage collateral and cash in a synchronous way and achieve atomic simultaneous digital settlement."

There are, however, already positive signs in this direction, Tyndale-Biscoe believes, saying: "Interoperability and standardisation is needed across platforms and providers — though there are signs this is coming."

In a similar vein, and as is often the case across the global financial markets, any differences between the various regulatory and legal frameworks between countries, will seemingly act as a roadblock for a technology that is almost inherently global by nature.

"Disparate regulatory and legal frameworks remain a key obstacle to wider implementation and adoption in physical settlement paradigms," Tyndale-Biscoe advises, adding: "Joined-up policymaking will be crucial as the use of blockchain for repo develops, as well as a willingness to work together."

He also notes: "How the traditional settlement model interacts with cryptocurrency markets and exchanges remains somewhat uncertain."

Addressing these issues will arguably be the driving force for DLT repo participants and platform providers for the foreseeable future. Again, almost by its nature, this technology, and the market it is helping facilitate, sseem likely to have those involved all 'on the same page' when it comes to achieving these objectives.

Likewise, a continued 'proof of concept' that successful use of DLT brings to the market, is likely to garner greater interest and adoption. Across the board, legacy systems are being replaced by newer, digitalised systems.

Palychata says: "Stakeholders need to continue to prove to the market how the use of blockchain adds value. It is expected that further education about this new technology will complement the rising number of trades in the next 18 months."

As Tyndale-Biscoe concludes: "Efficient, globally interconnected securities markets demand digitalised settlement. It's the case that evolution from physical to digital-based settlement is a question of when, not if."

Repo panel

Industry participants assess the landscape of the repo market globally, discussing the impacts of the US Treasury Clearing mandate, the application of modern technology, and positioning for growth

Julien Berge, Head of Fixed Income and Repo Trading, **CACEIS**

Nick Chan, Head of Financial Resources, **BMO**

Ruth Ferris, Head of Financing Asia, **MUFG**

Jon Ford, Head of Fixed Income Business Development, **Pirum**

Carsten Hiller, Head of Repo Sales Europe, **Eurex**

Olivia Russell, Vice President, Sales, **GLMX**

Joseph Torpey, Managing Director, Head of Secured Financing Trading, **State Street**

How do you assess the performance of the repo market over the past 12 months? What have been some of the key trends and core lessons learned during this period?

Nick Chan: Repo Markets have been resilient over the past 12 months amid a backdrop of extended rates volatility and geopolitical stress. While the ongoing cheapening of repo rates against the risk-free rate (RFR) was expected, the lack of term premium build up for non-government assets was the most confounding development through the year. Volatility around key reporting dates further illustrated the constraints of the sell side to facilitate repo activity. Lastly, the electronification of the repo market is marching forward with more flow transitioning to trading platforms (dealer-to-client and dealer-to-dealer) for the ease of reporting. With more high-profile technology outages and cyber-related incidents observed across the market, the need for strong recovery processes and overall operational resilience has been accentuated.

Joseph Torpey: Repo market performance has been outstanding, and the resilience of participants continues to impress. The amount of liquidity generated daily at very efficient levels with the flows we have seen on both the cash investor and borrower sides of the trade is a testament to the structure of this market. As far as trends and lessons are concerned in 2024, we've learned how critical it is to really stay in front of clients and differentiate our offering. Clients have many options, so staying at the forefront of market developments and earning their trust so that we can deliver on their needs is important, no matter how the macro environment is shaped.

Olivia Russell: The repo market has been extremely robust over 2024 with growth in outstanding balances continuing the trend of recent years. Statistics from the Securities Industry and Financial Markets Association (SIFMA) show an 18.5 per cent increase year-on-year (YoY) in 2024. The International Capital Market Association (ICMA) European Repo Survey, published in November 2024, showed YoY growth of 4.9 per cent. This growth has been facilitated, in part, by the rapid electronification of the market, particularly in the dealer-to-client (D2C) segment. At GLMX, we've experienced continued powerful growth with average daily volume up 78 per cent YoY to US$1.08 trillion and average daily balance up 55 per cent to US$2.9 trillion in Q4. This year has seen the expansion and diversification of participants trading electronically, as the market evolves from large early adopters to a broad constituency of firms. We have also seen a rapid acceleration of electronic trading in Asia.

> "The repo and securities finance market is currently on a positive track in Europe and 2025 should see its share of new developments, particularly in the Spanish market."
>
> **Julien Berge**
> Head of Fixed Income and Repo Trading
> **CACEIS**

Ruth Ferris: Over the past 18 months, we have seen a shift of balance sheet capacity from the traditional European markets to more trading in the US and Asian markets — this has led to an increase in borrowing of US Treasuries and Japan government bonds (JGBs) for the first part of 2024.

The US market continued to grow, this reflected the market sentiment when the Fed started to cut interest rates and soften financial conditions, high yields and a reported growth in Treasury auction sizes of average 23 per cent across the yield curve. This growth in the supply caused a shift away from other fixed income assets as investors changed their strategies towards Treasuries.

In July 2024, the Japanese yen dominated the major currencies. This was mainly due to the Bank of Japan's intervention to support the local currency against excessive weakness, as well as the accelerated unwinding of carry yen trades due to increasing speculation about additional Japanese interest rate hikes. The USD/JPY carry trade no longer made sense, with Japan's rates rising and US rates likely to fall.

On the back of high yields, future rate cut expectations, increased supply of new gilts, and the UK July general election results, the market share of sterling improved.

In Europe, French and German government securities were impacted by political uncertainty around the elections and their fiscal implications, while 'traditional' safe assets suffered from heavy government bond issuance and bullish bond yield expectations. There has been a significant shift from collateral scarcity to collateral availability and we have seen repo rates start to normalise. We expect that this will continue in 2025, mainly due to the expected high net issuance forecast. It'll be interesting to see how the market reacts to the increased liquidity and how pricing is affected.

In triparty repo, we saw counterparties looking further down the curve towards AA and A-rated assets and away from AAA-rated securities. There has also been an increased focus on interoperability between systems, triparty agents and general efficiencies.

The growth in D2C business across automated repo trading systems continues, mainly driven by the demand for cost and operational efficiency through automation.

Jon Ford: The overall repo industry has been a tough trade with mixed performance, shifting sentiment, marginal basis and no consistent trends. For portfolio managers, that meant a tougher market to make money in, but that didn't deter from trading as volumes continued to grow.

Julien Berge: 2024 was characterised by a wealth of unclear factors within an uncertain environment. Despite this uncertainty, inflation rates are on their way down to meet the two per cent target. During the year, the European Central Bank (ECB) lowered its base rate three times, totalling 75 basis points. The monetary easing process is expected to continue and further strengthen in 2025.

Looking at the repo market, it was again notably dynamic. However, the growth in volumes seems to be slowing or at least stabilising. In times of uncertainty, we saw a number of players needing to reallocate short-term financing and transfer to the repo market at the end of Q1 2024, particularly for money market funds. Even in a complicated macroeconomic and geopolitical situation, the repo market was relatively stable.

Preparations for the end-of-year transition, which began in early October, saw some panic in the markets, and the implied spreads for core euro government bonds reached euro short-term rate (€STR) +120 and €STR +300 for peripherals such as Italy. Nevertheless, spreads were trading at the general collateral (GC) level during the final week of the year. Even the dollar, which usually benefits from an end-of-year premium, has remained unflustered. With this calmer backdrop, there are currently no liquidity problems due to a substantial excess liquidity amount of some €2.9 trillion being available. The market has changed from a collateral shortage situation to today's overabundance. One of the principal factors causing this is the increasing need for financing led by government deficits.

Carsten Hiller: Over the past year, the repo market has transitioned from 'cash chasing for collateral' to 'collateral chasing for cash'. This shift was driven by central banks' actions, including interest rate adjustments and quantitative tightening. The repayment of the ECB's targeted longer-term refinancing operation (TLTRO) loans and cessation of reinvestments had a significant impact on market dynamics. Quantitative tightening reduced liquidity, which led to tighter financial conditions, affecting the availability and cost of collateral.

