Securities Finance Times

The primary source of global securities finance news and analysis

Issue 371 18 February 2025

Transforming the repo market

Paul Chiappetta of Broadridge looks at how DLT is bringing efficiency and cost-savings to repo transactions

J.P.Morgan

Market Leading
Agency Securities Finance Solutions

Powering your portfolio

J.P. Morgan delivers best-in-class Agency Securities Finance solutions, backed by the thoughtful financial intelligence of our Commercial & Investment Bank.

We offer a global state of the art trading and cash management platform along with localised expertise, so you can unlock your portfolio's full potential.

To learn more, contact your representative or visit:
www.jpmorgan.com/securities-services

SEC allows temporary exemption for short selling reporting rules

The US Securities and Exchange Commission (SEC) has provided a temporary exemption from compliance with Rule 13f-2 and from reporting on Form SHO.

As a result of the exemption, filings on initial Form SHO reports from institutional investment managers that meet or exceed certain specified thresholds will be due by 17 February 2026, for the January 2026 reporting period.

Previously, the compliance date for Rule 13f-2 and Form SHO was 2 January 2025, with the initial Form SHO filings originally due by 14 February 2025.

The announcement follows the Investment Company Institute's (ICI's) request for no-action relief on short sell reporting rules until additional interpretive guidance on compliance can be provided.

In its request, the ICI stated that without this further guidance, it could negatively impact the quality and accuracy of the data reported to the commission.

Rule 13f-2, under the Securities and Exchange Act, requires institutional investment managers that meet or exceed certain specified thresholds to file Form SHO with the SEC within 14 calendar days after the end of each calendar month, with regard to certain equity securities via the Commission's Electronic Data Gathering, Analysis, and Retrieval System (EDGAR).

The Commission will publish, on an aggregated basis, certain information regarding each equity security reported by institutional investment managers on Form SHO and filed with the SEC via EDGAR.

According to the SEC, this exemption will provide industry participants sufficient time to work with the commission staff to address any outstanding operational and compliance questions.

This exemption will also provide filers sufficient time to complete implementation of system builds and testing.

Commenting on the decision, SEC acting chairman, Mark Uyeda, says: "It is important that data collected by the commission is accurate, complete, and helpful to the market.

"This exemption gives filers more time to implement the technical updates required for compliance according to standards that were released only on 16 December 2024, immediately prior to the holidays.

"Regardless of this exemption, abusive naked short selling as part of a manipulative scheme remains unlawful, and the Commission will use its regulatory tools to combat such illegal activity."

EFG Hermes joins ISLA as new member

The International Securities Lending Association (ISLA) has welcomed EFG Hermes as a new member.

Located in Riyadh, EFG Hermes KSA belongs to major financial institutions in Saudi Arabia, offering clients a range of financial services and solutions.

Through its investment banking, securities brokerage, and research services, EFG Hermes KSA allows investors to access local opportunities and companies.

With more than 200 member firms, ISLA represents the common interests of securities lending and financing market participants across EMEA.

Through its member working groups and securities lending guides, ISLA also plays a role in the creation and promotion of market best practices and processes.

In February 2024, ISLA published the first inaugural guide focused on the securities lending market in Saudi Arabia.

Working with member firms and relevant stakeholders in the region, the Developing Markets Group is a forum for considering the development of capital markets across EMEA, and the role that securities lending can play in that development.

In response to the recent growth of the Middle East, especially Saudi Arabia, as a key player in the securities lending space, Securities Finance Times is holding a symposium in Riyadh on 29 April.

Euronext Clearing to enhance collateral management offering

Euronext has collaborated with Euroclear to support the development of Euronext Clearing's collateral management services for repo and other asset classes.

The initiative is a step toward the expansion of Euronext's Italian repo clearing franchise to a large range of European government bonds.

Euronext Clearing will use Euroclear as its first triparty agent to enable enhanced collateral management capabilities.

The firm will offer clients automated, streamlined and flexible collateral solutions, designed to improve operational efficiency and margin and balance sheet optimisation.

Euroclear will act as an independent third party, managing the selection, valuation and substitution of collateral to ensure it meets eligibility criteria while optimising operational efficiency.

It will also handle settlement and custody, provide regular reporting and ensure regulatory compliance, providing improved liquidity management and a reduced administrative burden.

Collaborating with Euroclear will pave the way for the rollout of Euronext's new repo clearing offering in June 2025, enabling the onboarding of clients including international banks, with an updated risk framework. Clients will also be able to use Euroclear as a triparty agent for repo clearing.

Anthony Attia, global head of derivatives and Post Trade at Euronext, says: "This partnership marks a significant milestone in Euronext's 'Innovate for Growth 2027' strategy, reinforcing Euronext Clearing's role as a cornerstone of the group's broader strategic ambitions.

"It demonstrates our commitment to delivering clearing and collateral management solutions for our clients. It is a key milestone in the expansion across Europe of Euronext Clearing's repo franchise."

Marije Verhelst, head of product strategy and collateral management and securities lending at Euroclear, adds: "Strengthening collaboration between market players is crucial for growth and stability in European capital markets. Euroclear has a long-standing track record of providing collateral management solutions across Europe and beyond.

"This initiative highlights the vital role of our global and neutral infrastructure in helping our clients optimise their collateral allocation, reducing fails and credit usage, and increasing flexibility and predictability for dealers."

SIX launches Digital Collateral Service

SIX has launched the new Digital Collateral Service (DCS) to enable financial institutions to post selected cryptocurrency assets as collateral alongside traditional collateral.

Firms managing both bonds and crypto can now post both as collateral to cover a single exposure.

SIX believes that it will simplify operations for traders and their counterparts, enhancing portfolio management efficiency and minimising counterparty risk.

Christian Geiger, head of clients and products, Securities Finance, at SIX, says: "With the growing institutional appetite for digital assets, we are committed to meeting the needs of this highly risk-conscious investor segment through our services."

The firm developed this service by combining expertise from different areas in its international custody business and SIX Digital Exchange (SDX).

The default protection for collateral held in this type of account structure adds a layer of security, according to SIX, encouraging greater participation in institutional cryptocurrency trading.

David Newns, head of SDX, adds: "The role

of cryptocurrencies in collateral management will become increasingly important.

"Our new and fully integrated solution empowers product issuers, traders, brokers, and market makers to optimise their collateral usage, whether it's crypto or traditional securities, with built-in risk management safeguards. This allows financial institutions to embrace crypto collateral on a larger scale."

Robinhood launches options trading to UK customers

Robinhood has launched options trading of stocks and indices in the UK, complementing its existing retail securities lending programme.

By allowing its UK customers to trade on broad market indices, the US-based retail broker aims to offer more diversification and flexibility.

Jordan Sinclair, president of Robinhood UK, says: "Options trading has historically been difficult for UK investors to access due to high fees, complicated platforms, and limited educational resources.

"We're excited to roll out a US options trading experience that is both affordable and accessible, and leverages Robinhood's suite of tools to help UK investors take control of their financial future."

With options trading, customers will also have access to Robinhood's educational resources, including an options guide and video series.

Canada launches securities lending of CMB holdings

The Department of Finance and the Bank of Canada have launched securities lending of the government's Canada mortgage bond (CMB) holdings to support the market well-functioning.

