securities lending times

The primary source of global securities finance news and analysis

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In it for the long haul

As European pension funds face significant challenges from regulatory changes, Frank Odendall of Eurex discusses a new solution for pension funds, asset managers and insurance companies

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Pirum extends North America offering

Pirum has extended its North American offering with US domestic tri-party connectivity.

Building on its existing real-time connectivity to the four international tri-party agents, it is now available to assist clients in calculating and instructing tri-party collateral requirements (RQV) for US domestic tri-party.

According to Pirum, the RQV service has accelerated dramatically over the last two years, calculating more than $1.4 trillion of collateral requirements daily.

As well as the tri-party automation, Pirum's ExposureConnect and CollateralConnect products offer institutions a collateral management solution.

This is set to enable clients to manage collateral in a global and centralised manner, Pirum revealed.

Pirum, CEO Rajen Sheth, said: "This is an exciting development for our North American product offering an important addition to Pirum's exposure and collateral management services."

"Adding US domestic tri-party connectivity was a high priority for our clients as the market evolves to support broader forms of collateral and I am pleased Pirum can support these developments."

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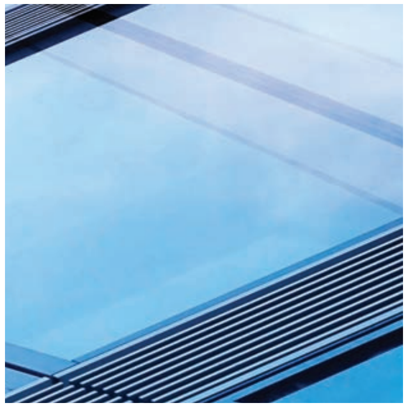
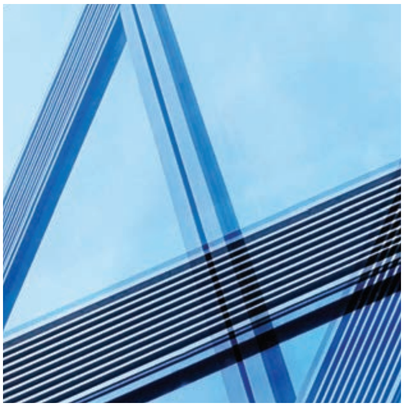


We clear the path

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

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

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THE FOUNDATION FOR SECURE MARKETS

Securities lending to progress in Latin America

Securities borrowing and lending (SBL) programmes, as well as related strategies, are continuing to make progress in Latin America, EquiLend and the Risk Management Association (RMA) revealed in a new Latin America securities finance user guide.

In Argentina, officials are optimistic that an initial securities lending central counterparty (CCP) launched in 2017 will ultimately evolve into a more globally accepted platform.

Meanwhile, Brazil has been focused on implementing best practices around securities finance and is poised to launch its first ever fixed income market for lending, according to the guide.

Additionally, Mexico has bolstered its global pressure in an effort to promote foreign participation, while Peru's revamped lending processes offer participants improved operational transparency. According to RMA and EquiLend, Latin America remains a key foreign-investment target with a host of local economies once again on the rebound.

The guide found that Brazil tops the region, while Mexico sits in second. Argentina, Colombia, Chile, Peru, and Ecuador also featured on the list.

However, Latin America's equity markets remain relatively undercapitalised. Mexico's economy ranks 15th worldwide with GDP exceeding that of Switzerland and the Netherlands.

EquiLend and RMA highlighted in the guide that one only need to look to Asia, where countries like Korea and Taiwan have built a thriving securities finance market without compromising risk-management practices, for proof that such challenges can be overcome.

Deutsche Börse and HQLAx's securities lending solution progresses

Deutsche Börse and HQLAx revealed that its blockchain securities lending solution is showing significant progress.

In March 2018, Deutsche Börse Group and HQLAX announced a cooperation for a securities lending offering based on R3's Corda blockchain solution. The HQLAx target operating model is an innovative solution for collateral swaps in the securities lending market, Deutsche Börse revealed.

It aims to facilitate more efficient collateral management of high-quality liquid assets, which are in heightened demand due to increased clearing and margin requirements under Basel III regulations.

