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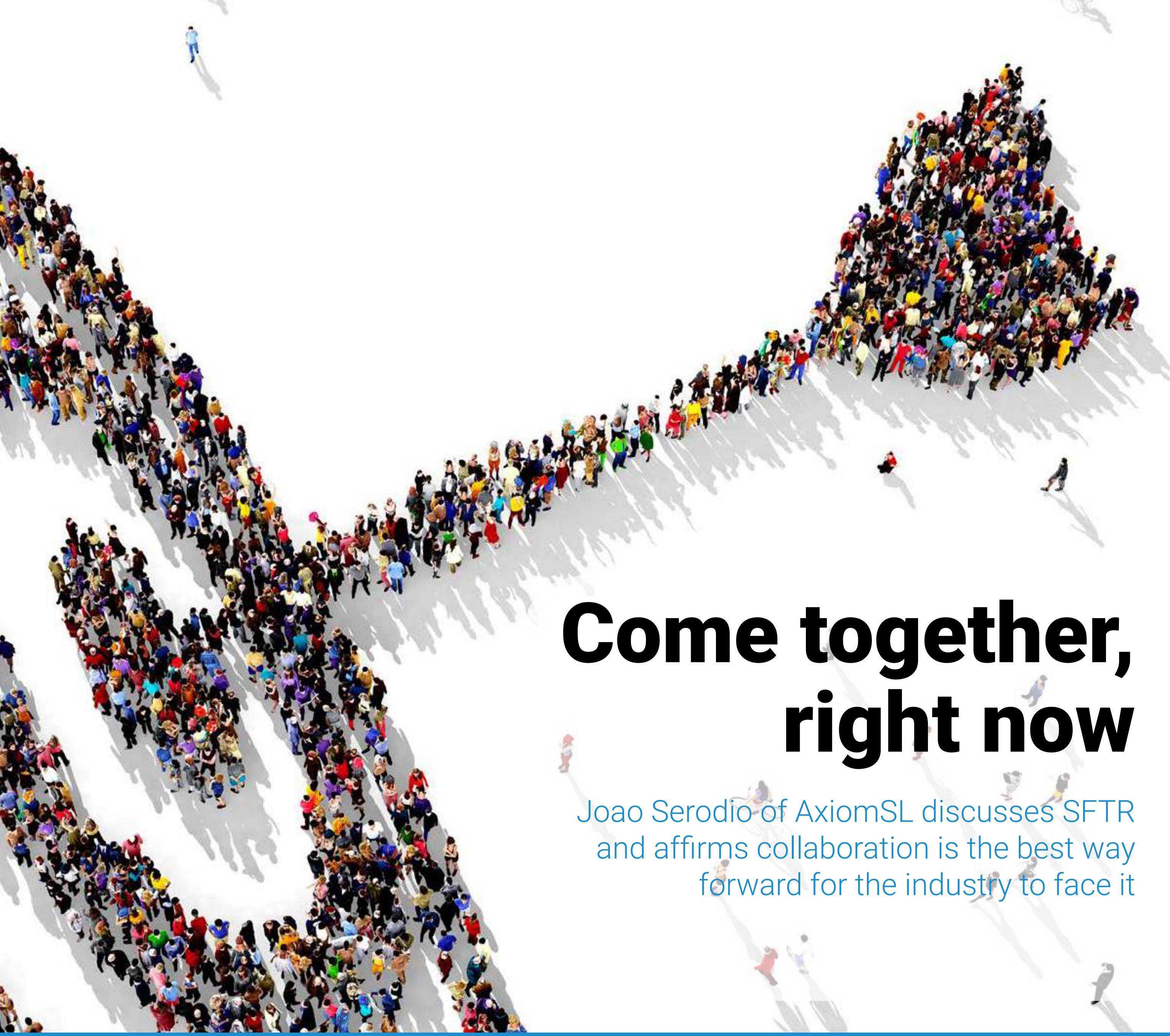

# Come together, right now

Joao Serodio of AxiomSL discusses SFTR and affirms collaboration is the best way forward for the industry to face it

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# DTCC streamlines SFTR reporting processes

The Depository Trust & Clearing Corporation (DTCC) has further streamlined the Securities Financing Transactions Regulation (SFTR) trade reporting processes through its new partnerships with Broadridge, FIS Global, Murex, RegTek.Solutions, and SimCorp.

The new partnerships aim to further support mutual clients with forthcoming SFTR obligations.

The firms will link their SFTR solutions to DTCC's Global Trade Repository (GTR).

This will allow market participants to benefit from straight through reporting workflows as well as lowering the cost of implementation.

GTR's partner programme includes a network of 150 service providers, who provide automated solutions from trade capture to SFTR reporting leveraging ISO 20022 standards, delivering straight-through capabilities, and increased value to clients.

The announcement follows a paper from DTCC and The Field Effect, which revealed that transaction reporting for securities financing may create five times as many reports as trades when regulation takes effect.

Additionally, SFTR is likely to be adopted across multiple G20 jurisdictions as part of the Financial Stability Board mandate.

Chris Childs, president and CEO of DTCC Deriv/SERV, said: "These strategic collaborations demonstrate our interest in continuing to deliver increased value to clients who need to meet SFTR mandates while reaffirming DTCC's reach as a trade repository and strength as an industry utility within the financial ecosystem."

"We look forward to helping the industry prepare for SFTR."

Hugh Daly, general manager at Broadridge, commented: "Our customers have been navigating a succession of mandatory trade and transaction reporting regulations, from Dodd-Frank in the US and European Market Infrastructure Regulation in Europe, to others in Canada and Asia Pacific. We have responded by working closely with DTCC to provide timely connectivity to their GTR, enabling firms to meet their obligations."

David Lewis, senior director at FIS Global, cited: "FIS Global's approach to SFTR, and for the subsequent implementations to be rolled out by other National Competent Authorities, is to manage and deliver data direct from the books and records systems of the client, removing the need for additional dependencies and costs."

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**securities lending times**

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## Brexit concerns remain

Brexit concerns remain as panellists discussed what the impact of Brexit would have on the market at the Annual Collateral Management Forum in Amsterdam.

One panellist said: "As the March deadline of next year looms, Brexit still lies among a lot of negotiation, we don't know what Brexit is going to look like, it could have any kind of impact on the market, but what about the collateral market?"

Another explained: "From a counterparts perspective if your counterparty is located in the UK you need to repaper your documents towards a European entity to be able to move from one jurisdiction to another."

But he added: "There is significant risk related to that especially if it is located in the UK, it could be quite a hostile environment after Brexit."

An audience member also stated that this description of a hostile environment was also a concern when considering central counterparties (CCPs).

He said: "I work for a vendor, but Brexit could mean certain businesses having to initiate a CCP in mainland Europe and possibly a CCP in the UK also" of which he indicated "means two quotes from brokers—meaning more complexity and more cost".

But the panellist also said the "impact could be overestimated at the moment. It could remain just political. We'll know by March, but firms should prepare for any outcome".

## DTCC streamlines SFTR Trade reporting processes

**Continued from page 3**

Maroun Edde, CEO of Murex Group, said: "By connecting our MX.3 platform, which centralises trades and data across an organisation, with DTCC's GTR, our clients will be able to streamline the reporting process and respond efficiently to this latest regulatory obligation."

Brian Lynch, CEO of RegTek.Solutions, stated: "Working with DTCC is crucial for us to meet this commitment with mutual clients, and we are delighted to continue our collaboration around the SFTR challenge. The data remediation lift is huge and as we wait for the technical standards to be approved firms should get themselves prepared—we are ready to help them."

Carsten Kunkel, head of the regulatory center of excellence at SimCorp, commented: "We continue to provide our global client base with both timely and efficient regulatory compliance solutions. This includes SFTR, where we are thrilled to support DTCC's GTR to enable our clients to benefit from early access to DTCC's solution."

## SIX licenses SARON index to Eurex

SIX has licensed the Swiss Average Rate Overnight (SARON) to the derivative exchange Eurex.

Futures contracts, with a maturity of three months, will start trading on 29 October on Eurex.

SARON represents the overnight interest rate of the secured funding market for Swiss franc (CHF).