Key trends for the year included liquidity decline — excess liquidity in the eurozone declined significantly, impacting repo demand and collateral pricing. In addition, the accessibility of high-quality liquid assets (HQLAs), such as German bunds, became more accessible, leading to normalised pricing. The increased supply of collateral from central bank actions made it cheaper and easier to obtain, although demand for HQLA remains high due to regulatory requirements.

Reflecting on the past 12 months and the core lessons learned during this period, the repo market has demonstrated its resilience in managing liquidity under evolving conditions, even as central bank support diminishes. Further, clearing has proven to enhance market resilience, especially during volatile periods. It provides increased transparency, reduced counterparty risk, improved balance sheet management through netting, and enhanced operational efficiencies. Lastly, the market must continually adapt to changes in central bank policy, interest rates and collateral dynamics. The shift from reliance on central bank funding to private market mechanisms highlights the importance of flexibility.

What are the current hurdles facing the repo market, and how is your firm working to help clients combat barriers? What are the core drivers of this market?

Ford: Post-trade inefficiency continues to burden the industry with high fails rates and inefficient flow of collateral, resulting in stubbornly high fail costs and higher capital costs. Higher interest rates have exacerbated operational costs, making operational and capital efficiency a high priority at many banks. Our products are specifically designed to tackle these costs by reducing the risk of fails, fines, and improving collateral mobility and efficiency for both individual desks and multi-business, as well as regional enterprises.

> "Banks are going to need to up their tech game and organise their underlying trade data to be able to scale and leverage global clearing opportunities."
>
> **Jon Ford**
> Head of Fixed Income Business Development
> **Pirum**

Russell: Record sovereign debt loads have led to increasing reliance on the repo and securities lending market to help manage and distribute sovereign and other forms of debt. These higher demands on the securities finance market make efficient use of technology critical. Redundancy in technology is a similarly urgent need. Some of the barriers faced in, for instance, fixed income securities lending, are human. People are unsurprisingly used to certain protocols and therefore reluctant to choose from a sea of potential technological alternatives. At GLMX, we have been developing both technology and a critical mass of the human factor — liquidity — for the securities lending market for nearly five years.

Torpey: The US Treasury Clearing mandate brings with it large hurdles, notably how does the immense anticipated volume become cleared efficiently. However, this also poses opportunities for creating balance sheet efficient solutions. How can the market adapt to grow and expand new products while keeping within regulatory guidelines and balance sheet limitations — questions which we will all grapple with in the coming year.

> "Sponsored clearing will be a significant change in the US repo market. The move represents one of the most noteworthy shifts in US capital markets for decades."

Ruth Ferris
Head of Financing Asia
MUFG

Berge: Like most markets, we are currently undergoing a series of operational changes, driven by regulations and the changing needs of market participants. As CACEIS is a major player in the asset servicing industry, we must ensure we can offer a range of services that are precisely adapted to the ongoing changes in our business landscape, both regulatory and operational.

We are currently looking into launching an offer for a section of our clientele that brings a repo transaction clearing service with CACEIS acting as an agent. While the offer is principally designed to reduce risk, it will also provide a framework that will enable a broader range of clients to access a market that is currently difficult or impossible to access.

Chan: The repo market is unique in the sense that it is both an investment market and a utility function. As such, rates are not the only consideration; operational setup, regulatory metrics, and client relationships are key factors. While the low margins are an ongoing challenge from an economic point of view, the operational frictions in moving collateral around to be used in the most efficient way remain a core challenge. Fragmentation of markets can be significant leading to pricing discrepancy. Having a robust operational and technological framework is essential if one is to successfully scale that activity.

Ferris: Sponsored clearing will be a significant change in the US repo market. The move represents one of the most noteworthy shifts in US capital markets for decades. There are concerns over the viability of the current deadlines, the lack of a phased approach, questions surrounding the economics of providing clearing services for Treasuries and repo to clients, and information gaps, such as from central counterparty clearing houses (CCPs) which are still developing their models to process the transactions.

Further clarification and additional regulatory activity around accounting treatment, capital requirements, and cross-asset margin offsets will ultimately indicate how the market proceeds. However, in the meantime, market participants have to plan their investment in technology to increase automation and reduce overheads for the required build-out.

Onboarding, and the know your client (KYC) process for clients, continues to be a challenge for the market — every counterparty has different requirements which makes it a very slow negotiations process, especially across jurisdictions and time zones. If there was a formalised market KYC process, whether all firms had to be a member of an association like the Wolfsberg Group or a centralised database based on the counterparty legal entity identifier (LEI) with KYC documentation available, it would benefit all market participants. Initiatives like the Common Domain Model (CDM) will encourage transparency and consistency across the market.

Market participants are looking at a global 'follow the sun' workflow, this will be progressively important as individual jurisdictions withdraw excess liquidity at different speeds. We are seeing firms set up trading hubs in the Middle East and expand into Asia in order to capture more market share and to diversify assets.

At MUFG, we have moved people internally and hired new people to set up a trading desk in Hong Kong to price during Asian hours. We are also in the process of setting up a non-JGB repo trading desk at our affiliated Japanese entity, Mitsubishi UFJ Morgan Stanley.

Hiller: The current hurdles we see that are facing the market include reduced liquidity, cost pressures, and the ECB's new operational framework.

Central bank tightening has led to reduced liquidity, with the ECB transitioning to an 'ample reserves' policy. This has made it more challenging for market participants to access funding. While rising costs of collateralised lending, particularly for non-bank participants, have led to financial pressures. Higher borrowing costs, especially for longer-term funding, are limiting access for some participants, which is growing demand for net stable funding ratio (NSFR) compliant transactions, eg term repo with evergreen structures.

The change to the ECB's operational framework, announced in March and effective from September 2024, reduced the spread between the main refinancing operations (MRO) rate and the deposit facility rate from 50bps to 15bps. There are mixed views on the impact this will have on the repo market. Some see this kind of cheap money from the central bank as a threat to the repo market, while others believe it will not have a major impact, as 15bps is still a significant spread in the repo market.

To combat barriers, Eurex introduced the GC Pooling Green Bond Basket, expanded collateral eligibility, and enhanced settlement options, including TARGET2-Securities (T2S) settlement in central bank money. These innovations aim to improve market efficiency and accessibility. These include evergreen repo contracts to address Basel III NSFR challenges and provide long-term funding certainty.

Furthermore, Eurex significantly enhanced its settlement offering by supporting repo settlement of core European repo markets at Clearing Banking Frankfurt (CBF) in T2S. Eurex's clients now have the unique capability to settle their euro GC Pooling and euro single ISIN repos in central bank money at a single central securities depository (CSD), which should enable balance sheet netting as well as more efficient cash and collateral management. We believe this initiative will also help to alleviate some of the expected challenges from the implementation of T+1 settlement for cash bond markets.

Key drivers of the repo market include central bank policies and regulatory requirements (adjustments of which can have a direct impact on liquidity and collateral availability), the demand for liquidity management solutions, and increased private market participation.

How are you positioning yourself to capture new opportunities for growth within this market? Which emerging markets are showcasing an interest to further its development?

Torpey: Our predominant business is in our global sponsored repo trading franchise, which is where all the hype exists. Therefore, we'll be keeping our eyes open and our heads on swivels. Listening to the needs of clients is always at the forefront of capturing creative opportunities for growth. Building on our initial offering, we continue to grow into all aspects of secured financing, making overnight and term markets on both sides of the trade and adding additional asset classes.

> "New clearing agencies coming in and new models like agent clearing or a done away service, and the take up of those, will be how the market is shaped."

Joseph Torpey
Managing Director, Head of Secured Financing Trading
State Street

Also, our peer-to-peer programme housed on Venturi took off in 2024 and we expect continued growth there. Moving outside of the US, we see strong emerging opportunities globally and are expanding our sponsored repo programme into EMEA and APAC. We have also invested in an innovative enhanced clearing service in collaboration with another EMEA-based CCP. State Street has always been a leader in jurisdictional expansion and educating the broader market is something we take pride in.