The government is making its CMB holdings available to borrow through CIBC Mellon's pre-existing securities lending

services, which use a market-based pricing structure.

According to the Bank of Canada, CIBC Mellon was selected as an agent based on a detailed evaluation of short-listed securities lending agents in the Canadian fixed-income market.

Starting on 10 February, the government is making its full holdings of CMBs available, and the bank will publish the daily average amounts on loan over the prior month for each security on its website by the fifth business day of the following month.

The government will participate in all fixed-rate CMB syndications proposed for 2025 and will continue to target a total purchase amount of 50 per cent of fixed-rate CMB primary issuances, while the Bank of Canada will continue to conduct CMB purchases on the government's behalf.

Wedbush Securities launches real-time automated locate service

Wedbush Securities has launched capabilities for easy-to-borrow, locates, and hard-to-borrow securities.

This service is designed to allow correspondents to conduct their short selling activity more efficiently.

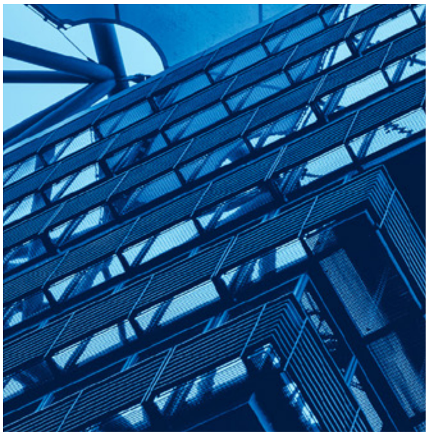
Wedbush's fully automated locate system enables correspondents to secure locates via API in real time before executing short sale orders.

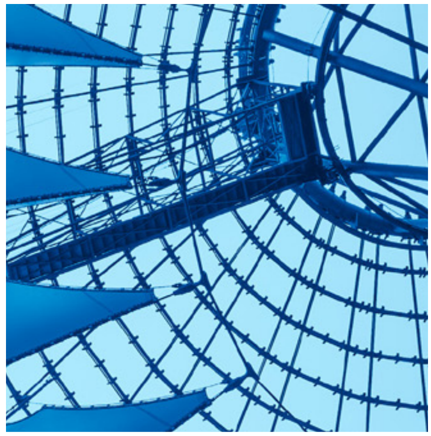
The system uses deep inventory from lenders, providing access to secure locates in a fast-paced market.

Clients can submit locate requests using either the API or an online portal, with real-time fulfillment visibility.

Key features of the service include an experienced securities lending team dedicated to supporting correspondents' borrowing needs; and extensive access to pre-borrows and indicative pricing for hard-to-borrow securities, the company confirms.

Commenting on the news, Rob Paset, co-head of multi-asset clearing and Prime Services, says: "Many of our correspondent's clients include short selling as part of their strategy.





Your equity financing, centrally cleared

With the world's largest
U.S. equities lending counterparty


For more than 30 years, OCC's Stock Loan Programs have reduced operational risk while enabling capital and collateral savings for Clearing Members.

To learn more, visit theocc.com/securities-lending, or contact us at MemberService@theocc.com.

30+	85	$151B
YEARS	HEDGE LOAN PROGRAM MEMBERS*	AVERAGE DAILY LOAN VALUE*

OCC THE FOUNDATION FOR SECURE MARKETS®

*At end of Q4, 2023

"In our continuous effort to expand the tools we offer, a fast automated locate and borrow system was the next logical step to better serve their needs."

KDPW launches LEI issuance application

The Central Securities Depository of Poland (KDPW) has launched a new Legal Entity Identifier (LEI) issuance application.

The modifications made to the LEI request has made the process of obtaining a LEI quicker and simpler.

Alongside the application, KDPW has launched a new website which includes a LEI database that allows users to find an identifier, check expiry dates, and gain access to data assigned to the LEI.

Clients will also be able to renew and request a new LEI.

PASLA welcomes ION as its newest member

The Pan Asia Securities Lending Association (PASLA) has welcomed ION as a Solutions member.

ION aims to deliver mission-critical trading and workflow automation software to financial institutions, corporations, central banks, and governments.

The firm says it designs solutions to improve decision-making, simplify complex processes, and empower people.

Commenting on the announcement, PASLA says: "ION embraces the power of community, encouraging colleagues to work with each other and with their customers to succeed through a positive culture of continuous improvement."

A Solutions membership is specifically aimed at clearing houses, data providers, exchanges, financial technology platforms,

and infrastructure providers that are involved with securities finance transactions.

Eurex Repo average daily volume up 1%

Trading volumes on Eurex Repo have increased 1 per cent year-on-year (YoY) to €347.1 billion for January in average daily term-adjusted volume.

While there was a 53 per cent YoY jump in GC Pooling average daily term-adjusted volume to €197.4 billion, special repo average daily term-adjusted volume dropped 30 per cent YoY to €149.7 billion.

For OTC derivatives clearing, notional outstanding volumes have risen 12 per cent YoY for the month, to €37,453 billion.

Growth in this area has been attributed to YoY increases in notional outstanding for interest rate swaps (13 per cent, €16,170 billion) and overnight index swap clearing volumes (34 per cent, €4,425 billion).

Average daily cleared volumes through Eurex Clearing have climbed 37 per cent YoY for January to €386 billion.

This features a 60 per cent YoY spike in interest rate swaps to €40 billion, and a 59 per cent YoY hike in overnight index swaps to €30 billion.

UK T+1 Accelerated Settlement Taskforce confirms implementation plan

The UK T+1 Accelerated Settlement Task Force (AST) has published its implementation plan for the UK's transition to T+1 securities settlement.

Included in the plan is a code of conduct for market participants which confirms 11 October 2027 as the first trading date in the UK cash equities for settlement on T+1.

The plan also confirms a 'clearly defined scope', 12 critical operational actions and 26 highly recommended actions.

It also includes five behavioural commitments such as a push for automation in standard settlement instructions (SSIs), corporate actions, and stock lending recalls.

This is in addition to a focus on 'action this day', urging firms to begin planning and where practicable, immediate implementation.

Following this news, the UK T+1 AST will hold an online and in-person event for market participants on 20 February to provide an opportunity to hear the task force detail the critical recommendations made in the implementation plan.

Attendees will also hear a live discussion among firms which have already begun to plan their own journey to this shorter settlement cycle.

Andrew Douglas, chair of the UK T+1 AST, says: "This is a milestone in the UK's journey to T+1 settlement and reflects a substantial amount of work and co-operation across the industry.

"We have a date and a detailed plan for the way ahead. Market participants should start planning now ahead of the 2025 budget process for project funding in 2026. Automation will be a key component of a successful implementation."

FINRA fines Apex Clearing for securities lending programme violations

The Financial Industry Regulatory Authority (FINRA) has fined Apex Clearing Corporation US$3.2 million for violations related to its fully paid securities lending programme.

This is the first time FINRA has charged a firm with violating FINRA Rule 4330.

The rule requires member firms that borrow customers' securities to have reasonable grounds to believe the loans are appropriate for the customers, and to provide customers with specific notices and disclosures in writing.

Apex failed on all counts, according to FINRA. Between January 2019 and June 2023, the firm lacked reasonable grounds to think the programme was appropriate for participating customers who did not receive a loan fee.