The SARON is a volume-weighted average reflecting both, actual transactions and binding quotes of the underlying Swiss repo market.

It is based on transactions and quotes made on the regulated trading platform SIX Repo.

SARON was jointly developed by SIX and the Swiss National Bank as an alternative reference interest rate for the Swiss franc (CHF) market and launched by SIX in 2009 as part of the Swiss Reference Rate system.

The National Working Group on Swiss Franc reference rates, which leads efforts to reform benchmark interest rates, recommended SARON as the alternative for CHF LIBOR in October 2017.

The market of SIX Repo is under the surveillance of SIX Exchange regulation and is regulated under the Swiss Financial Market Infrastructure Act as a multilateral trading facility.

SIX, as the benchmark administrator for SARON, is responsible for the overall provision of the benchmark and its methodology.

Christian Bahr, head index and iNAV services at SIX, said: "After the successful transition from the TOIS-fixing to SARON last year and the establishment of a SARON swap market, the launch of the futures on SARON mark an important step to support the transition from CHF LIBOR towards SARON."

Lee Bartholomew, head of fixed income exchange-traded derivatives product design at Eurex, commented: "Eurex has been quietly building out its fixed income portfolio over the last two years and the money market segment is an important area that we feel affords us an opportunity to grow."

"Adding SARON futures demonstrates our commitment to our core European markets and positions us to build out liquidity and further our capabilities in this segment."

## Wematch hits record highs

Wematch.SecuritiesFinancing has confirmed a record day on 8 October with 7,500 interests and $90 billion worth of liquidity in the platform.

Wematch is a web-based tool disrupting the dealing process of financial institutions by offering tailored matching and smart negotiation engines.

David Raccat, founder and CEO of Wematch, said: "We are very happy to see liquidity picking up in wematch with the onboarding of new active lenders into the platform. The gathering of liquidity communities is proving successful and hopefully we can continue to offer the service to additional clients and users."

In January, Wematch achieved a record-breaking trading week.

The platform booked in the equivalent of a month's worth of trades in a single week thanks to a series of successful onboardings and the fact that the platform caters for the regulatory requirements of the second Markets in Financial Instruments Directive, among others, according to Raccat.

## Tradeweb sees highest monthly trading volume

Tradeweb experienced average daily volumes of $592.4 billion for September 2018.

The financial service published the finding in its Monthly Activity Report for September which captures trading activity in fixed income and derivatives markets and reports.

Tradeweb said this represents a 27.5 percent increase over the same period in 2017 and a 19.5 percent increase over August 2018 totals and is the highest monthly volume it has ever recorded.

Year-to-date trading volume on the Tradeweb platform has now surpassed the $100 trillion mark, exceeding Tradeweb's total volume for last year.

The record September volumes were fuelled in large part by a 24.7 percent year-over-year increase in US government bond trading volume and a 20.3 percent year-over-year increase in European government bond trading volume.

The growth of trading in repo continued its recent growth trend, setting a record of

$164.5 billion in average daily volume on Tradeweb, the highest volume recorded since 2011.

New technology developed by it to streamline contracts for differences trading helped drive year-over-year volume growth of 17 percent in credit derivatives, Tradeweb found.

## Citi partners with KSD

Citi has partnered with Korea Securities Depository (KSD), a market first for Korea.

Citi will offer Korean securities companies, fund managers, and other local financial intermediaries the opportunity to lend their global equity portfolios to drive higher returns on idle asset holdings.

Shinhan Investment Corp, a leading local brokerage firm, will be the first to initiate Citi's offering.

Further clients are expected to be enrolled in due course and the partnership with the KSD may be extended to cover other financial assets.

Local Korean investors hold around US $570 billion in global equities via direct and portfolio investments, according to Bank of Korea data, underpinning the potential for growth in international securities lending amongst Korean investors. Many Korean investors already participate in local Korean securities lending, which is intermediated by the KSD.

According to the KSD, this new development allows those Korean investors to benefit from securities lending income on their offshore holdings.

Citi does business in over 160 markets and is currently active in 74 of these via securities lending.

Kyong-Ryol Choi, head of securities and fund division at KSD, said: "Securities lending is a crucial component of a developed financial market and this partnership will further enhance Korea's status as a leading global financial market."

"We are delighted to partner with Citi and use their global network to support local clients to maximise returns on their equity portfolios."

David Russell, head of prime, futures and securities services, Asia, and head of markets, Hong Kong, said: "Citi is honoured to be selected by the KSD as the first bank to offer local Korean clients access to global securities lending via their platform."

He added: "Securities lending is a crucial element of an evolved financial market and this partnership will go a long way in cementing Korea's status as a leading global securities market."

## NEX: Collect, collate, standardise

Collect, collate, standardise, and track data from different sources to create a rich, harmonised data set for reporting data and analytics, NEX advised in their recent report.

The advice was given in a recent NEX report, The Treasury Technology Imperative, which noted that hedge funds and asset managers operate in an environment of challenge, change, and growing regulatory and investor demand.

Despite this, however, treasury functions are at different stages of centralisation and professionalisation, the report revealed.

As a result, fund managers need access to a platform that can be scaled and flexed as their requirements change without the need to divert resources into major implementation change and management projects.

According to NEX, outsourced software as a service-based treasury solutions from a trusted provider enables treasurers to harness data, make informed decisions, and act on insights across the full spectrum of their activities.

One of the activities includes portfolio finance. For example, tracking securities lending activities post-settlement and creating a central repository for all securities finance information.

Cash and collateral management is also included in the activities, consolidating reporting on cash balances across currencies, and providing cash projections based on different settlement ladders.

Additionally, counterparty risk management, balance sheet and wallet optimisation were also included in the list of activities in the NEX report.

To conclude the report, NEX noted: "Treasurers of hedge funds and asset managers are committed to protecting, reporting on, analysing and optimising assets. The right treasury solutions contribute substantially to achieving these ambitions."

It added: "Investors' due diligence demands are driving fund managers to implement operational best practices, including optimising technology, infrastructure, and streamline operations."

"As NEX ENSO's analysis and the experience of its customers demonstrates, outsourced, SaaS-based treasury solutions can contribute directly to hedge funds' and asset managers' ability to generate financing alpha and ultimately improve competitiveness and enhance the investor experience."

"Few fund managers, of any size, can afford to ignore this opportunity."

## Top of hot stocks: Obrascon Huarte Lain and Tesla

Obrascon Huarte Lain (Obrascon) has topped the FIS Astec Analytics hot stocks list for Europe, the Middle East, and Africa (EMEA) last week.

Last appearing on the hot stocks two months ago, Obrascon, the Spain-based construction and engineering company, is back this week as short interest volume jumped upward.

Over the last two weeks, short interest has grown 66 percent, pushing utilisation up to 88 percent, having been trending downward since mid-July when it had been at the 12-month peak.

Following Obrascon Huarte Lain was FMC, the oil services company formed by the merger of Technip and FMC, last appeared on the hot stocks list one month ago.

Since then, short interest volume has been growing, adding 30 percent over the last month.

FIS found over the same period, despite advancing initially, utilisation remained level, indicating a growth in supply on the market as long investors buy into Technip.

Topping the Americas hot stocks list was Tesla, the American automotive and energy firm.

FIS said: "Last week saw CEO, Elon Musk, call out short sellers and those lending them assets as unfairly targeting his company, and making unjust profits from doing so."

"Once again, the real value of the organization he has built is lost among the tweets and controversy."

During the last week, the shares jumped over 17 percent, only to close the week down 1 percent.