Russell: Securities finance in general, and repo in particular, continue to drive business growth for our clients globally. In many ways, these markets are benefiting from an electronically enabled market, ramping up with new functionality and counterparties at speed. Aside from geographical expansion, we are also excited to be supporting new trade flows. We see a huge opportunity to support systematic credit business as it grows and looks for new financing solutions, as well as emerging markets flow, which can disproportionately benefit from intelligent and connected funding networks.

Ford: Certainly, AI has been the buzzword of 2024, and this will only accelerate in 2025. As a tech firm, AI will unleash a host of new possibilities for improving overall post-trade efficiencies as well as analytics and visibility. We have developed, and continue to develop, data and analytics tools to leverage this trend, and enable firms to discern valuable insights, like the 'true cost of trade', that will enable better-informed trading, as well as improve operational and capital efficiencies.

Hiller: In terms of positioning for growth, Eurex has significantly expanded buy side participation, granting a total of 22 new licenses in 2023-24, including the onboarding of non-bank institutions such as pension funds and insurance companies. This expansion aims to increase market liquidity and diversity.

Eurex is continuously expanding its product offerings to meet evolving needs. This includes the introduction of new collateral types, the expansion of trading terms, and the development of innovative products such as the Green Bond Basket. The introduction of this product, and other innovative products, highlights Eurex's market leadership and commitment to sustainable finance.

We see a growing interest in sustainable finance, which presents growth opportunities in the green bond repo market. Eurex's initiatives in this area align with broader market trends towards sustainability.

Looking at emerging markets of interest, Italy is important to mention. Increased activity on the Eurex Repo markets, particularly with Italian BTPs, reflects growing interest from Italian clients. This trend is partly due to the repayment and maturity of TLTROs, which require the refinancing of released collateral.

Berge: The repo and securities finance market is currently on a positive track in Europe and 2025 should see its share of new developments, particularly in the Spanish market, which is set to derestrict securities lending transactions for undertakings for collective investment in transferable securities (UCITS) early this year. The market has been waiting for this development for more than a decade. Overall, the growth drivers for Europe are looking strong and CACEIS is ready to bring an in-depth securities lending experience to our Spanish clientele.

Emerging markets are also an area that offers interesting growth prospects and for CACEIS, our asset servicing business across South America offers even more commercial development opportunities that we are looking to capitalise on.

The US Treasury clearing mandate is set to impact the repo market come June 2026. How do you anticipate this rule will shape the future of the repo market? What other regulatory initiatives look to consume your attention in this respect?

Ford: Technology will be critical to ensuring adherence to the new clearing rules, especially as what we will see in 2025 is an acceleration in the globalisation of clearing. From assessing transaction eligibility, determining access models, pricing in initial margin and variation margin, allocating higher costs, segregating margin, determining balance sheet and liquidity impact, and tracking contingent risk. Banks are going to need to up their tech game and organise their underlying trade data to be able to scale and leverage global clearing opportunities.

Berge: Clearing financial transactions is not a new concept, however in the US, the repo market historically had very little if any clearing. According to recent figures from the US Securities and Exchange Commission (SEC), 80 per cent of transactions are still carried out bilaterally. On the other hand, in Europe, more than 40 per cent of repo transactions are cleared. The vast majority of the remaining bilateral transactions involve very short maturities, often overnight, and are mainly focused on French debt.

Clearing repos on American debt will significantly impact the cost of certain arbitrage operations known as 'basis trades', which happened in 2022 and 2023, creating a liquidity issue and an increase in the cost of repo on US Treasuries. Such strategies are also more difficult to replicate in Europe on French or German debt, where the level of repo for these debts is half that of the US.

The key objective of clearing repo transactions on US debt is to better manage all flows and players operating in this market. This is designed to avoid a whiplash effect in certain areas and to prevent situations where artificial liquidity needs arise, leading to an unjustifiable increase in the demand for liquidity.

The US regulator has been on a course of modernisation, as seen in the move to T+1 settlement, and it is now focussing on repo transaction clearing.

At the same time, the European market's Central Securities Depositories Regulation (CSDR) is being assessed by the European Securities and Markets Authority (ESMA), which will publish a report on 17 January 2025 regarding a possible shortening of the settlement cycle.

Torpey: The clearing mandate will be the main influencer in the future of repo markets. New clearing agencies coming in and new models like agent clearing or a done away service, and the take up of those, will be how the market is shaped. We are only at the beginning of this journey, but the market must be prepared and participants will find value and create opportunity in pockets — that we are sure of.

Russell: There are a number of questions still to be answered on mandatory clearing, and the market as a whole will benefit from increasing clarity. As the business models covering 'done away' versus 'done with' business are made clear, we look forward to serving all trade flows and protocols demanded by the market, as we have done since we started. The market has been well-served by an open and accessible ecosystem of trade infrastructure, where participants can benefit from the best of all platform features. We look forward to seeing this dynamic continue.

Chan: The US Treasury clearing mandate is arguably one of the more transformative market changes to be introduced in recent times, and the magnitude of it together with market structure impacts should not be underestimated. It will impact everyone from front office (pricing), middle office (booking), and back office (settlement), and the presence of multiple clearing access models, including agency and sponsored clearing, and (potentially) multiple CCPs will add up to shape the complexity profile of such change.

This will also concentrate clearing and settlement risk in a few key CCPs. The additional cost of collateral contribution for default fund and margining practices is another open question and it is not clear yet who will bear this cost — haircuts from CCPs are materially different than the ones applied by banks. All industry participants are watching this space carefully (even those not involved in US Treasury) as there is a reasonable expectation that local regulators may consider similar developments for their domestic markets.

> "Financing and funding segments will continue to converge, and leaders in repo businesses are seeing the value in collaborating across these segments to deliver both choice and efficiency."

Olivia Russell
Vice President, Sales
GLMX

Hiller: The mandate will likely drive a significant increase in the clearing of US Treasury repo transactions, improving market transparency and efficiency. Potential consolidation among clearing houses may occur as smaller players face challenges in scaling to meet new regulatory requirements. Larger, more established firms will be better positioned to compete.

Furthermore, the landmark decision of the SEC on mandatory clearing for US Treasuries has a number of implications for European repo markets going forward. The wide range of clearing house access models required to cater to the broad range of market participants impacted should enhance familiarity and acceptance of these models. Similarly, there will be renewed conversations around risk management in government bond repo where the practice of margining/haircuts is absent in certain repo market segments today. Finally, the US developments will promote discussion on the need for similar measures for European government bond cash and repo transactions in the EU, notwithstanding the differences in market structure.

Other regulatory initiatives set to impact the market include Europe's move to a T+1 settlement. The transition to a shorter settlement for cash and derivatives markets presents both challenges and opportunities. Eurex is actively working to ensure a smooth transition and to minimise disruption to market operations.

Secondly, the implementation of cross-margining across asset classes, including repo, is expected to improve capital efficiency and reduce costs for market participants. Eurex's move towards a unified Prisma risk methodology by the end of 2025 aims to support these regulatory changes.

Ferris: In addition to the change in the US repo market with sponsored repo, we know that from June 2025, the NSFR required stable funding (RSF) factors applied to short-term (less than six months) securities financing transactions will align to Basel standards. This will increase the RSF factors of transactions secured by Level 1 HQLA from 0 per cent to 10 per cent. This will not only have a cost impact but will also mean that Europe is misaligned with other markets where it doesn't apply, particularly the US, Japan, and Australia.

The UK and EU markets will continue their assessments in shortening the settlement cycle to T+1 and I believe we'll see significant development in repo transactions involving digital cash, digital securities and tokenisation of traditional securities

What investments and adaptations to technology and working practices have you made during 2024 to advance the use of repo? In terms of modern technology such as DLT, what is the stability of its future incorporation in repo?

Russell: Innovation is alive and well in the repo market! In fact, we see our repo clients driving and supporting new business models for their firms. GLMX is looking very carefully at the application of developing technologies to assist and empower our customers. As always, we believe that the market will define the adoption of new technologies, based on those technologies' ability to deliver solutions to pressing business needs.

One of the most exciting innovations is not a breakthrough, but a crossover. We are witnessing the ongoing convergence of financing and funding markets, as market participants connect their funding business with financing needs and opportunities. We see this most directly as the repo business intersects with the securities lending and swaps markets, but this will be impactful across all of securities finance.