In addition, Apex distributed documents containing misrepresentations about the compensation that investors would receive for loans under the fully paid securities lending programme.

Apex's introducing broker-dealers sent these documents to more than 5 million retail investors during this period, according to FINRA.

From March 2021 to April 2023, the firm failed to provide many customers (enrolled in its fully paid securities lending programme) with all written disclosures regarding the customers' rights and the risks associated with the customers' loans of securities.

Apex also violated FINRA Rules 2210 (Communications with the Public), 3110

(Supervision), and 2010 (Standards of Commercial Honor and Principles of Trade).

Finally, since at least January 2019, Apex has failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures, for its programme designed to achieve compliance with FINRA Rule 4330.

Apex operated a fully paid securities lending programme for introducing firms, which in turn offered their customers the opportunity to participate.

FINRA previously ordered four introducing firms whose customers participated in Apex's programme to pay a combined US$2.6 million, including more than US$1 million in restitution to harmed customers, for supervisory and advertising violations related to the programme.

However, according to FINRA's examination of firms offering fully paid securities lending to retail customers, Apex entered into lending agreements with customers and borrowed customer securities.

Bill St. Louis, executive vice president and head of enforcement at FINRA, says: "Member firms must have reasonable grounds to believe that a fully paid securities lending programme is appropriate for customers who participate. It is unreasonable to expect a customer to take on risks and the potential financial consequences of securities lending with no financial upside.

"In addition to obtaining restitution for harmed investors from the introducing firms, we must hold accountable the clearing firm that designed, facilitated, and benefitted from this programme."

DORA: EBA upgrades ICT and security risk management measures

The European Banking Authority (EBA) has narrowed down the scope of its existing guidelines on ICT and security risk management measures.

In line with the Digital Operational Resilience Act (DORA) from 17 January 2025, these amendments aim to simplify the ICT risk management framework, avoid duplication of requirements, and provide legal clarity to the market.

DORA has introduced harmonised requirements on ICT risk management that apply to financial entities across the banking, securities, insurance, and pensions sectors.

In particular, the EBA has narrowed down the entity scope of the guidelines to only those that are covered by DORA – credit institutions, payment institutions, account information service providers, exempted payment institutions, and exempted e-money institutions.

Other types of payment service providers (PSPs) are still subject to security and operational risk management under the Payment Services Directive (PSD2), which has been in force since March 2018.

The original guidelines from November 2019 established requirements for credit institutions, investment firms, and PSPs on the mitigation and management of their ICT and security risks, with the aim of ensuring a consistent and robust approach across the single market.

These guidelines entered into force in 2020, replacing the preceding guidelines on security measures for operational and security risks that the EBA had issued three years earlier.

From 17 January 2025, DORA applies, with harmonised requirements for ICT risk management framework, incident reporting, and third-party risk management and testing.

The amended guidelines will apply within two months of the publication of the translated versions.

Transforming the repo market

Paul Chiappetta, managing director, Digital Innovation, Capital Markets, Broadridge, looks at how distributed ledger technology is bringing efficiency and cost-savings to repo transactions

The US$10 trillion repo market is essential to the effective functioning of global capital markets. Broadridge's Distributed Ledger Repo (DLR) platform is currently used by some of the world's biggest banks and broker-dealers to process some US$1.5 trillion in transactions every month.

Multiple applications are being launched on the platform, including applications used by sell side institutions to manage liquidity on their balance sheets and create efficiencies in operational workflows such as sponsored repo and agency clearing model (ACM) processes.

In October 2024, Broadridge began working with DTCC's subsidiary, the Depository Trust Company (DTC), to custody treasury assets during the settlement window of DLR's repo trades. Major securities finance trading venues like Tradeweb, GLMX, and CME Group's Brokertec Quote, have also signed on to execute trades on Broadridge's DLR platform.

With this complete ecosystem of some of the industry's biggest and most-respected players in place, distributed ledger technology (DLT)-enabled repo trades can now begin spreading through the broader market. This could happen rapidly, because the introduction of DLT does much more than simply adding efficiency to traditional repo trades.

Unlocking intraday repo

In a textbook example of the potential of digital assets and smart contracts to revolutionise the way people transact, the DLR platform achieves something market participants have long desired but were unable to accomplish due to limitations in traditional methods for executing and settling trades. DLT unlocks the ability to conduct intraday repo trades that could save banks, brokers and other market participants millions of dollars each year.

To understand how DLR could deliver these cost savings, it's necessary to back up a step and look at how financial service firms use repo trades. In general, banks, brokers and other sell side firms use repo transactions to access liquidity. Over the course of a day, these institutions' balance sheets experience huge cash inflows and outflows as part of normal business operations. Sometimes, these swings result in cashflow deficits. As a result, every day the sell side pays millions of dollars in 'daylight overdraft' fees to the US Federal Reserve. Firms use repo trades to access short-term liquidity to cover cashflow shortfalls and avoid these fees.

There is one snag in this process. Usually, cashflow deficits exist for hours, or even just minutes. But the traditional market structure makes it virtually impossible to execute and settle a trade that quickly. In fact, it's almost impossible to settle trades on the same day. As a result, firms' only option is to use and pay for overnight repo transactions, when they really only need the liquidity for a much shorter period of time.

DLR fixes this problem by making intraday repo trades a reality. The platform tokenises repo contracts and uses smart contracts to enable synchronous workflows that compress the trade processing and settlement process far beyond anything possible using traditional methods. Using intraday repo through the DLR platform, financial service firms who need liquidity to cover a two hour cash deficit can execute and settle a trade that lasts exactly two hours. No more overdraft fees. No more paying for unneeded overnight repo trades. By eliminating the need for unnecessary overnight repo trades, DLR also creates another huge benefit: a significant reduction of counterparty and operational risk.

The path forward

These benefits make DLT-enabled repo trades a no-brainer for the sell side. In turn, growing sell side demand for intraday trades has the potential to create a new and growing source of revenue for buy side firms who provide liquidity.

The creation and growth of the DLR platform is an almost perfect case study for how DLT can transform and improve markets and transactions. In a repo market made up of millions of individual bilateral transactions executed through mostly manual processes, DLR creates a standardised approach that accelerates transaction times and dramatically reduces operational costs and risks.

That's a blueprint that can be applied to thousands of marketplaces and millions of transactions around the world.

As institutional momentum toward blockchain grows, DTCC and Broadridge look forward to continuing to partner with the industry to help market participants capture the benefits of tokenisation — which stand to transform many areas of traditional finance, including securities financing, collateral management, and cross-border settlement.

However, before broader adoption can continue, the same level of standards and controls that underpin today's traditional markets will be needed to support a robust and resilient digital ecosystem. Moving forward, continued collaboration will be vital as the industry works through challenges that lie along the road to standards — including interoperability, data harmonisation, and the custody and tokenisation of traditional assets that have a digital twin.

Throughout 2025, as technology providers and market participants continue working through these challenges, the resulting DLT solutions might start transforming markets much sooner than you think.

IMN: Opportunity, challenge, priority

In its 30th year, attendees of IMN's Beneficial Owners' conference explored the unravelling political scene, key emerging markets, and regulatory initiatives impacting the industry globally. Carmella Haswell reports

Set in sunny Florida, the IMN's Beneficial Owners' International Securities Finance & Collateral Management Conference coordinated a two-day event which saw industry participants from the US, Canada, and Europe congregate to review the market.