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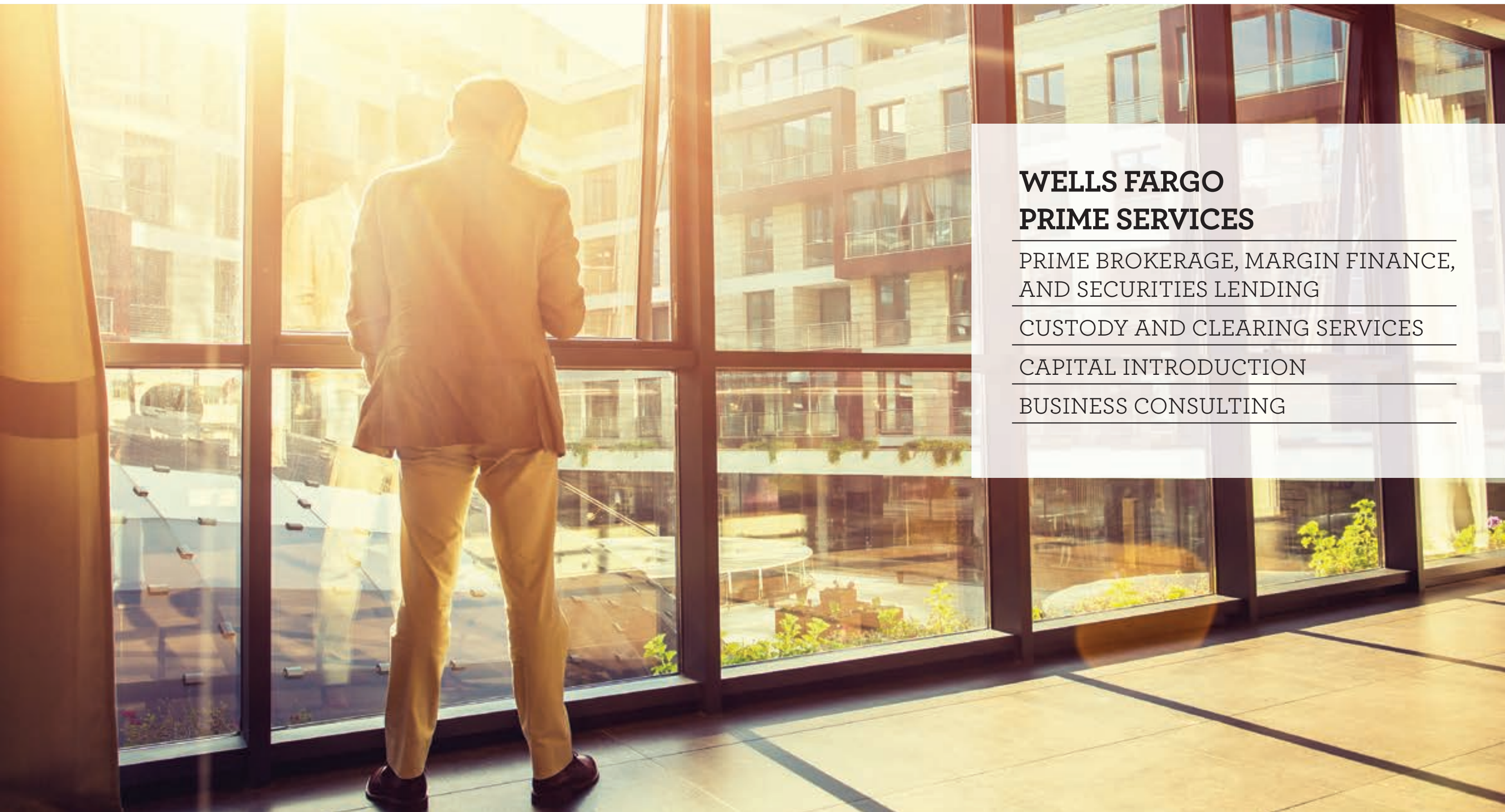


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Short sellers closed out 6 percent of their trades by volume, but utilisation fell three times as fast at 18 percent, ending the week at 67 percent.

## New York Federal Reserve releases interest rate reports

The Federal Reserve Bank of New York has released three new articles focusing on macroeconomic, banking and financial market topics.

The first article, Negative Swap Spreads, looks into factors driving why US interest rate swap spreads have become negative for many maturities over the past two years.

This movement of swap spreads into negative territory has been attributed to idiosyncratic factors such as changes in foreign reserve balances and liability duration management by corporations, it said.

However, the authors assert that regulatory changes affected the willingness of supervised institutions to absorb shocks and that when exogenous factors narrowed spreads, the leverage requirements reduced incentives for market participants to enter into trades that would have counteracted the effects of exogenous shocks.

The analysis suggests that, given balance sheet costs, spreads must reach more negative levels to generate an adequate return on equity for dealers, suggesting there may be a "new normal" level at which dealers are incentivised to trade.

Trends in Credit Basis Spreads looks into the large, prolonged dislocations in credit market basis trades during the second half of 2015 and the first quarter of 2016.

The Pre-Crisis Monetary Policy Implementation Framework describes the Fed's operating framework for monetary policy prior to the expansion of its balance sheet during the 2007 to 2009 financial crisis.

During this pre-crisis period, aggregate reserves were scarce; as a result, small changes in reserves would affect Fed Funds rates.

The authors find that the pre-crisis framework met the Fed's monetary policy objectives by keeping rates close to target but had certain negative effects on financial market functioning and employed operating procedures that were rather opaque and inefficient.

The first and second articles are both authored by Nina Boyarchenko, Pooja Gupta, Nick Steele and Jacqueline Yen.

Boyarchenko is a senior economist in the New York Fed's Capital Markets Function. The third article is authored by Alexander Kroeger, John McGowan and Asani Sarkar.

Kroeger is a former senior research analyst in the New York Fed's Research and Statistics Group; McGowan is an assistant vice president in the New York Fed's Markets Group. Sarkar is an assistant vice president in the New York Fed's Research and Statistics Group.

## JPMorgan Chase releases Q3 figures

Q3 figures from JPMorgan Chase showed that net interest income stood at $14.1 billion, up 7 percent from Q3 2017.

According to JPMorgan Chase, this was driven by the impact of higher rates.

Non-interest revenue was $13.8 billion, up 3 percent, largely driven by higher markets non-interest revenue and auto lease income, partially offset by markdowns on certain legacy private equity investments.

Securities service revenue rose by 5 percent to $1.1 billion, the bank reported.

## Securities services revenues rise at Citi

Securities services revenues at Citigroup of $672 million in Q3 represented an increase of 11 percent.

The results were included in Citigroup's Q3 results.

Citi attributed this to continued growth in client volumes and higher net interest revenue.

The group reported total net income for Q3 2018 of $4.6 billion, or $1.73 per diluted share, on revenues of $18.4 billion.

This compared to net income of $4.1 billion, or $1.42 per diluted share, on revenues of $18.4 billion for Q3 last year.