Berge: Ongoing technology investment is essential. Automation of flows and speed of execution are key to delivering a high-quality service. The constant operational changes in the market push us to seek out new solutions. The advent of AI and blockchain offers new opportunities for us to modernise and enhance our trading environment, and they will also play a role in streamlining flows and reducing potential errors.

There are many trials currently running within the Eurosystem, and blockchain permits intraday repos to be performed in a few hours by paying interest per minute. CACEIS is deeply involved in European trials of distributed ledger technology (DLT) systems for transactions (reception and transmission of orders on specific exchanges) and custody of cryptoassets, virtual assets and tokenised investments, and has obtained status as a registered digital or virtual asset service provider in both France and Spain.

As we, and the industry as a whole, adopt these new technologies in the near future, they will no doubt bring many efficiency benefits to the markets and open up new opportunities for us to support our clients' growing businesses.

Ford: Fundamentally, the repo industry is on a trajectory of data organisation and automation. For the last three to four years, automation of execution has been the primary area of focus for many banks, with internal order management systems built to centralise flow from e-trading systems, chats and voice. But as bank c-suite and regulator focus is increasingly on post-trade and operational efficiency to reduce operational costs and ensure resilient financial markets, respectively, the capture and optimisation of post-trade data, collateral, and liquidity will be key themes for 2025 and beyond.

Overlaid with emerging technology such as DLT and AI, the complexity of global financial markets, the industry and the organisational structures of its participants will change dramatically. Data capture, digitalisation and automation will lead this transformation and result in a sharp divide between leaders (those who embrace automation and therefore reap the rewards in insight, efficiency, and P&L) and laggards (those who remain attached to outdated technology and inefficient processes, and consequently pay the price).

Torpey: We continue to invest in our technology. We are currently running our largest repo book in history and we simply could not without our technology investments. Our client-facing Fund Connect portal for cash investors continues to be efficient and we have improved reporting times for various clients across multiple time zones. Our peer-to-peer repo trading platform, Venturi, allows clients to negotiate directly in real time, has been streamlined, and is easier to use as evidenced by the uptake in late 2024.

Specific to DLT, there continues to be operational and latency efficiencies to be had so I do think firms will continue to invest in order for intraday repo to become a real tool for intraday liquidity and cash flow management.

Hiller: There are two main areas where we have been working to advance the use and incorporation of repo, those being settlement improvements and new technologies.

In terms of settlement improvement, collateral eligibility was notably increased by introducing Italian CCTs. Furthermore, T2S-eligible bonds from Slovakia, Ireland, and Slovenia were re-introduced to GC Pooling. Eurex also extended its settlement offering by supporting repo settlement of core European repo markets at CBF in T2S.

In addition, further enhancements were made to GC Pooling settlement processing and Eurex was able to expand the re-use opportunities for collateral receivers in GC Pooling.

For new technologies, Eurex Repo participated in a number of Eurosystem trials and experiments on new technologies for wholesale settlement of central bank money, involving CCP-cleared and non-CCP-cleared initiatives, as well as hybrid and native digital securities. This approach aims to ensure Eurex Repo remains at the forefront of innovation and market development, providing a resilient and efficient platform for all market participants.

How do you assess the outlook for the repo market for 2025?

Chan: Repo rates globally have ticked higher in the past two years and, more interestingly, they have started to trade close to or even higher than their respective central bank target rate. This largely reflects the evolving landscape in which reserves balances are falling and the available stock of government bond collateral is growing. We expect this trend to continue in 2025 and the repo market will continue to offer attractive opportunities within the short-term interest rate (STIR) universe. However capacity will remain a limiting factor as banks will not be able to service all demands.

> "The electronification of the repo market is marching forward with more flow transitioning to trading platforms (dealer-to-client and dealer-to-dealer) for the ease of reporting."
>
> **Nick Chan**
> Head of Financial Resources
> **BMO**

As we have seen more broadly across the market, the universal model of old is being replaced with a more focused, strategically aligned operating model. This more focused approach sits central to financial resource management activities which will continue to see the repo product extended to selected counterparties as part of a broader business relationship spanning multiple products.

Torpey: Massive liquidity flows to remain. Money market funds and other real money balances will be a key watch in this liability-driven market. I'm observing another record inflow to money market funds as I am writing this. Sponsored repo volumes will pick up as balance sheets become costly and more institutions enter the cleared space as sponsored members and sponsoring members.

The big questions are: will the Fed balance sheet unwind much further? And, where will the reserves land? The debt limit will unfortunately take up some of our time again. We will take the necessary steps and precautions for clients to trade smoothly. With the size of the US Treasury market and increased issuance after the debt ceiling is resolved, we are confident that there will be supply for the demand we are sure to see in 2025.

> "The implementation of cross-margining across asset classes, including repo, is expected to improve capital efficiency and reduce costs for market participants."
>
> **Carsten Hiller**
> Head of Repo Sales Europe
> **Eurex**

Ford: Volatility will drive a continued increase in activity. Despite the post-election euphoria in the US, the inflationary impact of the incoming regime will be felt by the industry. Destabilising forces in Eastern Europe and the Middle East will persist. And trillions of debt will need to be refinanced, making all of the above more topical than ever.

Russell: It is an understatement to say that there are many crosscurrents which have the potential to affect the repo market. That said, the underlying trend of robust growth seems likely to continue, in no small part to help finance and distribute the record amounts of debt in the global system. Electronification continues to advance, to the benefit of all market participants. Financing and funding segments will continue to converge, and leaders in repo businesses are seeing the value in collaborating across these segments to deliver both choice and efficiency. Repo continues to be the focus and driver of many important market relationships. These are best supported by advanced technology that supports the workflow and connectivity that the market needs.

Ferris: Traditionally, repo has remained unaffected by significant changes, regulations and development, while other markets have evolved beyond comparison. It's an exciting time for the repo market, provided market participants remain dynamic and nimble to adjust to market conditions and changes.

Berge: The depreciation of repo market levels that began in 2024 will continue in 2025, where levels should reach those of the MRO rate. The entire market will have to continue to optimise the various banking ratios, in particular the NSFR, as the exemption for financial institutions concerning operations of less than six months has not been renewed. This will likely impact short-term repos, up to 10 per cent for HQLA assets and 15 per cent for non-HQLA assets. There will also be many challenges linked to excess liquidity which is forecast to fall to €2 trillion.

Hiller: Our outlook on the market in 2025 sees continued demand. The strong demand for term repos, particularly in Europe, is expected to continue. The trend of cash chasing for collateral is likely to persist, driven by the need for efficient liquidity management.

Moreover, increased participation from buy side institutions like pension funds, hedge funds, and corporates is anticipated. These institutions will be attracted by the operational and cost efficiencies offered by cleared repo markets.

While continued advancements in technology will enhance market efficiency and resilience, Eurex's strategic focus includes introducing cross-product margining, expanding GC Pooling liquidity, and supporting market resilience in the euro capital markets.

Eurex is committed to supporting market participants in the euro-denominated repo markets by delivering superior value and navigating through both foreseen and unforeseen challenges.

Global vision, local precision: The path to enabling success with securities finance technology

Darren Crowther, head of Securities Finance and Collateral Management at Broadridge, explores the challenges of harmonising local approaches with a global vision, and why a mutualised platform holds the key to unlocking the future of securities finance

The securities finance industry continues to expand and grow in new markets and client segments. These positive steps increasingly cause local practices and regulatory demands to collide with the push for efficiency and integration.

As firms expand east and west, the need for a global platform that accommodates local features is more necessary than ever before.

The local-to-global shift: Why now?

Traditionally, securities finance has operated on a region-specific basis, reflecting local market structures, regulatory environments, and cultural practices. While this approach has its obvious advantages, it also creates inefficiencies and limits the ability to scale.

In an increasingly interconnected world, financial markets should demand platforms that transcend national boundaries. The move toward a global model is driven by several factors, including investor demands and regulatory pressure.

In terms of investor demands, sovereign wealth funds, pension funds, and other institutional investors — managing assets collectively worth over US$50 trillion globally — require seamless access to diverse markets.