The event marked the 30th year anniversary of the conference, which first debuted in Scottsdale, Arizona in 1995, previously titled The Beneficial Owners' Summit on Domestic and International Securities Lending.

"When Eliot Jacobowitz of IMN first brought this conference to the securities lending market, it was right after the range floater debacle of the early 1990s. We all saw a chance to share lessons learned in a collegial forum," says Ed Blount, executive director, Advanced Securities Consulting.

"Today, Elliot is retired, but IMN's tradition lives on in Gareth, Peter, Lexy, and Carmella. Each has done an outstanding job of maintaining the conference agendas' original focus on relevant context. Just as importantly, the panellists have always lived up to the highest standards. From a sponsors' standpoint, it's always an excellent group with which to work and socialise. This conference is an excellent value for our investment."

Hosted in Fort Lauderdale, the event provides discussions on crucial market dynamics such as regulatory shifts, technological advancements, and structural transformations.

For Patrick Morrissey, director of product strategy, securities lending at Vanguard, the conference provided participants with the opportunity to understand the important headwinds, tailwinds, opportunities, and threats that each participant has to contend with.

"Panel participants and moderators were each able to take complex topics and answer important questions in an easily digestible manner. More broadly, the conference exemplified great content, differing perspectives, and the ability to collaborate, drive change, digest industry best practices, learn about cutting-edge technology, and maximise value," he adds.

Crafted with the input of beneficial owners, for beneficial owners, the conference offers a platform to connect, exchange ideas, and to stay informed. Securities Finance Times reviews the key highlights of the event.

US administration takes centre stage

The conference opened up discussions with the 'Global Securities Finance Market Outlook for 2025' panel, which explored the unraveling political scene in the US, following Donald Trump's reelection to the White House.

Moderated by Andrew Lazar, managing director, head of rates sales at BUCKLER Securities, the panel noted that much of investors' time will be consumed with how the political scene will create situations in different sectors that may cause underperformance and opportunities for special trading.

It also highlighted the part the new administration will play in respect to M&A activity. Last year, and leading up to the election, M&A activity proved stagnant, according to Craig Starble, eSecLending CEO. He said that the administration will be more lenient for M&A activity this year, which should create special opportunities for client holdings in 2025.

In addition, tariffs will, in this environment, change things dramatically. Starble explains: "It'll, unfortunately, probably impact Fed policy too. Generally, tariffs — especially when they're retaliatory — can be significantly inflationary. So let's hope that these are short-term events and that we can work through it."

The market saw the stock market fall on Monday 3 February following tariffs placed on Canada, Mexico, and China. Commenting on this, Starble added: "That does create opportunity for our markets. Sadly, we can say that volatility is a good thing for securities lending. It may not be great for long portfolios, but it's good for securities lending and creates some winner and loser opportunities."

Going forward, and despite challenges, 2025 looks to be an interesting year and a better year, the panel heard.

Furthering the conversation, Justin Aldridge, senior vice president, head of Agency Lending at Fidelity Investments, said: "My glass is always half full, so my expectations are that it will be a good year from a lending perspective. There are two ways to get there. One, we get what we're hoping for with this administration and we see more IPOs and M&A deals in the marketplace.

"The alternative, if that doesn't happen, then maybe something is systematically wrong. And so we will probably see some single stock demand coming back into the marketplace."

Aldridge is also keen to see activity in 2025 as it relates to the focus on borrowers' balance sheets, and the focus on "coming to the table with flexibility on balance sheet-friendly trade structures". Fidelity Agency Lending, as a lender in the marketplace, is looking to actively help create trades and efficiencies for borrowing counterparties. He believes finding solutions to mitigate balance sheet usage will continue to be key for borrowing entities in 2025.

Also top of mind for industry participants is mandatory clearing, explained Margaret Anne Hennessy, director, head of Americas securities finance relationship management at BNY.
While the regulation is set to come into effect in June 2026, the US Treasury mandatory clearing mandate could be postponed.

Circling back to the US election results, Matthew Chessum, director of securities finance at S&P Global Market Intelligence, stated that, from a data perspective, some of the direct impacts seen in the financial market can pinpoint to the date of when the new US administration was elected. For example, a vast increase in the amount of short interest that took place over Asian microchip semiconductor stocks was connected to the tariffs hawk.

He also highlighted two recently reported “unheard of” events. The first was the Bank of England’s move to hold off on any transformation to advance to Basel III implementation, which he believes is a direct result of waiting to see what happens in the US under the new administration.

The second event was a decision by France and Germany to push back on new EU environmental, social, and governance (ESG) directives, as the regions were worried it would hamper their competition in relation to other states around the world. It is a “complete mindshift from where we've been over the last few months”, Chessum added.

He concluded: “From a pure regulatory perspective, there is a time for reflection, and that particularly in Europe, we're going to be responsive to what happens in the US, and that's going to directly impact our market.”

Asia and Europe for T+1

After a generative AI review on the seven critical questions facing lending agents by Ed Blount, executive director at Advanced Securities Consulting, and a Grow Your Network session hosted by Women in Securities Finance, industry participants coordinated a discussion on the success of T+1 in the US, despite initial anxiety and concern around the preparation for such a move.

Following the successful T+1 transition in the US, eyes are now on Europe and Asia and the “high potential” that they’ll be moving to a T+1 environment, according to Marney McCabe, head of relationship management for Agency Lending at Fidelity Investments.

Setting the scene, Bob Cavallo, director of securities finance and collateral product development at the Depository Trust and Clearing Corporation (DTCC), detailed that when the US transitioned from T+3 to T+2 in 2017, it fell behind other jurisdictions which had ventured ahead with the move. With T+1, the US was leading the transition.

“The UK, EU, Switzerland and Liechtenstein are all looking to move to T+1 in October 2027. From a DTCC perspective, we have been collaborating with and actively sharing our feedback and key data points on same day affirmation and fail rates with the UK Accelerated Taskforce and ESMA, providing materials on what worked well during planning and implementation,” Cavallo explained.

He continued: “Coming out of T+1, 55 per cent of the trades that are done globally right now settle on a T+1 settlement cycle. When the UK and Europe move, the estimate is that we’re going to have close to 90 per cent of the trades being done on a T+1 settlement cycle.”

The European Securities and Markets Authority (ESMA) has launched the EU T+1 coordination committee and has put together a governance structure to manage the migration to a shorter settlement cycle. An October 2027 move date for the UK, EU, Switzerland, and Liechtenstein has been confirmed.

The APAC region has also made reference to that same October time frame, said McCabe, “although they haven't formally announced that they would be following suit with Europe”.

During the panel — which was moderated by Mary Jane Schuessler, director of equity finance, Global Equity Finance at BMO Capital Markets — McCabe highlighted the stark difference between the US move to T+1 and what will be in store for other regions looking to do so.

She noted that while the T+1 playbook for the shorter settlement cycle can be leveraged, when a geographical area like Europe or Asia goes to T+1 it is going to be a different challenge for the industry as a whole, not just for securities lending, due to the fragmentation of those jurisdictions.

Furthering the conversation, McCabe pinpointed how T+1 has opened up the door to have direct conversations around finding a way to get sell notifications pre affirmation.