Unlike in traditional settlement, there will be no actual movement of securities between custody accounts on the HQLAx target operating model.

Instead, tokens will be transferred while the underlying securities will be kept off-blockchain and remain static.

According to Deutsche Börse, this helps market redistribute liquidity more efficiently by providing collateral mobility across systems and locations.

The platform will be accessed via Deutsche Börse's Eurex Repo trading system. A trusted third party layer will be the interface between

the distributed ledger technology (DLT) and legacy securities infrastructure.

This will leverage well-established triparty collateral management services, according to Deutsche Börse.

Meanwhile, six banks have confirmed that they have already started their onboarding processes and will join the platform at launch date, which is expected in H1 2019.

Guido Stroemer, CEO of HQLAx, commented: “The interest and commitment shown by the market prove that blockchain can bring tangible benefit to our industry. In Deutsche Börse, we found the perfect partner to exploit this potential. The increased shareholdings confirm their strong commitment to our business and the joint solution.”

Jens Hachmeister, in charge of blockchain initiatives across Deutsche Börse Group, said: “This blockchain use case reveals the significance and potential of the technology. This creates higher liquidity, transparency and efficiency for financial markets in general and securities financing in particular. We look forward to applying DLT for further solutions along the whole value chain.”

Philippe Seyll, CEO of Clearstream Banking, added: “We are thrilled to see the progress of the platform. It shows the technology’s potential to enhance collateral liquidity management by lowering obstacles between different systems and locations.”

Enquiry launched on UK financial services future

The UK Treasury Committee will examine what the UK Government’s financial services priorities should be when it negotiates the UK’s future trading relationship with the EU and third countries.

It will also look at how the UK’s financial services sector can take advantage of the UK’s new trading environment with the rest of the world. They will also discuss whether the UK should maintain the current regulatory barriers that apply to third countries.

This follows the letter written in October 2018 by Nicky Morgan MP, chair of the treasury committee, which was sent to the Bank of England and Financial Conduct Authority (FCA) to clarify the committee’s expectations about timing and content of this work.

In the letter, Morgan wrote: “Taking into account the potential for a ‘no deal’ scenario, either in the event of a breakdown in negotiations, or a parliamentary vote against the withdrawal agreement, the analysis should consider the consequences of leaving the EU without a withdrawal agreement, separately and at an equivalent level of detail.”

“The FCA may also wish to consider a third scenario, in which the UK leaves the EU with no trade agreement at the end of a transition period. The baseline for all scenarios should be at the present situation.”

Meanwhile, the notification window for the temporary commission regime, which opened on 7 January 2019, closes at the end of 28 March 2019.

BBH: Securities lending demand high following ECB reports

Securities lending demand in Europe has been high as shares dropped 18.5 percent, and Italian banks dropped this week as reports emerged that the European Central Bank (ECB) told lenders they have to clean up bad debt, according to a 'Mind on the Markets' Brown Brothers Harriman (BBH) blog.

While all banks under ECB supervision were supposedly sent advice from the regulator in December, Banca Monte Paschi (BMPS) has been the only one so far to disclose its contents, BBH revealed.

This confirmed the ECB highlighted the weaknesses in its capital and profitability and requested that it increase coverage of soured debt.

Securities lending industry utilisation is at 96 percent of available shares, according to DataLend, and short interest is at 10 percent of free float, the blog noted.

Meanwhile, in the Asia Pacific, several Hong-Kong-listed stocks plunged last week led by Jiayuan International Group, which fell by 81 percent in just a few minutes.

Analysts saw short-term lending interest for Jiayuan International Group following the share price drop.

Additionally, analysts saw long term securities lending demand for Chiyoda, a Japanese energy engineering firm, which has seen its shares tumble by over 50 percent since October last year.

In the Americas, there was an increased demand for the Chinese e-commerce company, Baozun, as the share price rebounded after losing 17.2 percent in December.

Of this, BBH said that this marks a good entry point for bearish spectators. It added that the company has seen sharp declines as slowing economic growth and ongoing trade tensions between China and the US weighed on its outlook.