While regulations such as the Securities Financing Transactions

Regulation (SFTR) in Europe and evolving frameworks in the Middle East demand transparency and consistency across borders.

The challenge now is how to shift from fragmented local systems to a unified global platform support without losing the unique features that local markets require.

Shifting from a localised approach to a global platform introduces significant challenges. Understanding these complexities is crucial for designing a solution that works for all stakeholders.

1. Regulatory fragmentation

Financial regulations often reflect national priorities. For instance:

- Europe's SFTR and European Market Infrastructure Regulation (EMIR) have a strong focus on transparency and risk.
- Middle Eastern markets, particularly in the Gulf Cooperation Council (GCC) countries, may choose to incorporate Sharia-compliant finance principles, adding unique layers of complexity.

Any global platform must be capable of adapting to these diverse frameworks while maintaining a consistent operational standard.

2. Infrastructure disparities

Post-trade infrastructures in North America, Europe, the Middle East, and Asia are at varying stages of maturity.

- North America, post T+1, now has US Treasury Clearing rules and 10c-1 regulations to implement in 2025.
- In Europe, despite initiatives like TARGET2-Securities, the upcoming T+1 discussions remain fragmented, with multiple Central Securities Depositories (CSDs) and central counterparties (CCPs).
- The Middle East is undergoing rapid development, with emerging market growth and the introduction of local securities finance markets.
- Asia continues to mature in the securities finance space with large regional banks looking west to service client demand.

Bridging these demands is critical to ensuring global interoperability.

The benefits of standardisation

Despite the challenges, moving from a local to a global approach offers immense benefits for the securities finance industry.

A global platform can streamline trade execution, settlement, and reporting, reducing duplication and manual intervention. We are seeing that trade settlement times could be reduced from days to hours with the right infrastructure.

In terms of greater transparency and compliance, standardised platforms ensure compliance with global regulations, reducing the risk of penalties. For example, real-time reporting capabilities can address the data-intensive requirements of SFTR in Europe while meeting emerging Middle Eastern reporting standards.

Improved liquidity is another benefit of moving from a local to a global approach. Global platforms can aggregate liquidity across regions, enabling investors to access a broader range of assets. An example is Middle Eastern sovereign wealth funds, managing over US$3.5 trillion, that can now deploy capital more efficiently in global markets through such platforms.

Lastly, the move offers scalability and adaptability. By adopting modular designs, global platforms can accommodate local market-specific features while scaling to meet future demands. Additionally, operational resilience is enhanced by the ability to quickly adapt to market changes and disruptions, ensuring continuous service and reliability across diverse regions.

Technological enablers for global platforms

The transition from local to global approaches in securities finance relies heavily on technology. Key technologies driving this change include distributed ledger technology (DLT), AI, and machine learning (ML).

DLT provides a shared, immutable record of transactions, reducing reconciliation efforts. A recent European Central Bank (ECB) pilot has shown that DLT can reduce post-trade costs by 20-30 per cent, while enhancing security and transparency.

While artificial Intelligence enables smarter decision-making through advanced data analytics. Through analysing market data, AI can optimise collateral management, reducing costs by up to 15 per cent according to industry studies.

“The securities finance industry globally is at a turning point. Moving from a local to a global approach is no longer optional – it is essential for driving efficiency, transparency, and growth.”

Darren Crowther
Head of Securities Finance and Collateral Management
Broadridge

Building a collaborative framework

Transitioning to a global securities finance platform with localised features requires collaboration across multiple stakeholders. Here’s what the industry must do.

1. Harmonise regulations

Regulators must work together to align frameworks, creating a baseline standard while respecting local differences. Europe’s Capital Markets Union offers a roadmap for achieving greater harmonisation.

2. Invest in technology

Market participants must prioritise investment in scalable and interoperable technologies that can bridge the gap between local and global markets.

3. Encourage industry collaboration

Trade associations, technology providers, and regulators must establish forums to share best practices and co-create solutions.

The promise of a global, localised future

The securities finance industry globally is at a turning point. Moving from a local to a global approach is no longer optional — it is essential for driving efficiency, transparency, and growth.

By adopting mutualised platforms that combine global standards with local adaptability, the industry can unlock new opportunities for cross-border collaboration, liquidity, and innovation. The vision of a unified platform is not just about connecting markets; it’s about creating a resilient, efficient, and inclusive financial ecosystem that benefits all participants.

The time for action is now. Broadridge is embracing this shift to help the securities finance industry transform from a patchwork of local practices to a cohesive global network — delivering on the promise of global vision with local precision.

Broadridge’s Securities Finance and Collateral Management (SFCM) platform supports global operations while allowing local customisation. Its ability to manage multi-asset trading and comply with regional regulations makes it a strong example of a hybrid local-global approach.

Dash for the deadline

Following the SEC's approval of FINRA Rule 6500 Series SLATE, Carmella Haswell speaks with industry participants on preparing for the upcoming regulation, and facing uncertainty in the wake of a Fifth Circuit Court case

The Financial Industry Regulatory Authority (FINRA) has been steadfast in its pursuit to gain approval of a proposed rule change to adopt the new FINRA Rule 6500 Series, Securities Lending and Transparency Engine (SLATE).

Designed to improve transparency and efficiency in the securities lending market, the rule faced months of back and forth with concerned market participants and the US Securities and Exchange Commission (SEC). Now, eight months on from when the rule was filed, the US regulator has approved FINRA's proposal, following much modification.

The rule was filed to the SEC on 1 May 2024 to require reporting of securities loans and to provide for the public dissemination of loan information. Market participants will now need to prepare for an implementation date of 2 January 2026 for reporting requirements, while dissemination requirements will come into force on 2 April 2026.

Facing uncertainty

Partial Amendment No. 1 provided amendments to the initial proposal for Rule 6500 Series SLATE. At the time, FINRA believed it appropriate to alter the initial rules to facilitate the achievement of the reporting requirements in a timely manner. The acceptance of these changes allowed for the approval of the rule.

As described in Partial Amendment No. 1, FINRA proposed to adopt the new Rule 6500 Series SLATE to establish reporting requirements for covered securities loans, and to provide the dissemination of individual and aggregate covered securities loans information and loan rate statistics.

The amendments define key terms for the reporting of covered securities loans and specify the reporting requirements with respect to both initial covered securities loans and loan modifications. FINRA stated its intent to file, and has filed, separately a proposed rule change to establish covered securities loan reporting fees and securities loan data products and associated fees.

To achieve its objective of improving transparency and efficiency in the securities lending market, the proposed rule change would facilitate the collection of specified securities loan information from covered persons and reporting agents, and provide such information to market participants, the public, and regulators.

The approval of the revised proposal establishes the framework for reporting under the SEC's 10c-1a regulation, which may bring complications following a pending court case.

While EquiLend welcomed the approved proposal as a "key step forward", the fintech warned of the pending Fifth Circuit Court of Appeals case, brought by challenger National Association of Private Fund Managers (NAPFM), which remains unresolved.

"The outcome of this case could potentially impact the timeline and scope of the regulation. If the court rules in favour of the challenger, it may lead to delays or modifications to the implementation of 10c-1a," the firm explains.

"Despite the legal uncertainty, the industry continues preparing for the approved 2 January 2026 go-live date. EquiLend is actively monitoring developments and will provide timely updates to ensure our clients are informed and ready to adapt to any changes."

As highlighted by Thomas Veneziano, head of North America product at Pirum, the main challenge here will be ensuring the required level of reporting, including covering the correct scope, modifications, and jurisdictions.

Further exploring the requirements market participants are expected to adhere to, Jonathan Lee, director of Money Markets Reporting at Kaizen, notes: "The taxonomy of a securities loan lifecycle will need to be documented and captured with a complete chronology of events in a way that has never happened or been required before."

With 12 months to go-live, Lee says there remains a lot of uncertainty about the requirements, whether to self-report as a covered person and how reporting parties including agent lenders will accurately capture and report all of the data.

He adds: "There are also many uncertainties about extraterritoriality and what exactly SEC 10c-1a will mean for international participants in the US securities lending market."