“The move to T+1 in Europe and APAC will further those discussions. There seems to be a little bit more openness, because pre-notifications can also open up at markets like Taiwan and soon South Korea,” she suggested.

Speaking to the panel, Mike Norwood, global head of Trading Solutions at EquiLend, posed the question: are there improvements that still need to be made in relation to T+1?

He indicated that this will depend on the processes firms are engaged with, operational touch points, and manual interventions. Norwood continued: “When there is opportunity to invest in technology and streamline processes and to take away reliance on non-real-time information, if there's an opportunity to embrace DLT, what does that bring to your infrastructure?”

He emphasised the importance of reviewing these key aspects “because the industry is not getting easier”.

“Things are going to become faster and faster. Mobility matters, velocity matters, access to information matters, reporting regimes are going to drive more ready access to information, and more repeated broadcast of that information,” he explained. “It is a never ending process. It constantly has to be evaluated, and where you can make those improvements, that investment will pay off.”

Emerging markets

Industry experts at the IMN conference praised South Korea, Taiwan, Thailand, and Brazil for their growth opportunities in relation to the securities lending market, in the ‘New Markets & Growth Opportunities’ panel that reviewed the key emerging markets catching the eye of participants.

Moderated by Patrick Morrissey, head of product and strategy, securities lending, Vanguard, one panellist provided a rundown of the key APAC markets. Michael Daly, vice president of client service and relationship management at Goldman Sachs Agency Lending, opened with a discussion on South Korea, which has become “a largely significant market for many asset managers over the last couple of years from a lending return perspective”.

At the end of 2023, short sell bans were implemented in this market which caused lending returns to fall off the cliff in 2024. He explained: “We’re all largely expecting those short sell bans to end in March this year. There are questions as to whether lending returns will come back drastically in any form or fashion after that. Political and economic uncertainty continues in the marketplace.”

For S&P Global Market Intelligence’s Chessum, South Korea is going to hold several new and exciting opportunities for securities lending. “The South Korean equity market is really known for its volatility. To be honest, it's quite sensitive to global economic conditions and geopolitical events. And some of the companies within South Korea have quite a unique corporate governance structure as well, which leads to further directional opportunities for lenders," he confirmed.

Following a similar story to South Korea, Turkey faced short sell bans which were enacted in early 2023, leading demand to fall off precipitously at that point, said Daly. He continued: "Those short sell bans for the top 50 securities in the marketplace had been lifted as of January, and we have already started to see a little uptick in demand in that marketplace which is certainly a good sign for most Lenders."

Moving the panel forward, Daly mentioned the potential changes that are "being kicked around" by the Securities and Exchange Commission (SEC) in Thailand, where foreign investors that transact in the marketplace will need to follow the same rules and regulations as local investors. "There are a lot of question marks in terms of whether that's going to impact lending demand for the long term in that market."

Chessum added to the conversation by looking at Thailand's potential going forward in 2025, where there are "real expectations" for a rebound in Thailand for securities lending activity. He explained: "Lots of analysts are predicting that the Thai economy is going to benefit from a synchronised global economic recovery, and some of the interest rate cuts that we've seen in the developed world as well, that's helping to focus attention on some of these emerging markets again."

With market volatility quite high in the Thai market, the Bank of Thailand has come out in support of securities lending activity. Reviewing the performance of securities lending in APAC as a whole, Taiwan lending performance was strong over the past 12 to 16 months. Daly noted the significant lending returns seen in the market for asset managers and beneficial owners that are able to transact in that marketplace.

According to data from S&P Global Market Intelligence, Taiwan became the highest revenue-generating market in the APAC region throughout 2024, taking in US$768 million worth of revenues, a 38 per cent increase year-on-year (YoY). The revenues generated in Taiwan were equal to the six biggest revenue generating countries across the EMEA equities region.

Despite this promising market, Daly did warn of the "significant barriers to entering the market from a lending perspective". Whether it be presale notification to an agent lender, he said there are certainly "significant penalties for non-settlement in the marketplace that may prevent beneficial owners from entering the market".

Circling back to high performing equities markets, Chessum highlighted Malaysia as one of Southeast Asia's strongest performing equity markets in 2024 from a cash equity perspective. It was also one of the best performing APAC markets for IPOs. It surpassed Indonesia as the region's biggest equity listings venue.

Lastly, heading over to South America, Kyle Kolasingh, head of Markets Services Solutions at RBC Investor Services, noted Brazil has risen to the top of the list for many industry participants.

"Brazil has the potential to be a superlative market in the Americas today. It opened in 1996. Where they are today, the market has not yet been able to fulfil its liquidity goals and openness to foreign investors. The difference that we're hearing in the conversation presently versus 10 years ago is that we're seeing momentum coming out of the stock exchange," Kolasingh informed.

He continued to add that the Brazilian market "is a great source of value". In terms of Americas equity figures for 2024, Kolasingh said it was the only market to have a positive YoY ending. The average fees tend to be anywhere between 150 and 200 basis points.

While Chessum noted a 15 per cent decline in the Brazilian stock market in 2024 — one of the steepest declines across all emerging markets — there are opportunities in Brazil as 10 stocks generated 50 per cent of annual revenues for the marketplace. Ambipar Participacoes e Empreendimentos shares generated around 20 per cent of all revenues.

Chessum added: "If you look at Brazil as a whole market, it did quite well in terms of securities lending revenues on a YoY basis last year. Market revenues were US$51.6 million, up 51 per cent YoY."

Concluding the roundup on Brazil, Kolasingh warned that the main barrier to the Brazilian market, from a foreign perspective, is the fact that it is CCP today, so it presents principal risk issues for certain types of asset owners and asset managers that cannot absorb that type of risk because of various regulatory structures.

As the conference came to a close, it is evident that the issues, opportunities and priorities discussed at this year's event will continue to be hot topics for 2025 as participants navigate this changing and challenging landscape.

Retail securities lending: New players in the game

With insights from retail brokers, fintech firms, and an industry association, Daniel Tison explores the potential of retail to supercharge the securities lending space

The democratisation of financial markets has been a trend for the last decade, with retail securities lending as a growing component. Driven by technological advances and increased engagement of retail investors, this practice is expected to play a significant role in shaping the future of the securities finance sector.

Representing retail broker Robinhood, Michael De Gaglia, global head of securities finance, has noticed a remarkable growth in demand for retail securities lending over the past few years.

"The rise of commission-free trading, fractional shares, and accessible technology has empowered more individuals to invest, thereby creating a larger pool of lendable securities," he says. "Additionally, as retail brokers expand their fully paid securities lending programmes, awareness of the potential to earn incremental returns has increased, fueling further interest."

According to Stuart Jarvis, head of strategic partnerships at Sharegain, securities lending has shifted from a "nice-to-have" to a "must-have" over the past few years. Working for a major securities lending and capital markets infrastructure fintech, he notes that as competition in the sector intensifies, all players seek new revenue streams and innovative solutions to bring value to their clients.

Following this train of thought, Andrew Dyson, CEO of the International Securities Lending Association (ISLA), sees securities lending as an ever-evolving product — moving from a back office function through to international trading desks, and now, in recent times, accessed by retail investors through mobile trading apps operated by tech-first retail brokers and 'neo brokers'.