Bilibili, the Chinese provider of online video platforms and services, remains a directional focus name as the stock price continues to be volatile, BBH found.

According to BBH, revenue rose 48 percent in its latest quarter, as monthly active users climbed 25 percent to 92.7 million among young fans.

BBH noted in the blog that Bilibili is more prone to big swings in its share price than its nearest competitors because it's a fairly new stock.

One analyst indicated that investors are still likely trying to figure out this unfamiliar company and stock.

State Street sets up Boston Headquarters

State Street Corporation's new global headquarters will be open in 2023 at One Congress Tower in Boston.

One Congress Tower (One Congress) is located at Bulfinch Crossing, which is a redevelopment project in downtown Boston.

This will create six new high-rise and mid-rise buildings. One Congress will break ground in the summer this year.

Ron O'Hanley, president and CEO of State Street, said: "State Street has called Boston home for 226 years, and today's announcement reinforces our continued commitment to this thriving and distinctive city."

"The workforce of the future is pushing us to rethink how and where we operate. Employees in today's highly digitised world need space to collaborate and access state-of-the-art technology that supports flexible working and connectivity to support our clients."

"We have seen great success with our Channel Centre building in the Seaport that was designed for this purpose, and we are confident that One Congress will deliver an equally productive and successful environment."

ISDA calls for better risk practices for CCPs

Central counterparties (CCP) risk management decisions should be based on the risk profile of a product, rather than on whether a derivative is an exchange-traded or over the counter product, according to the International Swaps and Derivatives Association (ISDA).

ISDA outlined this in a paper based on a set of best practices for CCPs, which also

Global Securities Finance and Collateral Management Solutions

- Optimize funding and collateral decisions
- Reduce counterparty and operational risks
- Enable efficient and high-growth operations
- Meet regulatory and market requirements

recommended participants to ensure CCPs have risk controls and margin requirements.

The margin requirements should adapt to concentration, liquidity, member credit quality and wrong-way risk in a member's portfolio, ISDA explained.

CCPs should also have effective transparent default management processes and robust membership criteria.

Scott O'Malia, chief executive, ISDA, commented: "ISDA and its members support clearing as an effective tool for mitigating counterparty credit risk, and this is reflected in the fact that 88 percent of US interest rate derivatives trading volume was cleared in 2018."

O'Malia added: "As clearing volumes continue to grow, it is more important than ever that CCPs adhere to a consistent set of robust risk management best practices."

EFAMA: Net sales of equity funds rebounded in November

UCITS and alternative investment funds (AIFs) registered net outflows of €38 billion in November 2018, compared to net inflows of €1 billion in October, according to The European Fund and Asset Management Association (EFAMA).

This development was mainly due to a turnaround in net sales of money market funds in both the UCITS and AIF markets.

UCITS recorded net outflows of €40 billion, compared to net outflows of €8 billion in October.

Long-term UCITS continued to suffer from net outflows, albeit at a lower level (€27 billion, compared to €41 billion in October). Meanwhile, net sales of equity funds rebounded to a positive level of €3 billion, compared to net outflows of €2 billion in October.

Net outflows from bond funds slowed down to €17 billion, from €24 billion in October.

Multi-asset funds recorded stronger net outflows of €8 billion, compared to €5 billion in October.

UCITS money market funds experienced net outflows of €13 billion, compared to net inflows of €33 billion in October.

AIFs recorded net inflows of €2 billion, down from €9 billion in October.

Total net assets of UCITS and AIFs decreased by 0.3 percent to €15.7 billion.

Bernard Delbecque, senior director for economics and research at EFAMA, commented: "Long-term UCITS continued to suffer from negative net sales in November, although less markedly than in October, in part thanks to a rebound in net sales of equity funds."

Northern Trust's securities lending fees decline for Q4

Securities lending fees were $22 million for Northern Trust's Q4 2018, down 14 percent year-over-year and down 10 percent sequentially.

Both the year-over-year and sequential performances were impacted by lower volumes, as well as lower spreads.

Securities lending collateral was $150 billion at quarter end and averaged $158 billion across the quarter.