Facing the unknown, Struan Lloyd, managing director, head of Cappitech, at S&P Global Market Intelligence Cappitech, suggests that until there is a full understanding of the requirements, it is difficult to know the full scope of the challenges.

"While the amendments have lessened some of the data requirements originally captured in the first draft published by FINRA, the amended specifications have not been published yet and any further delay will impact the teams involved to interpret, analyse, and implement the regulation," he notes.

A tight time frame

Introducing regulatory change requires in-scope firms and regulators to put, in this case, FINRA Rules 6500 Series SLATE on the weighing scales to decipher if the benefits outweigh the challenges. For this regulation in particular, it is a mixed bag.

Veneziano believes the rule will achieve additional transparency for the securities finance industry, but warns that the overall impact on the industry will be additional costs, data complexities, and technology builds.

"Pirum and S&P Global Market Intelligence Cappitech can assist with the data and technology, by leveraging our regulatory reporting solution for the Securities Financing Transactions Regulation," he notes.

Despite the possible hurdles which could appear while firms prepare for its arrival, Lee states that the rule will still meet its objectives, "in spite of the amendments, some will argue it remains gold plated requiring more detail than is perhaps necessary".

Ultimately, he believes the industry is likely to become more standardised, disciplined and regimented in how securities loans are executed, managed and reported. "Lenders are likely to adopt more third-party solutions to mitigate the operational burden and ensure reporting is complete, accurate and timely."

Before the industry can reap the benefits of the regulation, it must prepare. With less than a year until the first set of reporting requirements comes into force, the close deadline could prove challenging for in-scope firms.

Lloyd believes that it will likely be challenging for the industry, particularly for firms that have not been in-scope for reporting under the Securities Financing Transactions Regulation (SFTR). He explains: "Given there is a significant overlap in the data required under SFTR and SEC 10c-1a, this should mean that sourcing the additional data points would be less burdensome than for those firms starting from scratch."

Additionally, for firms that are reporting under SFTR already, Lloyd pinpoints that there is an existing reporting infrastructure that can be leveraged. Cappitech SFTR clients will be able to use their current integration and connectivity with Cappitech or Pirum which should reduce the build effort. "The timelines are still tight, but we have been through this before and will work with the industry to work towards a successful go-live"

Both Lee and Veneziano make note of the tight deadline. With firms working on multiple projects, this often leads to a last-minute "dash for the deadline", Lee highlights, which is not helped by the late approval of the FINRA rule and the extent of the outstanding uncertainties.

Veneziano adds that the industry is still unaware of the technical specifications required to report to SLATE. "As we all know from past experience with SFTR and T+1, time passes quickly and one year to secure budget, resources, and align a build plan for an in-house solution will prove to be a tight time frame," he warns.

Taking the correct measures

As the countdown to FINRA Rule 6500 Series SLATE begins, firms should be looking for a tried and tested, yet quick way to market, with the least amount of lifting, says Veneziano.

Providing a breakdown of the key items firms should start thinking about, Lloyd notes the following points.

Reporting infrastructure — leverage the work performed for SFTR if applicable where reusing existing connectivity, understanding the flow and overlap will provide a significant advantage for firms to meet the timelines.

Data – analyse where the additional data elements will come from and how that will be assimilated into your workflow.

Existing relationships — 12 months is not a lot of time to perform a full due diligence on a new provider and be ready to onboard, integrate and test in time. Leverage existing contractual relationships with providers.

Scope determination — analyse what trades would be in-scope for reporting, particularly in the case of non-US domiciled entities that would potentially be in-scope.

Adding to this, Lee insists firms will need to determine whether to register as a covered person or use a reporting agent. He adds: "Lending taxonomies should be mapped out to interpret reporting scenarios in conjunction with the SLATE Participant Specification."

Extensive testing should be conducted well in advance of the go-live, irrespective of whether a counterparty is self-reporting or not, Lee advises. Independent oversight of the build and testing phase could help to ensure the requirements have been interpreted correctly and fundamental flaws are not baked into reporting once it enters production.

He concludes: "Once live, the adoption of third-party quality assurance will ensure sufficient oversight of reporting agents, challenge regulatory interpretation, and continue to test evolving business models and regulatory change to ensure ongoing compliance."

It appears there is much work to be done in preparation for FINRA's rule. While firms keep their eyes peeled for answers regarding uncertainties, the countdown to go-live begins.

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In the event

Ahead of this year's Deutsche Börse GFF Summit, Securities Finance Times sits down with Scott Brown and Johan Rasmusson, both EMEA Sales Directors, S&P Global Market Intelligence Corporate Actions & Securities Processing, to discuss trends, challenges, and most importantly, solutions in the corporate actions space

Can you tell us about the S&P Global Market Intelligence Unified Corporate Actions offering?

Johan Rasmusson: With the ever-growing volumes and complexity of corporate actions, our customers continue to face significant financial risks and operational efficiency challenges. As a market leader for over 20 years, our Corporate Actions solution has helped clients manage their corporate actions operations with precision and reliability.

At the core of our solution is a centralised and validated source of corporate actions data for more than three million equities, fixed income, and structured securities across 170 countries and territories. This data is rigorously reviewed and validated by a seasoned team, ensuring unparalleled reliability.

Our technology-driven Agent Validation Services (AVS) managed service eliminates time-consuming and mistake-prone manual reconciliation and validation of agent messages, further enhancing data integrity. While our enterprise software, available as both an on-premises and multi-tenant software-as-a-service (SaaS) offering, automates the entire corporate actions processing workflow, from announcement capture to payment posting, across business lines, geographies, and asset types. This automation streamlines the client's operating model, improving efficiency and reducing risk.

Our corporate actions solutions are designed to seamlessly integrate with one another, offering complete alignment between our data suite and software solutions. These tightly integrated products come pre-configured and are continually maintained to accommodate any updates or changes. By providing a turnkey solution, we eliminate the significant burden of integrating and maintaining complex corporate actions data, freeing our clients from the time-intensive and challenging process of integration and annual testing.

One of the key strengths of our Unified Corporate Actions solution is our robust user community. Over 250 global financial institutions are already leveraging this integrated approach to navigate the complexities of corporate actions with confidence and efficiency.

How is this helpful to prime brokers?

Rasmusson: Our product provides prime brokers with a centralised corporate action validation system, developed over many years to enhance efficiency across cash and derivative asset classes. By validating corporate actions once on the underlying instrument, we streamline processes for all associated asset classes, significantly reducing redundancy and minimising mistakes. The asset class agnostic framework accommodates a wide range of instruments, including contracts for difference (CFDs), various swaps, loans, and repos, ensuring comprehensive processing tailored to the diverse needs of prime brokers and hedge fund clients. Configurable workflows effectively manage instrument-specific operational nuances, such as contractual settlements and standing instructions, while maintaining clarity on underlying assets.

Additionally, our solution supports critical functionalities such as short position elections, agency lending flows, and tax calculations based on prime broker agreements, ensuring compliance and accuracy in financial reporting. The low-code utility further simplifies the onboarding of new asset classes, generating bookings in booking system compatible formats, and managing specific operational nuances like stock blocking for derivative positions. Overall, our product equips prime brokers with the necessary tools to navigate the complexities of corporate actions efficiently, enhancing operational effectiveness and providing the flexibility to adapt to various asset classes and market conditions.

Reliability and coverage of corporate action event data has long been a hurdle for companies adopting a solution. How does S&P Global Market Intelligence solve this?

Scott Brown: This is of paramount importance. In a world where speed dominates, we are a strong reminder of why quality is important. As with all parts of consumer life, you can find things that seem alike, for a cheaper price. Or as one of my old bosses used to say, you can “get it right first time”. When it comes to corporate action reliability, getting it right first time is your only objective.

We offer a unique managed services solution for corporate actions data, leveraging technology, third-party data, and deep expertise as our core pillars. Our team of over 150 operational professionals operates across more than nine locations, providing regional and market-specific expertise.

A key tenet of our service is reliably interpreting issuers' intentions. Over the years, we have built unparalleled relationships with issuers, agents, and registrars. These relationships, combined with our team’s active engagement with exchanges, depositories, and other trusted sources, allow us to directly procure announcements or analyse available documentation. This ensures the most precise and reliable representation of corporate actions.