He says: "While many view this democratisation of securities lending as a new frontier for the sector, it is still a nascent, albeit growing market. Current estimates are that less than 10 per cent of lendable supply is from retail holdings.

"However, this is likely to increase, especially as governments around the world look to turn savers into investors to address the challenges associated with an ever-ageing population, where they need to progressively look towards the capital markets to fund increasingly onerous retirement obligations. Such policies have been seen in the EU as part of the Capital Markets Union (CMU), now the Savings & Investment Union (SIU), and retail brokers will have an integral role to play in this."

Levelling the playing field

Dominated by institutional players, the securities lending market used to be an inhospitable territory for individual investors. However, this began to change with the advent of fintech innovations and commission-free platforms like Robinhood, Wealthsimple, and Interactive Brokers. These solutions enable investors to earn passive income by lending out their securities to brokers, who in turn lend them to traditional borrowers like hedge funds.

De Gaglia explains that the inspiration to launch the Robinhood stock lending programme came from a desire to democratise access to financial opportunities.

"We removed the gates that prevented small retail investors from enjoying the same benefits that traditional brokers had offered their high net worth customers for years," he says. "By enabling millions of new retail investors globally to participate in securities lending, we've helped level the playing field and provide a new avenue for income generation.

"The response has been overwhelmingly positive — clients appreciate the simplicity, transparency, and ability to put their idle securities to work."

As executive vice president of marketing and product development at Interactive Brokers, Steve Sanders operates in both retail and traditional securities lending spaces. While he does not observe any significant distinctions between the two in terms of tools and pricing, there is a clear difference in nature.

"On the retail side, we tend to cater to active traders and sophisticated investors," he says. "Some of them are even more sophisticated than the institutions."

While the operational framework mirrors that of institutional lending, the scale and composition of retail participation differ significantly. Retail portfolios are often smaller and more fragmented, which requires advanced technology to aggregate these assets and facilitate the process. Companies like Sharegain play a key role by offering securities lending as a service (SLaaS) to brokers and wealth managers.

Greater accessibility to securities lending enables retail investors to earn more from what they own. By renting out their stocks, bonds, and ETFs, they can increase their portfolio returns and unlock further earning potential of their investments. However, retail lending also creates new opportunities for the broader, more traditional market.

The total assets under management (AUM) held by retail investors is around 40 per cent, according to ISLA. Although the amount available through lending programmes is much smaller, market participants agree that it injects the 'hard-to-borrow' supply into the lending pool, which is vital to the securities finance industry.

Retail investors often hold securities that may not be widely available in institutional portfolios, and retail lending programmes tap into this dispersed pool. By diversifying the lending pool, retail lending can reduce over-reliance on institutional players like pension funds.

Jarvis adds: "Retail investors are far more likely to hold small and mid-cap stocks, creating a differentiated inventory that's highly sought after by hedge funds, lending desks, and market makers. This unique supply broadens the asset mix, boosts trading opportunities, and increases overall market liquidity."

Through its stock yield enhancement programme, Interactive Brokers can automatically lend out their clients' shares and split the revenue by half.

"For somebody holding hard-to-borrow shares, it's kind of free money because they wouldn't get anything otherwise," explains Sanders.

In addition, retail lending opens up the securities lending market to a younger and more tech-savvy demographic.

"A lot could go wrong when you don't automate, so we try to automate everything."

"Retail brokers are, by their nature, quicker to market and better at capturing and analysing data on everything from customer behaviour through to changing economic patterns enabling them to react, change strategy, and market new products quicker than traditional players," says Dyson.

In the short term, this may appear as a challenge for traditional market players, but Dyson believes that it offers opportunities for them to develop and drive advancements through novel products and technologies.

New ballgame, new rules

Like all investment activities, retail securities lending also involves certain risks, such as counterparty default, temporary loss of voting rights for lenders, or market volatility impacting collateral value.

While borrowers are used to working with institutional clients, who have strong balance sheets and established relationships, retail lending flips this dynamic, bringing in additional challenges like credit exposure and risk management. Jarvis believes that this new ballgame requires a fresh approach and industry-wide change to fully integrate retail lending.

Additionally, managing retail programmes adds significant complexity for traditional securities lending players. Jarvis explains: "Legacy systems weren't built to meet the stringent demands of retail programmes. With evolving regulations and reporting requirements, such as the impending Rule 10c-1a in the US, institutions are facing rising costs and growing operational challenges when launching retail securities lending programmes."

Dyson sees education as the key to allowing securities lending to grow safely within the retail space. Apart from the Securities Lending Hub published by ISLA, he believes that every retail broker should provide an overview of the benefits and risks to the customer when introducing them to a lending programme.

"We welcome the participation of retail brokers because we believe that it makes the markets deeper and richer for all market participants," he states. "However, it is fundamental that the market develops in line with market best practices."

On that note, De Gaglia adds: "Retail investors often lack familiarity with securities lending, so we prioritise clear, accessible education and disclosures. By providing real-time insights into earnings and programme terms, we ensure our clients understand how their assets are being used."

Interactive Brokers uses a combination of sources to develop indicative rates, which are displayed along with security availability in its automated securities financing tools. Using automated price discovery and improved creditworthiness, the firm aims to bring transparency, reliability, and efficiency to the market.

"A lot could go wrong when you don't automate, so we try to automate everything," says Sanders. "Most of our firm is made up of programmers that have been building these systems for many years."

Jarvis agrees that utilising new technologies is a necessity in retail lending due to the complexity of processes. Sharegain offers full control and oversight down to the individual account and security level, with data aggregation and straightforward reporting.

"Retail securities lending involves a complex lifecycle across millions of underlying accounts, from loan allocations to corporate events processing and collateral management," Jarvis explains. "This creates millions of interconnected data points within online brokers' books and records. Without the right technology and robust infrastructure, operational

failures, and the fines that come with them, are almost inevitable."
As retail participation grows, so does the need for regulatory oversight. By addressing risks, defining best practices, and providing a clear framework for the future, securities finance regulations have removed much of the uncertainty that once held the industry back, according to Jarvis. He believes that regulatory clarity in recent years has played a critical role in the market's growth. However, being a relatively new practice, retail lending does not seem to be targeted that firmly by regulators.

While there is a general awareness of the increasingly growing retail lending market, ISLA has not seen any specific regulation that would directly apply to this sector, apart from the Public Statement issued by the European Securities and Markets Authority (ESMA) in 2023. The paper outlined the need for revenues from securities lending to directly accrue to the retail client and net of a normal compensation for the firm's services.

As seen with existing rules around the Undertakings for Collective Investment in Transferable Securities (UCITS), ISLA believes that regulators in Europe and the UK should ensure sufficient levels of investor protection through market guidance. In the longer term, the association expects to see guidance around topics such as transparency of fee splits, governance, and investor empowerment around participants in lending programmes.

"Instead of new regulation, our view is that as retail brokers become a bigger part of our community, there should be a common understanding of the importance of industry best practices for the benefit of the retail investor," advises Dyson, pointing at ISLA's best practice documentation and guides as a good starting point for all new participants entering the sector.

Becoming a global standard

The rise of retail securities lending over recent years is shifting the practice from a peripheral concept to an emerging segment, which has the potential to reshape the securities finance sector quite radically. As the lines between retail and institutional markets blur, the industry faces both opportunities and responsibilities in navigating this new era.