Average collateral levels declined 9 percent year-over-year and 7 percent sequentially.

Michael O'Grady, chairman and CEO, commented: "Northern Trust's performance in the fourth quarter 2018 produced revenue growth of 6 percent and earnings per share growth of 19 percent compared to the prior year. For the full year 2018, the company generated revenue growth of 11, earnings per share growth of 35 percent and a return on average common equity of 16.2 percent."

"Our full year results also produced positive fee and total operating leverage, and solid improvements in profitability and returns."

"We announced yesterday that we are increasing our quarterly dividend to $0.60 per share, representing an increase of 9 percent from the prior quarter and 43 percent compared to one year ago."

He added: "During 2018, we returned a record $1.4 billion to common shareholders through dividends and the repurchase of 9.0 million shares. As we enter 2019, we remain focused on providing our clients with exceptional service, improving our productivity, and investing in future growth."

IA proposes definitions for ESG integration

The Investment Association has proposed definitions for the different sustainable investment approaches, including commonly used terms such as environmental, social and governance (ESG) integration, impact investing, and negative screening, with the aim of agreeing on an industry-endorsed set of standard definitions.

This follows their request for agreed standard definitions following their launch of the first industry-wide consultation on sustainability and responsible investment.

The consultation seeks the views of asset managers on key aspects of sustainability and responsible investment aiming to bring greater clarity to help savers and investors navigate and better access to this growing feature of the investment management industry.

The consultation will also cover the development of a UK product label.

This is a proposed voluntary UK product label designed to assist retail investors and their advisers to easily identify funds, which have adopted a sustainable investment approach.

The label would also draw attention to the sustainability and responsible investment expertise within the UK, IA revealed.

Additionally, a review on reporting frameworks used by asset managers to disclose how they embed ESG considerations into their investment process, and the impact that their investments have had on wider sustainability indicators will also be covered in the consultation. Chris Cummings, chief executive of the Investment Association, said: "Social and environmental change is happening faster than ever before. The asset management industry is at a critical juncture in embracing sustainability as a defining feature of the investment landscape."

ING signs Corda Enterprise deal with R3

ING Bank has signed a five year deal with R3, which entitles the bank to an unlimited number of licences for R3's commercial blockchain platform, Corda Enterprise.

The deal will allow ING to roll out access to Corda Enterprise throughout the bank globally and deploy production-ready CorDapps across a range of business areas.

CorDapps in production on Corda Enterprise covers financial services activity including trade finance, identity, insurance and capital markets.

ING will be able to adopt CorDapps across business areas within ING, enabling the wider adoption of Corda Enterprise.

Annerie Vreugdenhil, head of innovation for wholesale banking, ING, said: "Strengthening our partnership, by signing this licencing agreement, marks a huge milestone towards empowering clients to transition to a distributed economy. We are one step closer to deploying live distributed ledger technology solutions for our clients with the supporting infrastructure in place."

David Rutter, CEO of R3, commented: "ING has been an enthusiastic adopter of blockchain technology and a valued long-term partner to R3. For example, in trade finance, it was involved in the first live trade on Project Voltron." **SLT**

Sustainability: A green gimmick?

Seb Malik of Market FinReg discusses the importance of sustainable finance

The EU is leading the world in sustainable finance as recently acknowledged at Davos where the European Commission won the 2019 Circular Economy Prize.

Market participants focused solely on bottom line bemoan the volume and prescriptive granularity of regulation emanating from the EU yet fail to appreciate the overarching objective is a better quality of life for citizens—surely that’s something we should celebrate.

As we ease out of the decade of fundamental financial reform following the 2008 financial crisis and the old guard retires, the perils of hot money and casino capitalism seem a distant memory in the minds of a new generation of financiers who now occupy senior positions.

IMF chair Christine Lagarde recently slashed her global growth forecast to 3.5 percent against the backdrop of a triumvirate of downside risks: a looming US-China trade war, a maturing/slowing Chinese economy and Brexit.

Economics 101 teaches that an inverted yield curve is bad news. The gap between 10- and two-year treasuries flirts with zero. Economists will argue until they are blue in the face whether these signals portend a recession. But none dispute these are not healthy figures.