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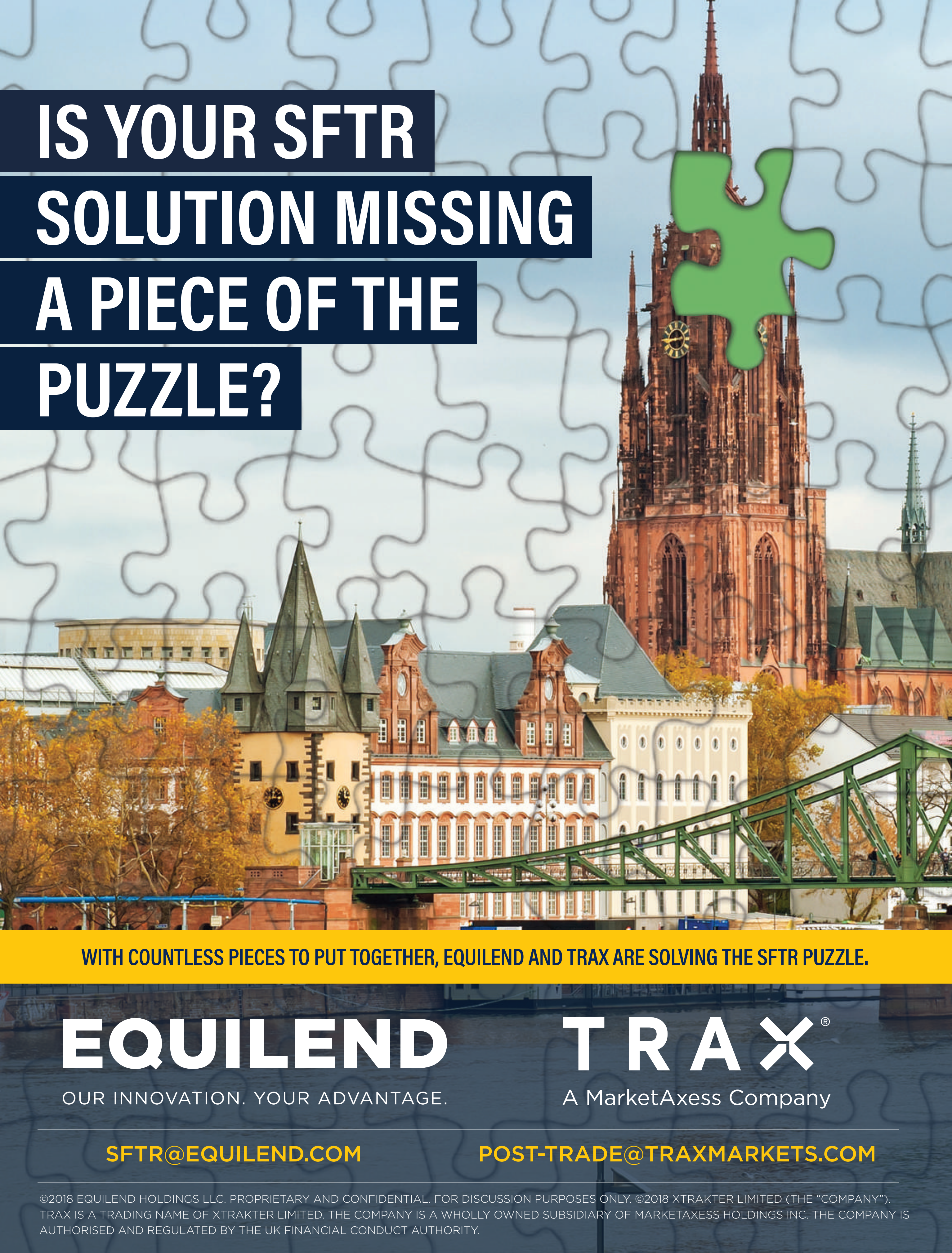

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# Liquid, illiquid

ESMA's new working paper on liquidity in fixed income markets, which looks at the overall reduction of secondary market liquidity in recent years, has generated comment and response from the industry

***Brian Bollen reports***

The European Securities and Markets Authority (ESMA) has just published a new working paper called 'Liquidity in fixed income markets—risk indicators and EU evidence'.

Authored by Tania De Renzis, Claudia Guagliano and Giuseppe Loiacono, the paper begins by looking at the overall reduction of secondary market liquidity in several markets in recent years, in particular, the fixed income segment.

The authors noted that market liquidity is important to ensure the efficient functioning of financial markets.

Poor liquidity is likely to impose significant costs on investors and hence, ultimately on savers and the real economy, they wrote. In the paper, the authors set out to provide a broad overview on different dimensions of liquidity in EU government bond markets and in EU corporate bond markets, covering the period from July 2006 to December 2016.

"Our findings show that having deteriorated during the financial and sovereign debt crises, sovereign bond market liquidity has increased since then, potentially also due to the effects of supportive monetary policy in recent years," they said.

"However, we find evidence of several episodes signalling deteriorating secondary market liquidity for corporate bonds, especially between 2014 and 2016.

In the sovereign segment, market liquidity seems to be more abundant for bonds that have a benchmark status and issued in larger dimensions."

In the corporate segment larger outstanding amounts are related to lower market illiquidity, they observed. In both segments, increased stress in financial markets is correlated with deterioration in market liquidity.

A recent European Commission study (2017) shows that an increasing number of corporate bonds are hardly traded at all, probably held in portfolios of long-term or buy-and-hold investors, they added.

Mati Greenspan, senior market analyst at eToro, a global investment platform, commented: "Liquidity in any market is an absolute essential. We try to deal in only the most liquid markets in our own particular segment, not least because when clients press the 'trade' button they expect execution to take place."

"The essential economics reign irrespective of the product or commodity being traded. If you are selling apples and there is insatiable market demand for apples, you keep pushing your price up. The converse is equally true. If there is zero demand, you keep reducing your prices in response."

For Keith Ross, executive chairman of Illinois-based PDQ Enterprises, a US equity trading platform, one of the liquidity issues for bonds is around exchange-traded funds (ETFs).

As bond ETFs have been created to replicate a portfolio of bonds and its effective yield, there is a concern the rules around the requirement for actually owning the bonds to create the ETF are fairly lax and that when rates go up there will be big selling of the ETFs, he explained. That will increase the volatility of the bond market.

"Another issue for bond liquidity is the number of issues that exist," he continued, "in addition to the numerous government issues, most companies—which typically have only one equity stock— can have many bonds. All with different interest rates and different maturities."

"There are approximately 8,000 stock issues in the US for trading; I'm guessing there are at least 10 times as many bonds. So finding liquidity in a particular issue is not trivial in the bond world."

"The good news is that bonds do mature. Unlike stocks that can go up and down for the life of the company, there is always a liquidity event at the end of the life of a bond; the company has to refinance at that time and in that process retire the bond, so there is liquidity ultimately."

He concluded: "Another attractive thing about bonds is that one can hedge with interest rate futures, All bonds are interest rate sensitive and the correlation with futures will be stronger than with equities, so if you are in an illiquid bond you should be able to minimise your interest rate risk with a futures hedge."

Damian Billy, founder and CEO of Chicago-based hybrid investor, Econophy Group, commented that the nature of markets is that liquidity is a function of the size of the market (buyers versus sellers) and its depth, which involves buyers and sellers, that range from small to large holders of securities.

"The depth of the market is the most critical element," he added. "If you want to sell $100,000 in bonds, not a problem. If you need to desperately sell $100 million, perhaps not so."

"Throughout the globe, central bankers in advanced countries have purposely kept interest rates low, therein artificially propping up the credit markets.

Easy credit has become a low cost and accessible addition, leading to a situation in which individual companies now have balance sheets with debt at 10 to 15 times earnings. The arithmetic itself portrays illiquidity."

"Developed countries, including the US and entire EU market, are now so debt-ridden that their heretofore credit policies now endanger their own economic stability."

"Just like funds need to liquidate in a crisis, central bankers are not going to be so polite as to let others have an advantaged exit route."

"A realistic probability is that central banker balance sheets could experience such a severe loss they will no longer be able to issue fiat currencies to prop up a needy country."

Some might argue that his further observations border on the apocalyptic. "As investors have piled into overvalued illiquid assets, such as bonds, the end result is that risk has been dramatically elevated for a crash type event to occur."

"If one is triggered, how liquid will the bond market be, when historically, the amount of corporate debt has soared beyond reasonable levels, as opposed to security dealer inventory being woefully less to meet the need of liquidity seekers? As witnessed before during historical equity meltdowns, bids will disappear."

Luke Hickmore, senior investment officer at Aberdeen Standard Investments in Edinburgh, is confident that such a scenario is unlikely, having lived and worked through all the major crises of the past 31 years of his professional working life.

Whereas he operates in the credit bond market, his colleagues in the UK gilts team are operating in one of the biggest debt markets in the world, in one of the largest economies in the world.

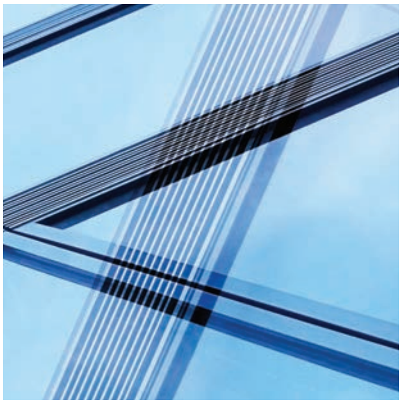
Scale, breadth and depth matter, no matter what anyone else might try to say.