While retail participation expands securities supply and diversifies the lending pool, creating liquidity and more competitive borrowing conditions, there is also increased scrutiny of borrowers' behaviour, as retail participants demand greater transparency and fairness.

With greater education, growth-aligned regulation, and the development of new technology, Dyson sees great potential for further growth in retail securities lending.

He says: "As this market matures and given the nature of the EU's CMU/SIU policy, retail investment will develop exponentially over the next three to five years, with retail brokers at the heart of this, alongside traditional players."

> "Retail lending won't just capture a bigger share – it will supercharge the entire space."

According to De Gaglia, retail securities lending will soon become a standard, with a profound impact on global capital markets.

"Retail-driven lending will increase liquidity, reduce borrowing costs, and promote fairer market conditions," he predicts. "Additionally, technological advancements in AI will improve programme efficiency, and we're already coding AI to enable greater scalability, benefitting both retail and institutional participants."

Jarvis sees retail participation as a key growth pillar for the future of the securities lending market and the broader industry.

Looking ahead, he anticipates: "In the next five years, every retail investor will have access to securities lending — globally. Retail investors will demand more, expecting full control over their lending programmes and the ability to select which securities they want to lend. We've already seen how this level of control is driving wider adoption.

"This wide adoption will inject new levels of liquidity into capital markets and open up new opportunities for both sides of the market. Retail lending won't just capture a bigger share — it will supercharge the entire space."

Leveraged ETFs: Riding the crypto rollercoaster while ‘lending’ a helping hand

The rise of leveraged ETFs in the cryptocurrency market reflects a growing appetite for high-risk, high-reward investment strategies, says Matthew Chessum, director of securities finance at S&P Global Market Intelligence

In 2024, the exchange traded fund (ETF) market experienced remarkable growth, characterised by record inflows and a surge in diverse investment strategies. According to data from S&P Global Market Intelligence, US-listed ETFs saw an unprecedented US$1.12 trillion in inflows, nearly doubling the previous record. Equity ETFs dominated this landscape, attracting US$775 billion, with US$667 billion specifically directed towards US equity.

Fixed income ETFs also performed strongly, garnering US$301 billion in inflows. Additionally, active management strategies gained traction, particularly in fixed income, capturing 36 per cent of total flows. Thematic ETFs focusing on technology and clean energy continued to draw significant interest, while over 650 new ETFs were launched, breaking previous records. Among these trends, one of the most notable was the growth in popularity of leveraged ETFs, which have become increasingly appealing as volatility in cryptocurrencies has surged.

In recent years, the cryptocurrency market has experienced extreme volatility, leading to a surge in the popularity of leveraged ETFs. These financial instruments aim to provide amplified returns — often two or three times greater — of an underlying cryptocurrency or asset's performance. As investors seek to capitalise on the rapid price movements of cryptocurrencies, leveraged ETFs have emerged as a compelling option. However, the mechanisms behind these products involve complexities, particularly in the realm of securities lending, which plays a crucial role in their operation.

Top 5 revenue-generating leveraged equity ETFs January 2025

ETF Name	Ticker	Investment Type	Country	Revenue Generated (US$m)
T Rex 2X Long MicroStrategy Daily Target	MSTU	Equity	US	4.4
Defiance Dailt Target 2X Long MicroStrategy	MSTX	Equity	US	3.4
Direxion Dailt Tesla Bull 2X	TSLL	Equity	US	2.3
Granitesshares Nvidia 1.5x Long Daily	NVDL	Equity	US	0.7
Direxion Semiconductor Bear 3X	SOXS	Equity	US	0.4

Source: S&P Global Market Intelligence Securities Finance

Leveraged cryptocurrency ETFs utilise derivatives, such as futures contracts, to achieve their desired leverage. This strategy allows them to magnify their gains (and losses) based on the performance of the underlying assets. However, the use of derivatives and the pursuit of leverage often lead to increased funding needs, which can strain the resources of ETF providers. To mitigate these costs, many providers participate in securities lending programmes, a practice that has become increasingly important in the context of all ETFs, not just those with leverage.

Securities lending involves ETF providers lending out securities — such as crypto-related stocks or the underlying assets of their ETFs — to generate additional income. This income serves as a vital source of revenue, helping to offset management fees and the costs associated with maintaining leveraged positions. Borrowers, including short sellers and market makers, pay a fee to access these lent securities, creating a mutually beneficial arrangement.

The growing popularity of leveraged ETFs has significantly impacted the demand for the underlying securities. As more investors flock to these products, the demand for the assets they track increases, thereby boosting the borrowing market for those securities. Borrowers may utilise the lent securities to hedge their leveraged ETF positions or execute arbitrage strategies, further fuelling market activity.

Market volatility, particularly in the cryptocurrency sector, tends to amplify the effects of leveraged ETFs. These funds often experience daily rebalancing to maintain their leverage ratios, which can lead to heightened volatility in the underlying securities. This volatility, in turn, increases the demand for stock lending, as traders seek to short overvalued or mispriced securities or hedge against movements related to leveraged ETFs. The dynamic nature of the crypto market creates a fertile ground for trading strategies that leverage these products.

The daily rebalancing of leveraged ETFs not only influences their performance but also impacts the broader market. As these funds frequently buy and sell securities to maintain their leverage, they contribute to market liquidity, creating additional lending opportunities for the underlying assets. This interaction between leveraged ETFs and the securities lending market is a key aspect of their operation, as it helps to facilitate smoother trading conditions.

For ETF providers, the income generated from securities lending is a crucial revenue stream, particularly in the highly volatile cryptocurrency market. This revenue helps to offset the costs associated with derivative positions and the leverage employed by the ETFs. As the demand for leveraged ETFs continues to grow, the significance of securities lending as a financial strategy will likely increase.

In conclusion, the rise of leveraged ETFs in the cryptocurrency market reflects a growing appetite for high-risk, high-reward investment strategies. As volatility increases, the role of securities lending becomes ever more critical in supporting these products and enhancing market liquidity. Understanding the interplay between leveraged ETFs and securities lending is essential for investors navigating this complex and rapidly changing financial landscape. As we move forward, continued attention to regulatory developments and market dynamics will be vital in shaping the future of this asset class.

Repo: Overlooked and misunderstood

Rachel Fox, director in repo sales and trading at TD Securities, speaks with Daniel Tison about her love for the product, often seen as "vanilla", and the value that interns bring to securities finance

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

I found myself in securities finance after accepting what I thought was a four-month assignment on the repo desk in London. To my Canadian parents' dismay, the four-month position turned into a full-time position, and I have been with the same team since.

Initially, I accepted the role on the repo desk because I really got on with my colleagues — which I think is very important when you sit next to the same people for 10 hours a day — but since then, I have really grown to love the repo product and the securities finance industry.

While repo is sometimes viewed as a simple, vanilla product, it is often overlooked and misunderstood at a great cost to firms. I truly enjoy providing efficient funding and financing solutions for our clients and traders.

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

I feel like I must mention the people in this industry here. While ‘the city’ comes with preconceptions of reckless anti-heroes, I have found people with a real willingness to answer questions and help me develop my skill set along the way.