Worse, with the gargantuan expansion of central bank balance sheets due to a decade of quantitative easing and the US overnight lending rate just over 2 percent, there will be no meaningful fiscal or monetary tools available when the next recession comes. True, the economy has been deleveraged, but it would be foolhardy to seek solace in: this time it will be different.

For those who downplay the importance of sustainability as a ‘green’ gimmick that only serves as a drag on profit and loss, the aforementioned pointers ought to cause pause for thought.

The European Securities and Markets Authority (ESMA) is currently consulting on a package of measures the EU Commission is pushing through as part of its ‘Action Plan on Green and Sustainable Finance’. As well as financial aspects, these include environmental, social and governance (ESG) preferences. I wrote about aspects of this in my book “MiFID II: A Survival Guide”. The following pieces of legislation are slated for change:

Directive 2014/65/EU (the second Market in Financial Instruments Directive (MiFID II)); Directive 2009/65/EC (UCITS Directive); Directive 2009/138/EC (Solvency II Directive); Directive 2011/61/EU (AIFMD); and Directive 2016/97/EU (IDD).

Here is a summary of headline changes:

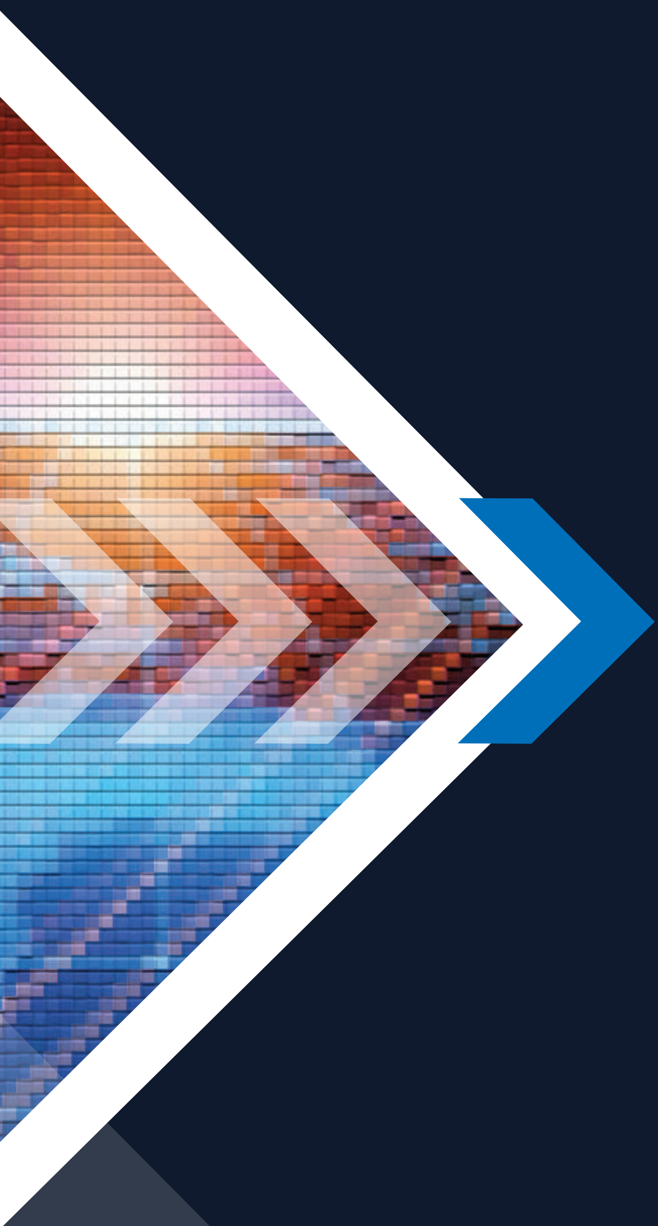
- Clarifying the duty of asset managers and institutional investors to take sustainability into account in the investment process and enhance disclosure requirements.
- Requiring insurance and investment firms to advise clients on the basis of their preferences on sustainability.
- Incorporating sustainability in prudential requirements: banks and insurance companies are an important source of external finance for the European economy. The commission will explore the feasibility of recalibrating capital requirements for banks (the so-called green supporting factor) for sustainable investments when it is justified from a risk perspective while ensuring that financial stability is safeguarded.
- Enhancing transparency in corporate reporting: proposition to revise the guidelines on non-financial information to further align them with the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures.
- Establishing a common language for sustainable finance, for example, a unified EU classification system—or taxonomy—to define what is sustainable and identify areas where sustainable investment can make the biggest impact.
- Creating EU labels for green financial products on the basis of this EU classification system: this will allow investors to easily identify investments that comply with green or low-carbon criteria.