With over 200 meticulously curated sources — developed and refined over the past 20 years based on market and event type — we maintain the highest data quality. This dedication to reliability and comprehensive coverage has earned the trust of clients across all segments of the capital markets. Covering over three million securities and 65+ event types, we achieved an industry-leading 99.96 per cent reliability rate last year, processing and publishing 13.5 million events. Our commitment to excellence makes us the partner of choice for market-leading accuracy and coverage.

What factors are driving the adoption of corporate action solutions?

Brown: It is simple. Firms are looking to provide better services to their clients, reduce cost, increase accuracy, and partner with a provider that will understand the challenges, and tailor the solution to achieve these objectives.

Within our findings, 70 per cent of firms are manually validating custodian feeds, and 50 per cent of that manual intervention is on voluntary events. The losses associated with this practice, cannot be sustained. Firms are looking to providers to reduce losses and improve scalability.

When looking at why firms struggle to scale, they face challenges with sourcing, data validation, automating complex corporate actions, managing exotic asset classes, and handling exceptions effectively.

If firms are serious about achieving their ambitions to scale, a robust front-to-back solution must be on their wish list.

In recent years, the landscape of information technology infrastructure has undergone a significant transformation. The focus has shifted from traditional on-premise deployment — once the cornerstone of enterprise IT strategies — to cloud-managed services. How does S&P Global Market Intelligence support this change?

Rasmusson: For our corporate actions products, this shift is not new — we have been offering cloud-based solutions for over a decade. Our technology vision embraces a cloud-first approach, ensuring agility, scalability, and cost-effectiveness. With a cloud-agnostic strategy, we maximise flexibility and avoid vendor lock-in, enabling us to deliver innovative solutions, optimise resources, and enhance operational efficiency to meet evolving IT needs.

We offer flexible deployment options to suit client preferences. Whether clients require a golden source of data, robust enterprise software (on-premise or hosted), or a lightweight multi-tenant SaaS solution, we provide tailored options. We also prioritise local requirements and data privacy, ensuring our solutions meet diverse needs and regulations.

Regulatory compliance is omnipresent in every discussion these days. How are you helping clients with adherence?

Amid growing regulatory pressure and market complexity, many buy side and sell side firms still rely on manual processes and legacy technologies to manage corporate actions. This exposes them to significant risks and losses, running into billions of dollars annually. Mistakes in fast-moving markets cost firms millions and damage client trust, while continued reliance on outdated technologies delays digital transformation and hinders scalability.

At S&P Global Market Intelligence, we proactively monitor regulatory changes and engage with user communities to ensure clients stay compliant ahead of deadlines. Our solutions future-proof clients against regulatory shifts, ensuring timely compliance, protecting their reputation, and enhancing scalability. Recent compliance rollouts include SRDII, T2S, DTCC VRI, W3C, SCORE, etc, all delivered in line with implementation timelines. Designed from inception to be agnostic of settlement timelines, our products align to T+1 or T+0 without requiring changes. Our premium support model provides up to 24/7 assistance through global centres in nine locations and 20 languages, ensuring timely client support.

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Another year gone

With uncertain interest rates and a new incoming US President, 2024 held a lot of triggers for financial markets. Matt Chessum, director of securities finance at S&P Global Market Intelligence, takes a look back at the year and how securities lending fared

The year 2024 proved to be a remarkable period for securities lending, with revenues remaining robust and ranking as the fourth highest since the inception of S&P Global Market Intelligence's data collection service in 2006. A combination of favourable market conditions, shifting investor strategies, and evolving economic dynamics contributed to this robust performance.

Equities

In 2024, the equities market experienced notable growth, driven by a positive sentiment among investors excited about the opportunities presented by artificial intelligence. The increased investor interest in equities was also attributed to a recalibration of interest rate expectations and a shift in focus from the current US administration to the incoming President-elect. This environment fostered a conducive atmosphere for securities lending, with equities generating US$8.7 billion in revenues.

The growth in market valuations led to heightened on-loan balances, which reached their highest levels of the year during the fourth quarter. Despite the increase in balances, both average fees and revenues declined across all markets leading to full-year equity revenues declining 11 per cent year-over-year (YoY). This difference can partly be attributed to a fall in specials activity (loans with a fee exceeding 500 basis points), as an additional US$927 million was generated from specials trading during 2023. Despite this difference, full-year specials revenues remained higher than any other year since 2010, apart from 2022 and 2023.

Exchange traded funds

Exchange traded funds (ETFs) emerged as one of the standout asset classes in 2024, capitalising on the prevailing market conditions. The combination of increased positioning around market events and a growing appetite for diversified investment options led to a surge in ETF lending activity. As investors sought to capitalise on market volatility and trends, the demand for ETFs soared, resulting in significant revenues from ETF lenders.

The performance of ETFs was particularly strong in the fourth quarter, where they played a pivotal role in driving overall securities lending revenues. The growing popularity of ETFs among institutional and retail investors alike contributed to their prominence in the securities lending landscape. As a result, ETFs not only enhanced the liquidity of the securities lending market but also provided investors with additional avenues for profit generation. During 2024, US$679 million was generated in securities lending revenues by this asset class, an increase of 7 per cent YoY. Asian ETFs really stood out, with revenues increasing 62 per cent YoY to US$20 million, and average fees growing by 21 per cent.

Government bonds

The government bond securities lending market concluded 2024 on a robust note, with significant growth in revenues. Throughout the year, government bond revenues exhibited a notable upward trend, particularly in the second half of 2024. December alone saw government bond revenues rise by 12 per cent YoY, totalling US$193 million for the month. This growth was indicative of the increasing demand for safe-haven assets amid rising uncertainty surrounding interest rate movements and fiscal policy.

The fourth quarter was particularly beneficial for government bonds, which recorded a remarkable 23 per cent YoY increase in revenues. Investors sought to hedge against market volatility and geopolitical risks, leading to a heightened demand for US Treasuries. The growing uncertainty regarding the future path of interest rates further spurred interest in government bonds, solidifying their position as a key asset class in the securities lending market. Average fees remained elevated throughout the year, with a small dip being seen during the summer months. Balances remained elevated with a 2024 average balance of US$1.19 trillion.

Corporate bonds

Corporate bonds also demonstrated resilience and strength throughout 2024. The corporate bond market experienced a positive shift as revenues increased by 6 per cent YoY in December, reaching US$86 million. This growth was attributed to favourable market conditions and a growing appetite for corporate debt among investors.

In the fourth quarter, corporate bonds excelled, marking the only positive YoY growth for any quarter in 2024, with revenues increasing by 7 per cent. The demand for corporate bonds was fuelled by rising equity market valuations and an increasing interest in fixed income assets. Investors were drawn to corporate bonds as they sought to diversify their portfolios and take advantage of the favourable yield environment.

Overall, the performance of corporate bonds throughout 2024 highlighted their importance in the securities lending landscape, as they provided investors with opportunities for enhanced returns and risk management. Despite YoY revenues declining 13 per cent to US$976 million, following one of their strongest years ever recorded for the asset class in 2023, corporate bonds still performed very well when compared to previous years.

Conclusion

In summary, 2024 was a year of robust performance for securities lending, with revenues reflecting the fourth highest levels since data collection began. The strong performance of ETFs, government bonds, and corporate bonds contributed significantly to this success. As market dynamics evolved and investor strategies shifted, the securities lending market proved resilient, adapting to changing conditions and providing ample opportunities for participants. The outlook for 2025 remains optimistic, with continued momentum expected across these key asset classes.

Playing a public role

In the latest of our series, Daniel Tison invites Chiyori Ichiba, associate director, loans-for-margin transactions, Japan Securities Finance, to shine a light on the Japanese unique financial system

Can you tell me about your journey into the securities finance industry?

I majored in economics at university, and I aspired to work in a financial institution that fulfils a public role, enabling me to contribute to societal development. This aspiration naturally led me to Japan Securities Finance (JSF), which I joined in 2018.