Ultimately the most exciting, fulfilling part of my role in this industry is that it is still a people-facing job. Even in trading, relationships are invaluable, and I have enjoyed learning from and collaborating with various individuals through the years.

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

TD has been very good to me — in graduate schemes, mentorship programmes, and supplementary communities. In the graduate scheme, I have been supported in moving to London onto the repo desk, which has given me a global experience in the industry. In TD's mentorship programme, I have had the pleasure of bouncing ideas off and taking advice from a handful of managing directors across the trading floor. And finally, TD has various communities like ‘Women at TD’ that have given me a voice in front of many talented people across the firm and wider industry.

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

A common misconception on the trading floor is that juniors on the desk are not capable of adding value. Particularly in our technology-driven world, the interns entering the industry now hold a competitive advantage on computer-based knowledge that the desk can really use.

For example, an intern is well-placed to create a report with the desk's data that will give a vastly better picture of the desk's risk positions and can certainly add value to subsequent trading decisions. Though I agree that experience cannot be taught, especially when trading through overarching geopolitical and macroeconomic risks, when I work with the new joiners on the floor, I try to encourage them to have confidence in what they do know, especially on the computing and coding side of things.

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

In my professional development, I would love to take on more risk. Presently, my role includes both sales and trading, so I manage client queries but also price cross-currency trades and US dollar trades outside New York hours.

While I enjoy presenting solutions to our clients, I do love the nuanced, but analytical nature involved in trading. It probably helps — or hurts — that rates now move more in a week than they did the entire first three years of my career!

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

Do not take yourself too seriously. I think it is important to work hard, network, and be proud of your achievements, but most of all, to stay grounded. You will make a lot more friends along the way and you will be less disappointed if it all moves against you.

Rachel Fox

After three years as a vice president, Rachel Fox has recently been promoted to director in repo sales and trading at TD Securities. She initially joined the firm as a sales and trading associate of structured products in 2015 while completing her studies — she holds a Bachelor of Business Administration degree from Wilfrid Laurier University in Waterloo, Canada.

After gaining experience on several desks in the graduate programme in Toronto, Fox found herself recruited to the repo desk in London, UK. Her current role includes helping a range of clients while trading her own US dollar repo book.

Outside her city career, Fox enjoys her Wednesday evenings with her church's youth group teaching the Bible.

Chadwick retires

Mick Chadwick, head of sales and business development at London Reporting House (LRH), has retired after 39 years in financial services.

During his career, Chadwick worked largely within the securities finance industry on both the sell side and the buy side.

Prior to joining LRH, Chadwick led the securities finance business at Aviva Investors between 2006 and 2021, where the product mandate included repo, reverse repo and securities lending.

He spent 20 years working in the fixed income financing space prior to his career at Aviva Investors.

During this time, he ran the European repo business at UBS between 1991 and 2000, and at HBOS Treasury Services between 2000 and 2005.

Commenting on his retirement via LinkedIn, Chadwick says: "I've been incredibly lucky to have worked at some great firms and met some great people over the years.

"Working at LRH over the past three years has been a wonderful coda to my city career, however following their successful launch last year my work there is done and it's time to move on."

MacKay exits EquiLend

Iain MacKay is to leave EquiLend after more than a decade with the fintech firm.

Based in London, he departs as product owner for RegTech and post-trade solutions.

He first joined the company in 2014 as product owner for post-trade services, where he was responsible for setting the strategic vision for the firm's department.

MacKay has more than 20 years of experience within financial services, covering a range of products including securities processing, equity finance, collateral management, and network management.

Prior to joining EquiLend, MacKay was global head of network management within the Royal Bank of Scotland's securities finance group.

Earlier in his career, he held a number of senior positions including as European head of equity finance at Citibank and Deutsche Bank. He also held management roles within the prime services group at Nomura International.

Zimmerhansl to lead

WTS Hansuke Consulting has welcomed Roy Zimmerhansl as partner, leading its new Capital Markets service.

Based in London, this role will include strategic leadership, client advisory, and relationship management.

Zimmerhansl brings more than two decades of experience in securities finance, collateral management, and fintech to the post.

He has been a co-lead of the Securities Lending Working Group for both the UK Accelerated Settlement Taskforce and the EU T+1 Industry Committee.

Since November 2020, Zimmerhansl has also been a strategic advisor at Global Principles for Sustainable Securities Lending.

He joins WTS Hansuke from Pierpoint Financial Consulting, where he served as practice lead for six years.

Between 2013 and 2018, he was a managing director, global head of securities lending, at HSBC.



Saphyre adds Kinnally

Saphyre has onboarded Tom Kinnally as senior relationship manager of bank strategy.

Based in New York, Kinnally will be responsible for accelerating the firm's client engagement and growth.

In addition, he will be assisting the executive leadership within financial institutions to deploy solutions to speed up ready-to-trade statuses and faster reliable settlement cycles.

Kinnally brings over 40 years of experience in cultivating client partnerships and spearheading growth initiatives across the financial sector.

His dedication to understanding client needs and delivering tailored solutions has earned him a reputation as a trusted partner and leader, according to Saphyre.

Prior to joining the firm, Kinnally was a managing director of financial resource management at BlackRock for four years.

Previously, he held a 16-year tenure with Morgan Stanley, where he took on a number of senior positions, including as managing director, global head of client financing, firm financing and collateral risk management.

LSF selects Bhagat

The Liquidity and Sustainability Facility (LSF) has appointed Vipul Bhagat as chairman of its Credit Risk Committee (CRC).

In his new role, Bhagat is responsible for recommending comprehensive risk policies, ensuring rigorous compliance monitoring, and providing investment risk oversight.

Reporting directly to the LSF board, he leads the implementation and ongoing refinement of the LSF Risk Management Framework.

Bhagat brings more than three decades of experience in financial services and risk management to the post.

He joined the LSF in August 2024 as a senior advisor.

At the same time, Bhagat serves as an independent board member at Banco de Oro Unibank, and a board member of the Bank-Fund Staff Federal Credit Union, while also on the Finance Committee of VisionSpring.

Previously in his career, he spent nearly 30 years at World Bank Group's International Finance Corporation (IFC), where he specialised in investments in institutions throughout emerging markets.

Publisher: Justin Lawson
justinlawson@securitiesfinancetimes.com
020 3667 3244

Group editor: Karl Loomes
karlloomes@blackknightmedialtd.com
020 3617 1722

Deputy editor: Carmella Haswell
carmellahaswell@securitiesfinancetimes.com
020 3617 1722

Reporter: Daniel Tison
danieltison@securitiesfinancetimes.com
020 3617 1722

Accounts: Chelsea Bowles
accounts@securitiesfinancetimes.com
020 3667 3979

Sales and Events Support: Vanessa Hayes
vanessahayes@blackknightmedialtd.com
020 3667 3979

Designer: James Hickman
jameshickman@blackknightmedialtd.com
020 3372 5997

Studio director: Steven Lafferty
design@securitiesfinancetimes.com

Published by Black Knight Media Ltd


Don't mind the gap
Our repo markets bridge liquidity gaps. More than 160 European financial institutions are currently active on our Repo, GC Pooling, HQLAx and eTriParty markets. They benefit from trading opportunities with fully integrated clearing and settlement.
Architects of trusted markets
EUREX