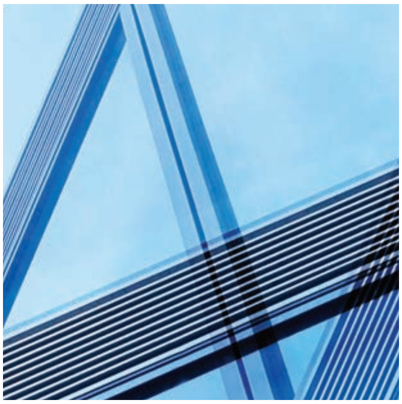
Liquidity is the least of his worries, then, even in non-optimal times trading in very large amounts at very short notice. The price might move but the deal will still get done, he stated.

He has a very special word or two of advice, though, for investors who choose to invest in the illiquid paper: make sure you get paid appropriately for the illiquidity risk.

He agrees, though, that ETFs could, in theory, present a problem in the event of a run on credit and widening of spreads.

The events of 2008 and the beginning of the global financial crisis provided a taste of that, he conceded, then added: "But we haven't seen an event like that since." **SLT**



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

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# Come together, right now

Joao Serodio, business analyst lead at AxiomSL, discusses SFTR and affirms collaboration is the best way forward for the industry to face it

***Jenna Lomax reports***

### What does your current role involve?

I recently joined AxiomSL with a remit to creating an engine that determines which regulatory regime is triggered based on incoming trade messages. In addition, we are creating a framework that will be used to help our existing clients and prospects to comply with the upcoming Securities Financing Transactions Regulation (SFTR) regime.

### What should firms be doing to prepare for the implementation of SFTR?

Most impacted firms—or at least, most of the firms AxiomSL has been talking to—have redeployed their resources to comply with SFTR. The industry is experienced enough to understand the implications of non-compliance and the extent of implementing reporting solutions.

Most firms within financial services have been impacted by several reporting regimes in recent years. Nevertheless, the issues and difficulties of SFTR are not always fully understood. If a firm does not have all the necessary data to report, there are two questions they need to ask: where do we find the right data and how do we extract it?

Whether they will be able to reconcile that data with the demands of SFTR would be the next question, therefore they need to start by accessing the right data before this can be addressed.

SFTR is not well understood by the industry. Most firms are already engaging in a plan to prepare, but the ones who aren't should really start to get going as soon as possible.

### What has AxiomSL been doing to get its clients prepared for SFTR? What is your software's USP?

We have been working closely with our clients, having ongoing discussions around the likely impact of SFTR and how we can help them to comply with the regulation. Our objective is always to make sure that SFTR reporting is a business as usual process.

We have also been participating in a range of industry events, observing how the industry absorbs the SFTR regime and adapts to its requirements.

In terms of our USP, we trace clients' data from the report all the way back to its source. SFTR means broad, universal regulatory reporting, going beyond other trade and transaction regimes.

As such, AxiomSL provides a 'one platform' model that enables firms to comply with SFTR alongside a host of other regulatory regimes using the same underlying infrastructure, thus allowing clients to significantly reduce the cost and complexity of their compliance procedures. AxiomSL offers substantial benefits for firms leveraging our platform because they can address those requirements across multiple jurisdictions.

### Do you think the industry will need to join forces and create the best practice? Is collaboration the way forward?

The industry will have to join forces to some extent to collectively understand the impact of SFTR through common interpretation of the guidelines and standards.

Collaboration is often beneficial in financial services for other regulatory projects as well. For example, my last position was as a product manager for a Markets in Financial Instruments Regulation Approved Publication Arrangement (APA) and on the run-up to go live, it was impossible for each individual APA to acquire all the systematic internalisers' information, which was vital data for the rules engine.

European Securities and Markets Authority was not able to provide the data, at least not at a granular enough level, therefore all the APAs joined together, created a working group, and jointly built a system in which the data could be gathered and shared. Collaboration was absolutely essential and solved an industry problem. I believe collaboration is always beneficial when an industry faces common issues.

### Has artificial intelligence caused an upheaval on the financial services industry and its workforce? How could it help or hinder SFTR compliance in particular?

I think artificial intelligence (AI) has yet to cause any major upheavals in financial services, but we expect to see it at some point as the industry absorbs the already significant impact of fintech in general and regtech in particular.

Let's take the example SFTR. If we discount the data issues, it is possible to fully automate its reporting requirements, that is, look at its databases, extract regime-specific reports and drop them off in their corresponding endpoints–you can run this with no human intervention after the initial setup.

That initial set up could have been deployed by applying AI guidelines vis-à-vis the type and scope of a firm, with all of these guidelines being based on a set of pre-conditions. Now, if for some reason those reports have failures, those failures would require intervention. An allocated resource would examine those failures, correct, and resubmit the reports; this currently relies on human intervention.

Having AI to review the rejections, regress the errors against the average action taken to solve those errors in the past, apply the derived action, and re-submit the reports is entirely plausible.

However, for every bad correction which allows the AI to learn and evolve, there would be scrutiny from the regulator, which firms are keen to avoid. So we go back to the concept of firms still needing a resourced monitoring team backed by a compliance team. In the short run, we do not see AI displacing existing functions.

### How do you see technology developing in the asset servicing industry over the next five years?

The regulatory requirements imposed on the industry over the last decade, as well as the upcoming requirements and any further fine tuning, will drive firms to start consolidating and automating operational functionality and they are looking for technology to enable it.

Consequently, we may see consolidation in the technology space through merger and acquisitions, considerable investment from existing entities or newcomers that will look to disrupt the status quo.

The goal is to create a unique proposition for those firms' requirements in the form of a universal solution, or to create new software that enables those requirements that drive innovation in the technology space, with AI as an example, which includes machine learning.

### What other trends are you seeing on the horizon?

From a trading, transaction and optimisation perspective, the industry has been taking a holistic approach to regulatory compliance to a limited extent. We saw this with the European Market Infrastructure Regulation and are seeing it with SFTR as well.

As firms recognise the benefit of a holistic approach to regulatory compliance through these experiences, they are increasingly looking to implement robust and adaptable solutions to reduce costs and operational risks. This is where professionals, such as the team at AxiomSL, will work alongside clients to achieve optimisation. **SLT**

# Navigating through the road to efficiencies

Find out what happened at the ISLA 9th Annual Post Trade Conference infrastructure in London

***Maddie Saghir Reports***

The International Securities Lending Association (ISLA) held its 9th post-trade conference this year in London with the theme "Road to Efficiencies". The conference dealt with topics including post-trade processes and disciplines, the implications of Central Securities Depository (CSDR) amongst other significant developments the product faces.

Against a backdrop of uncertainty surrounding Securities Financing Transactions Regulation (SFTR) and its unfinished technical standards, Brexit, and how the current infrastructure around securities finance settlement needs to adapt to avoid potential impacts of the mandatory buy-in regime, delegates had interesting discussions throughout the conference.

In the opening keynote speech, Pooma Kimis, managing director of Official Monetary and Financial Institutions Forum (OMFIF), the independent think tank for central banking, economic policy and public investment, discussed policy, regulation, and investment strategies prescribing global macro perspectives.

Discussing stock, a decade after the post-Lehman crisis period, Kimis noted that the post-crisis responses have produced mixed results.

She added: "We saw seismic schisms develop after Lehman collapsed, which swallowed the great and mighty, so central banks moved in, and made up vast amounts of money out of thin air with unconventional policy to stabilise our financial system. Central banks have played a crucial role in the changes we have seen in the economic framework. For us at OMFIF, we are seeking to examine these immediate protective measures needed to safeguard the global financial system and the effective after-effects of these policies, which may even develop into new vulnerabilities if not managed and monitored."

"We have ballooning central bank balance sheets in anchor economies such as the US, Europe and Japan, just as much as we have exponential rises in asset prices, particularly in private equity and real estate, and yet substantial yield compression in other asset classes."

Kimis continued: "Despite the fact that the UK no longer actively operates quantitative easing measures, the Bank of England has a sizeable balance sheet. This matters because central bank balance sheets and its sterilisation or reduction will have an impact on liquidity if not managed properly."

"The buybacks of these assets will happen, we don't know when but it can take a long time and it can have a huge knock-on effect", Kimis highlighted.

Discussing ongoing research developments at OMFIF, Pooma said: "We live in a generally capitalistic economy and so it is likely that there is going to be another crisis at some point in the next decade. Part of our thinking at OMFIF at the moment is looking into what tools the central banks have if this were to happen again."