As the only securities finance company licensed and supervised by the Financial Services Agency, JSF operates loans-for-margin transactions (LMT), playing an indispensable public role in the Japanese stock market. Looking at past efforts, JSF has deepened its relationships with domestic and international financial institutions with sustaining LMT, which embodies its purpose, and has provided innovative services to the financial sector. I take pride in being able to contribute my skills as a member of this esteemed organisation.

As a young professional, what aspects of your role or the industry do you find most exciting?

As previously noted, LMT is a unique Japanese financial system which I am currently involved in at JSF. In addition, Japan has a traditional and efficient stock trading method called standardised margin transactions (SMT). This method is widely used by both institutional and individual investors under the same trading conditions. Investors can leverage their stock trades at low costs and short-sell a wide range of stocks through SMT.

LMT provided by JSF is a sophisticated scheme that is legally assured to procure necessary funds and stocks for the settlement of SMT after market close. JSF lends funds and stocks to securities companies through this scheme.

Many investors in Japan participate in SMT. Given the limited availability of stocks for procurement, certain shares see a concentration of sell orders due to the ease of short selling among many investors. It becomes essential for someone to appropriately manage such scenarios, and this is precisely where I serve as the gatekeeper.

My team forecasts the quantity of stocks that JSF has to procure due to short selling, based on market trends. If the required quantity exceeds the amount JSF can provide, we implement measures to halt new short selling. This is a highly responsible role with a considerable impact on the stock market. Therefore, careful and precise analysis and decision-making are crucial. While the role presents its challenges, I find it exceptionally rewarding and fulfilling.

Many companies offer various training and development opportunities for their employees. How has your company supported your growth?

JSF does not have a large number of employees. However, this small group of specialists enables open communication and swift organisational changes. JSF emphasises on hands-on learning through on-the-job training. New employees receive support not only from their mentors but from their entire team.

The unique position of JSF within the industry is well-recognised, and therefore we often send trainees to other financial institutions for mutual training purposes. JSF also actively participates in conferences hosted by domestic and international securities organisations to integrate the latest knowledge.

Like other companies, JSF also offers a fulfilling support system for self-improvement outside of work. These training systems allow the employees to continuously acquire essential skills, including risk management and system knowledge. Such a well-supported environment is indispensable for keeping knowledge up-to-date in the rapidly evolving financial industry.

What misconceptions about working in the financial industry have you encountered, and how do you address these challenges?

There is a misconception due to the fact that SMT and LMT are unique to Japan. Although JSF has achieved a high rating, and we have been actively engaging in cross-border securities lending and repo transactions, it is not widely known that JSF's high credibility is primarily due to LMT, our core business. SMT is predominantly supported by domestic individual investors, and they remain largely unrecognised by overseas institutional investors.

To address this misunderstanding, we have launched a working team to conduct solutions. We have been promoting the effectiveness of SMT and LMT domestically through media such as radio programmes. Recently, we have also been increasing our outreach to institutional investors outside Japan.

Consequently, we are collaborating with Nasdaq to provide data related to LMT as part of alternative data. This data is valuable not only for making investment decisions in SMT but also for understanding the supply and demand dynamics of the Japanese stock market.

As the administrator of this system, it is crucial for JSF to offer opportunities for both domestic and international investors to resolve any misunderstandings, as well as to deepen their understanding.

Looking ahead, where do you see yourself in the next five years in terms of your career goals and aspirations?

In my current role, I am required to maintain a broad perspective and engage in close communication with various counterparts to balance supply and demand. These experiences have continuously fostered significant growth in my business career.

Following the implementation of T+1 in North America, and similar initiatives being underway in other regions, we can also expect various regulatory changes in Japan over the next five years, beyond the transition to a shorter settlement cycle. I envision myself contributing to the stability and further development of LMT by staying attuned to this dynamic environment.

What advice do you have for other young professionals aspiring to pursue a career in your industry?

The financial industry, as well known, is constantly changing. It is therefore important for individuals to not only continually update their knowledge but also to remain aware of the subtle shifts in their daily environment.

Furthermore, engaging in communication both inside and outside of the workplace can often lead to new insights. It goes without saying that cherishing relationships with those around you is absolutely essential.

Chiyori Ichiba

Chiyori Ichiba is a professional in practical aspects related to loans-for-margin transactions (LMT), and as associate director, she plays a central role in the team. Since last year, she has also established herself as an administrator of stock procurement through bidding — domestically known as 'JSF Auction' — and has over three years of experience in the field.

After completing her degree in economics at the University of Tokyo, Ichiba joined Japan Securities Finance. She gained experience in the department responsible for funding and financial management,

Subsequently, Ichiba was assigned to the margin loan department, where she is currently engaged in promoting LMT and standardised margin transactions (SMT). She also maintains close cooperation with stakeholders under the public role of system operation and dedicates herself to the development of the stock market.

Hadingham hired

Trading Apps has appointed Lisbeth Hadingham as global head of sales.

In her new role, Hadingham will spearhead the company's global sales strategy, driving revenue growth and expanding market presence worldwide.

Hadingham brings more than two decades of experience in sales and leadership within the financial and technology sector to the position.

She joins from DoxAI, where she served as executive vice president for North America for more than two years, driving the IT services company's expansion in the region.

Earlier in her career, she took on sales and leadership positions at financial firms such as J.P. Morgan and Citi, as well as technology providers like Transcend, CloudMargin, and FIS.

Commenting on the appointment, Matthew Harrison, CEO of Trading Apps, says: "Lisbeth's expertise in building high-performing sales teams and driving customer success will be instrumental in advancing our mission to deliver automation solutions to clients around the globe. Her leadership will play a critical role in scaling our business and capitalising on new opportunities."

Mashreq onboards Hadi

Mashreq Bank has hired Salman Hadi as group head of treasury and capital markets.

Based in Dubai, Hadi brings two decades of experience in the industry to his new role.

He joins from Abu Dhabi Commercial Bank, where worked as the executive head of liquidity management and investments for more than a year.

Prior to that, he spent more than 18 years at Emirates National Bank of Dubai (NBD), holding various senior positions — most recently as head of global markets and treasury.

At the same time, he has been a vice chairman at the United Arab Emirates Financial Markets Association (UAE FMA) since 2011.

Founded in 1967, Mashreq is the oldest privately-owned bank in the UAE and one of the oldest banking institutions in the Middle East, according to the firm.

DB names Singh

Deutsche Bank has selected Zorawar Singh as head of the Corporate Bank for the Middle East.

Relocating to Dubai from London, Singh assumes the post in addition to his existing role as global head of Agency Securities Lending, which he has held since January 2020.

He joined Deutsche Bank in 2009 as an associate of asset and liability management, was named a vice president four years later, and assumed the role of a director of collateral and treasury solutions in 2017.

Upon starting his new role, Singh says: "It's a great privilege to be part of an evolving and rapidly growing region, and I look forward to engaging with the many stakeholders, including the fantastic teams and clients already onboard."

Deutsche Bank's Corporate Bank addresses the needs of corporate clients, financial institutions, investors, and issuers with corporate treasury services, institutional client services, and a business banking segment in Germany.

Nottage promoted

State Street has promoted Simon Nottage to EMEA head of financing solutions.

Based in London, Nottage has been with the firm for more than a decade, most recently serving as a managing director and European head of securities finance product management.

Prior to joining State Street, he worked as director of prime services as Barclays Capital for more than five years, and director of equity prime services at UBS Investment Bank for more than four years.

His previous career includes positions in prime brokerage at J.P. Morgan and Deutsche Bank.

Dorenbush departs

Daniel Dorenbush has confirmed his departure from Scotiabank.

He leaves the company as managing director and global head of Prime Brokerage after 11 years with the firm.

In an online post announcing his departure, Dorenbush wished the firm well "with the transition it is going through", and said that he would move onto "new endeavours".

He continued: "I am grateful to have had the opportunity to lead the Canadian Prime Services business and the Global Prime Brokerage business for a high-quality organisation, and to have been immersed in the firm's recruiting and mentorship programmes — which provided me with a great sense of fulfilment."

During his time at Scotiabank, Dorenbush says he represented the firm through several industry and community organisations, such as United Way, the Alternative Investment Management Association (AIMA), and Women in Capital Markets.

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