Kimis also discussed the US trade wars with China, which affects emerging markets and causes an increase in prices and inequality leading to trade pressures and questions over the nature of the monetary policy.

"It is important to distinguish the disparity in emerging market volatility observed over the last month. We have a great deal of volatility for different reasons, the volatility in Argentina is very different to Turkey or South Africa, for example."

Discussing the US, Kimis explained that the Triffin dilemma is a short-term objective clashing with long-term demands internationally.

"This is important because of the short-term regulatory unwind that are happening in the US. Domestically the US is firing on all cylinders but that has an impact on dollar strength, capital flows and changes with counterparties internationally."

"When the US makes changes that are domestically driven, one could argue it necessitates an assessment of impact internationally given the dollar is a reserve currency—and yet the mandate for US policymakers is to manage its national economy."

The keynote speaker then discussed technology and regulation by outlining that policymakers are thinking profoundly about the changes that are happening in the market, "Regulators have generally had a free hand and a laissez-faire attitude toward fintech—spending a lot of time now encouraging innovation after spending 10 years encouraging investor protection".

"I don't think innovation and investor protection are mutually exclusive; it's a balance and now the balance has tipped in favour of innovation around fintech to encourage a more efficient financial system, especially in the payments and settlements space."

Succeeding the keynote speech, the first panel of the day focused on the topic "business drivers", with one panellist arguing that regulation has been the driving force [in the industry], with a significant amount of refiguring.

With many in the industry discussing the upcoming SFTR regulation, one panellist viewed regulation as a driver for opportunity and innovation going forward.

"We do have securities lending growing in importance and relevance," the panellist argued, "but it has never been as relevant as it is today".

Discussing key areas of focus in the industry, specifically, pledge, the panellist added: "One of the key areas of focus is the continued push for the balance sheet. Pledge has been at the top of our list in terms of it putting structure into place. It is also important because it is leveraging existing market infrastructures."

"In my opinion, it makes it slightly quicker to market, it is also a dual-sided benefit, which makes it more attractive to borrowers—there is a premium in the transaction."

This panel was followed by an ISLA update, where Andy Dyson, ISLA CEO, reflected upon a busy period for the association. Alluding to the title of the conference, "The Road to Efficiencies", Dyson opened his remarks with a positive by explaining that the industry has come a long way since it began.

He said: "If you look as recently as the late to mid-1990's, that journey of efficiency is something that we can all be proud of in the securities lending world and we should keep that in mind today."

"In Europe, there are 2.1 trillion of securities on loan, and 46 percent are government bonds. Securities lending is one of the most efficient legal settlement constructs that we have", Dyson added.

"Growth of this type of business is a prime example of how banks have used securities lending in a certain way to reflect market demand."

He continued: "Non-cash collateral represents 67 percent of all collateral, which means that we have a business that is operationally very intensive."

"I might argue that the repo guys have it a bit easy because they always have cash on their side of the trade."

Elaborating on this, he said: "We have securities and potentially securities on the other side, which presents some challenges, and makes our business a little bit more complicated."

Reflecting on almost a decade to the day that RBS announced its colossal share fall, Dyson commented: "Banks need to be adequately funded and they need to have the right level of equity."

He added that there is a desire within EU 26 to have a more broadly market-based economy.

Dyson also discussed SFTR and highlighted that it is forcing the industry to shine a light on certain aspects that some often shy away from, such as legal entity identifiers.

"This is forcing us to the table of revision and re-thinking, it is the commission's job to make markets safer and more resilient. We are stepping up."

Following this, there was an industry associations panel, where CSDR proved to be a popular topic, "CSDR is not something that we can get out of—the train has left the station in that regard", said one panellist.

The panellist added: "This is one of the topics that keeps us most busy. CSDR comes into force in September 2020."

David Hiscock, senior director at the Institute of Cost and Management Accountants, said: "Absolutely the train has left the station, but not only has it left the station it should already be at its destination. We have been working on this for years."

Hiscock added: "Just yesterday, we published a paper which looks specifically at the mandatory buy-ins on the SFT."

Another panellist said: "Our concern is that our market has worked quite well but the mandatory nature of the structure takes that control and gives it to a third party who may not be able to execute the cash option, which seems to me quite problematic."

The panel was then asked if Europe is becoming a difficult place to do business in, to which Hiscock replied: "There is a highly competitive world out there, so yes I think it is at risk."

Meanwhile, another panellist said: "Regulations are making life very difficult. I am not sure that the approach that is currently being taken is the right one."

Turning to technology, one panel discussed post-trade technology. On the topic of prematching, one speaker said: "There are a lot technological tools out there, contract compare prematching needs two sides interacting: I have seen cycles were one bank may be fully engaged then something in the cycle changes causing them to be disengaged."

The speaker added: "CSDR might drive people to use the platforms more and use them consistently. There is real benefit in pre-matching."

Outlining the issues with outdated technological tools, one panellist said: "Where things seem to be breaking down (mismatching) are instances were things have been done manually. It's about cleaning up that static data."

"There is a lot of efficiencies that can be gained from using the tools but they need to be used efficiently. The tools are there but some are older and need updating. We need to engage to work on how we can improve these tools."

In the final panel of the day, one panellist said that regulation tends to focus the mind, however, another panellist saw the regulatory changes as adding complexity to the industry. He said: "There is a fundamental dilemma, at the moment we are making the business ever more complex, now we have a lot of ways of doing business from a lot of different collateral clients."

"It seems that CSDR is getting the limelight. In the background, there has been an effort to create best practice papers in regards to regulation but is that really effectively working?"

He continued: "If that is not proving to be effective then do we need more statistical data to put us in a name-and-blame culture to see who isn't recording and reporting to the industry?"

In response, one speaker said: "It will take more than one individual market system, that will not fix it. It is going to have to be a combined effort."

Concluding the day, the chair mediated on the theme, the road to efficiencies, "Take it [the title] as a road journey, which started today and the destination is 2020 and being CSDR compliant."

"I would predict some traffic ahead: March 2019 with Brexit, may mean that we might have to make some slight diversions, we may have some roadworks to get through. There are some alternate routes being suggested such as central counterparties which we may wish to consider."

"If we keep the technology updated regularly, then hopefully the satnav will not drive the big SFT bus under the bridge, and we will arrive on time. As an industry, we pull together very well and I hope we will get there." **SLT**

# Bringing the heat

## Attendees at this year's RMA Conference on Securities Lending in Miami heard all about SFTR, technology and equality

***Barney Dixon Reports***

In Miami, Florida, the quiet island town of Key Biscayne faced the insurmountable challenge of playing host to some of the biggest questions (and answers) in the securities finance industry.

For attendees of the Risk Management Association's 35th Annual Conference on Securities Lending, old flames, such as the disruption of the Securities Finance Transactions Regulation (SFTR) continued to burn, while new challenges crept on the periphery.

In one panel at the event, those concerned about the volume of reporting under SFTR heard from speakers discussing how the regulation could prove difficult for intraday reporting.

One panellist said many things can happen throughout the lifecycle of a trade and all of these issues will have to be reported.

These concerns will "drive volume" under the reporting obligation.

Another panellist remarked on the problems that may arise from reporting on a trade that never actually happened. To avoid this, panellists said it would be important to develop ground rules for the regulation.

Industry bodies will need to develop these ground rules soon to ensure firms are prepared for SFTR, and a speaker said that they would like to see the rules adopted because "nothing will clarify the industry's response like a deadline".

Panellists said this was a "tall order" for associations and industry bodies, such as the International Securities Lending Association, which is currently working on guidelines.

"I think at this point we all agree we aren't going to get more clarifications from the regulations. It's on the industry to band together and have a consistent approach", another panellist remarked.

Another concern raised on the panel was the issue of fees for firm's using trade repositories (TR).

One speaker who represented a TR said that, first and foremost, it is the "industry that needs to be taken care of".

The speaker said: "There's definitely a lot of concern in the industry on fees. We looked at the way we price under the European Market Infrastructures Regulation, which is based on a trade-based unique transaction identifier."

"We questioned if this was a fair model under SFTR, but we don't believe it is. We're moving to a submission-based pricing model, being an industry-owned organisation, we have to effectively provide for costs and a small margin."

Panellists were also concerned about whether European regulators could amend the regulation if they were to decide that the requirement was "too much".

While changes are possible, one panellist said it would be difficult to adjust within the first two years, due to EU regulatory constraints within the first two years of implementation. Speakers also discussed whether, under the reporting requirements, now was a good time to begin using a central counterparty (CCP) structure.

One panellist said the CCP structure was a good idea but warned that if securities lending revenue becomes de minimis, it might result in a shift away from physical lending to synthetic lending.

Panellists discussed SFTR in the context of the Automated Loan Deposit (ALD) requirements.

Speakers observed the similarities between the two reporting requirements and questioned how the SFTR would effect ALD.

One speaker said that the requirements could "co-exist in the short to medium term", but promoted SFTR as providing a "higher degree of granularity".

Regulations also proved to be a driving force for some of the other topics discussed at the event, including the upcoming shift towards structured data, which some panellists said would provide great value to the industry.

In a panel discussion on the rise of financial technology and its impact on the industry, one speaker explained that regulations are forcing firms to live in a more digitised environment, which can be made harder by the persistence of unstructured data.

According to the speaker, unstructured data will make the move to distributed ledger technology and smart contracts much harder.

Another speaker noted that 90 percent of the world's data has been generated in the last two years, highlighting the fact that the majority of this is unstructured data, which needs to be turned into structured data.

Once this has happened, firms can implement big data strategies to understand and draw value from structured data.

A panellist remarked on the computer science phrase "garbage in, garbage out", which refers to flawed or nonsense input data that produces nonsense output.

The panellist said this would be different in the future, as the industry's ability to apply machine learning techniques to unstructured data will allow firms to "reap garbage and create value", effectively turning unstructured data into a commodity. In the future, hedge funds and other participants may even request unstructured data so that they can curate it themselves and create their own value.

However, the speaker said that the industry still had "legacy systems", despite the fact that the "easiest thing to do in this century is replicate things digitally".

While other industries, such as the entertainment industry, has been affected by this digitisation, the securities finance industry remains on these legacy systems, but the panellist warned that distributed ledger technology (DLT) would be the biggest disruptive technology in the industry.

According to the speaker, DLT will allow firms to share information across a peer-to-peer network while knowing with certainty that all participants will be seeing the same thing.

Another panellist warned that firms should be investing in this technology now because when it goes live it will be too late.

They said that firms would be at a "disadvantage" if they don't put the work in now. Panellists identified people as the biggest barrier to new technologies and said that firms shouldn't be afraid to implement these new technologies and "implement processes".

One panellist said: "Leveraging technology and using it in a smart governed way, that is one of the facilitators, not necessarily a barrier to entry."

Another panellist remarked that business models will change, so firms should not be scared of getting rid of departments or changing their business.

The panellist said that firms shouldn't fear to re-engineer their old processes, as these new technologies grant them the tools to make the changes.

With new technologies and new tools comes the dilemma of directing your investment. In another session, speakers at the conference argued that firms shouldn't just innovate for innovation's sake, but rather look to provide solutions to problems in the industry.

The speaker said that the industry needs to carefully decide what technology it should be investing in, as the financial technology market is booming, leaving firms questioning which service provider is the right one they should be partnering with.

Panellists discussed the rise of financial technology companies in the industry, warning that firms should be picky to ensure they get the right solution to their problem.

The panellist also questioned whether firms should be developing in-house systems or working with service providers. He said: "Do you build your own platform in-house? Do you get a platform to take you 80 percent there and then do the rest with your own intellectual property?"

With the added danger of upcoming regulations, technology is becoming more important than ever to ensure smooth transitioning, and panellists agreed that the use of big data can help to ease some of the burden brought by these regulations.

It was evident at the conference that those in the industry were seeing the wheels of progress turning, both in technology and in other emerging issues, such as equality.

One session at the conference was dedicated to women in the securities finance industry, where panellists discussed how women must “foster a connection” between each other to “empower” themselves professionally and promote their interests.

Speakers talked about the importance of networking, their driving forces in the industry, mentorship, confidence, and cognitive and observable diversity.

One speaker, reflecting on her career, said that her driving force has been to “learn more” and “be the best I can be”.

She expressed the importance of taking risks in her career and expressed the hope that others in the industry would follow that ethos.

“In terms of turning points throughout my career, there have been times that I have taken risks, that’s when everything has paid off”, she said, “take calculated risks, even in times that they don’t seem to be obvious”.

Another speaker discussed how one of the worst mistakes she made in her career was not taking the aforementioned advice.

She explained: “I worked hard and was good at what I did, but I didn’t ask for new positions. Part of me thought somebody would notice my hard work and give me a new position.”

“You need to speak up to let your managers know you are interested in other positions. To assume that will happen on its own is probably a mistake.”

Another speaker said that people should “challenge the status quo” and “ask difficult questions”.

The speaker remarked that firms should be “cultivating an opportunity to allow people to step back from their day to day, think about what they are doing, and cultivate an interest in something new, then they can take the risk.”

For some people, mentorship and sponsorship is a good avenue to aid in gaining recognition, they said.

One speaker explained the benefits of mentorship and sponsorship, especially for women and diverse candidates.

Another speaker said that she had benefited from two sponsors who had championed her career and helped her gain recognition.

Later, speakers discussed confidence and observed its importance when rising through the ranks, building and running a business, and in networking.

One speaker said that confidence is a requirement for success, while another shared the advice she received early in her career: “Whatever you do, just be confident, and don’t screw up.”

Speakers reflected on the importance of preparedness in bringing about this confidence, and one panellist said that this confidence “doesn’t come easy for a lot of women”.

“For me, confidence comes when I am prepared”, she said, “it also comes when you are authentic to yourself and vocalise what your thoughts are.”

“In order to be truly confident, you have to make sure nobody takes your power away. If you are hosting a meeting, you need to host it. Sit at the head of the table and stop people from talking over you.”

She concluded: “It’s difficult and hard to navigate, but if you approach it in the right way, it is instrumental in building your confidence.”

Another important part of continuing progression is ensuring you have a passion for your craft. A panellist said it was easy to lose this passion when working too hard.

One speaker said that passion is “critical” in everything. She explained: “It’s all intertwined, it’s infectious.”

Speaking to a room of majority women as a growing movement of diversity and inclusion takes over the industry, the speaker said: “Everyone in this room is accomplished, and has probably had a tough time getting here. It’s passion that drives you.”

Almost 30 percent of speakers at the event were women, according to Tamela Merriweather, conference co-chair at the event.

In the conference’s welcome remarks, Merriweather revealed the statistic, which is a growth of nearly 20 percent over the past five years.

Merriweather also revealed that 20 percent of the conference attendees were women, which is around a 5 percent rise from 2016.

This year’s event drew in a total of 515 attendees, with nearly 50 speakers. **SLT**

# Data is the key to settlement efficiency

FIS's David Lewis explains that although shining the regulatory light into the industry's back-office processes may not be very welcome, but in reality, it might just be long overdue

The 4 October saw the 2018 International Securities Lending Association (ISLA) Operations conference take place and one of the many serious subjects discussed was that of Central Securities Depositories Regulation (CSDR), one of the most important pieces of legislation that will be affecting our industry soon. In 2020, the industry will see the implementation of CSDR, as well as being the expected commencement for the Securities Financing Transactions Regulation (SFTR). Combined, these two pieces of legislation will demand new and additional levels of rigor in the administration and management of the industry, particularly with regard to data management.

Big data is an oft-quoted phrase when considering alpha generation, acting as an important component to investment strategies in asset management just as it is for many new apps and services which trade your personal data as a currency. But there is a much less exciting end of this work. An aspect of the business that has often lacked the investment it perhaps deserved. Looking back a few years to a previous ISLA Operations conference, hosted by J.P. Morgan in its magnificent City School Hall, investment in operations and the 'back office' was described as offering the biggest bang for buck investment potential in our business. Now that effort is becoming a more likely reality. But, how much of this effort is simply because we are being dragged towards it, metaphorically kicking and screaming?

Andy Dyson, CEO of ISLA, remarked at the recent conference that perhaps the regulators were forcing us to shine a light on those parts of the business that we have traditionally been reluctant to focus on. This observation appeared to be met with a grudging acceptance, perhaps even respect that the regulators have a point. SFTR has been analysed extensively in this publication, as well as in many other mediums and articles, and does not need to be repeated here, save for the fact that it will demand a greater level of attention to data accuracy than the securities finance and collateral industry has ever required.

Reporting activity to a trade repository, and thereafter to a regulator, is largely new ground for securities finance, and it will force an examination of data management as well as trading and booking procedures. This is no bad thing, in reality. Running a tighter ship will undoubtedly be more expensive in the short term, but settlement efficiency and data accuracy can only improve the industry effectiveness and returns in the long run. It is not difficult to see exactly how when you look at some basic statistics.

SFTR has up to 153 fields requiring completion, subject to the trade and collateral types engaged, with over 80 of those fields being subject to matching processes and analysis when the regime is fully live. Now take an estimate of your daily lifecycle events. For reference, here at FIS Global, we have medium to large borrower clients easily producing more than a million lifecycle events per day. For every single field that is unmatched in 1 percent of those life cycle events, that borrower is looking at around 10,000 breaks per day. Looking at the recent CSDR survey published by ISLA, 10 to 20 percent of securities lending transactions fail, with most of those being return legs. Multiplying that out, using the more conservative 10 percent fail rate, that becomes 100,000 breaks per day, per unmatched field. And just to emphasis the issue, there are over 80 fields that require matching.

Another client suggested that one full-time operations analyst can be expected to manage 200 breaks per day. When you consider that means 500 staff are needed to sort the 100,000 breaks, it becomes transparent that the issue needs to be solved at source.

The ISLA survey identified incorrect settlement instructions to be a key issue with regard to transactions failing to settle. As previously stated, this affects returns disproportionately compared to new trades, suggesting that it may be the reallocation by agents failing to be communicated to registered by the borrower. In SFTR terms, this relates to identifying the trading counterparty associated with the return leg of your transaction, creating a break across multiple fields.

Regulatory reporting, under SFTR, MIFID II, and others, has received a great deal of attention. No market participant wishes to attract the ire of their regulator, not least when they consider the stinging fines that have been levied on some for reporting errors in the recent past. CSDR, which also requires reporting of failed trades, also has a sharp sting in its tail. Fines for failed settlements will be high, often dwarfing the potential income lending participants can earn from their assets. While there is an exception for securities financing trades with a sub 30-day duration, there remains a good deal of ambiguity around what that actually means? Typically, most “open” dated trades are technically rolled every day, effectively making a string of one-day trades. According to the latest ISLA Securities Lending Market Report, open trades account for 77 percent and trades over 30 days make up 21 percent of trades in the market. However, much longer durations exist, and indeed under capital adequacy legislation, certain trades must be over 30 days in duration to qualify, making them clearly subject to the threat of CSDR penalties.

A delegate at the ISLA Operations Conference asked whether it was a lack of return on investment that has kept market participants from investing in this area more. The response that was not given, but seems obvious in hindsight, is that the investment brings settlement security and increased market efficiency, both of which might be hard to measure in cash generated or saved. What is easier to measure, perhaps, is the reduction of risk with regard to the fines that market participants risk for getting it wrong, or by extension, not taking the time between now and go live, in September 2020, getting their data houses in order. Shining that regulatory light into our industry’s back-office processes may not be very welcome, but, in reality, it might just be long overdue. **SLT**

> ***Shining that regulatory light into our industry’s back-office processes may not be very welcome, but, in reality, it might just be long overdue***

**David Lewis**
Senior director
FIS

# Lawson's  view

## New careers

Having just got back from the 35th Annual Risk Management Association (RMA) Conference on Securities Lending, I first want to say what a fantastic job the RMA team do at organising and putting on the event. The whole event appeared to run absolutely seamlessly, with great support from the industry and some excellent panels.

As a publishing house, we are proud of our role in producing the RMA Daily for a third consecutive year and hope that many of you enjoyed receiving a copy outside your hotel room door, or picked one up from the dispensers around the venue. We had some excellent feedback once again and I am pleased my team did such a great job.

Always wanting to think outside the box, I embarked on research for a new career more suited to the Miami climate. It all started after the chairman's reception on a Tuesday evening, followed by the Gala drinks reception, sponsored by a host of industry participants in the Ball Room Foyer. After swinging by Fado's Irish Pub and the Blue Martini, I found myself back at my hotel around 2.00 am ready to go for a swim. Luckily, I was talked out of swimming by colleagues and then tucked into bed.

Waking up on Wednesday morning, I had to locate some items of clothing and a missing shoe. That's when I realised the job as a pool boy could make a very relaxing career, however, securities lending and publishing is where my heart is.


**Click here to view the RMA Daily newsletters**

# The latest comings and goings at Mehtap Dinc, BNP Paribas and SIFMA

**Mehtap Dinc, a member of the executive board of Eurex Exchange and head of fixed income and equity index derivatives product development at Deutsche Börse Group, has resigned.**

The resignation follows Eurex's decision to combine the sales and product design functions for equity index and for fixed income derivatives.

Dinc led product development for many years and it is understood that while she was offered a role in the new set-up, she declined to accept it.

Eurex said the new structure builds on its integrated value proposition and links into the set-up of many clients' trading operations.

According to Eurex, bundling exchange-traded and over-the-counter products under individual asset class leadership will enable it to strengthen its holistic product and service offering.

Since 1 September, Michael Peters, deputy chief executive of Eurex Exchange, has led the equity and index derivatives business while Erik Müller heads the fixed income, funding and financing activities in his role as CEO of Eurex Clearing.

Thomas Book, Eurex CEO, said: "Under Mehtap Dinc's leadership, Eurex was able to make substantial progress in taking advantage of new growth opportunities globally and in establishing new product areas such as MSCI derivatives."

He added: "Dinc is an outstanding industry expert with deep knowledge of the global derivatives markets. I cannot thank her enough for the huge achievements that she and her team have made over the past years. Eurex's product development is the most innovative in the world, and we will build on this success."

**Angela Summonte has departed her role at BNP Paribas Securities Services in Germany.**

Summonte will take on the new role of head of asset owner solutions for Europe, the Middle East and Africa (EMEA) at State Street.

She joins with 14 years of experience in sales roles in banking, global custody and fund administration.

In her new role, Summonte will report to Maria Cantillon, head of Sector Solutions for EMEA.

Summonte will have responsibility for leading the company's sales strategy for the asset owner and official institutions sectors across EMEA, working closely with the product development team.

The regional asset owner and official institutions sector solutions teams will report to her.

Cantillon said: "I'm confident that Angela Summonte's significant sales experience and deep knowledge of our client base and industry trends will drive new opportunities in the asset owner and official institutions sectors in EMEA."

She added: "In addition, her dedicated focus will help us continue to deliver the highest quality service and innovative solutions to our clients and prospects."

**The Securities Industry and Financial Markets Association (SIFMA) has elected James Allen as chair of its board.**

Allen is also currently chairman and CEO of Hilliard Lyons.

William Caccamise, general counsel of global banking, global markets, and international at Bank of America and Merrill Lynch, has been appointed as chair-elect.

The treasurer is to be James Wallin, senior vice president of AB.

SIFMA is also welcoming Robert Hawley, CEO of CIB Americas, and head of global markets for Americas at BNP Paribas; Gene Kim, head of global markets division international and for the Americas at Crédit Agricole, and Ronald Kruszewski, chairman and CEO of Stifel Financial Corp, as new members of its board of directors.

Hawley, Kim and Kruszewski will be joined by Craig Messinger, senior advisor at Virtu Financial, Shelley O'Connor, managing director and co-head of wealth management at Morgan Stanley Wealth Management.

SIFMA has also welcomed Douglas Preiser, co-COO of KeyBanc Capital Markets and Kate Clifford Toomey, COO of Americas at Deutsche Bank to its board. **SLT**