In these days of lower yields and lower returns on capital, the temptation to adopt a minimalistic approach to regulatory compliance resulting from the pressure to cut costs is great.

Change needs to come from the top. For those readers on board level, my appeal to you is to consider the overarching values. The FCA lists 11 principles for business which ought to be the 10 (+1) Commandments for the financial industry (***https://www.fca.org.uk/about/principles-good-regulation***). For this to work, investors, shareholders, boards and regulators need to work together. **SLT**

Seb Malik
Head of financial law
Market FinReg

All regulations are referenced from the European Parliament website



Global Funding and Financing (GFF) Summit 2019

Mixed opinions

Delegates had a mixed bag of opinions during panel sessions at this year's GFF conference in Luxembourg, namely on technology drivers, disruptors, and HQLA

Maddie Saghir reports

Delegates gathered in snowy Luxembourg for the Global Fund and Financing (GFF) Summit conference at the end of January. Panels and presentations focused on repo and securities lending markets, technology drivers in the industry, as well as the role of the central clearing counterparty (CCP) in evolving market structures. There was a mixed bag of opinions regarding whether or not technology is disrupting in the industry and whether it is being leveraged to its full potential. The conference combined the expertise of Clearstream, Eurex Clearing and Eurex Repo, all part of Deutsche Börse Group.

The conference brought together the experience of leading market players, who provided insight into current industry developments. Industry delegates at the conference were encouraged to interact in polls, with one poll asking delegates "Which phase of Uncleared Margin Requirements (UMR), is your organisation subject to?". Some 34 percent said they were already exchanging while some 36 percent said they did not know yet **[see figure one]**.

During a presentation on the role of CCPs in evolving market structures, Erik Müller, CEO of Eurex Clearing, said the industry needs to come up with better answers to overcome some of the restrictions regarding access to CCPs.

Luxembourg

Discussing what makes a CCP useful and unique, Müller said: "CCPs are useful because there are five unique concepts that make the CCP special. Through inserting the CCP between two counterparties, you have the ability to net exposures—a high degree of netting efficiency that is introduced to the system (95 plus percent)."

Onto the 'B' word (Brexit), Müller stressed that Brexit is important in the CCP world. He commented: "In London and the EU 27, there are worries about the possibilities accessing clearinghouses going forward. There are emergency rules being put in place but clients are asked by regulators to prepare for all scenarios and emergency rules are temporary in nature."

Technology was a hot topic at the conference, and in a panel discussion entitled, "Is new technology really driving the creation of new business models in the financial industry?", panellists attempted to answer whether new technology is driving the creation of new business models in the financial industry.

During this panel, panellists looked at some use cases such as tokenisation or digitisation of assets, the impact of the legal environment, and software landscape. They also discussed their own compliance experiences and shared views on upcoming industry challenges and provided insights from different perspectives.

Guido Stroemer, founding partner at HQLAx, said: "Total transformation of business models takes a long time, and successful innovation is all about fostering market adoption by delivering incremental, tangible wins to end users. You need a great use case, you need great technology, and most importantly you need people who are willing to embrace new technology and new operating models."

He added: "This industry is a people's business and people have to want to enact change. Clearstream is the first mover for connecting to the HQLAx platform, and we are looking forward to collaborating with other major tri-party agents in Europe to help foster market adoption of a new operating model for collateral upgrades."

Jens Hachmeister, managing director, distributed ledger technology (DLT), crypto assets and new market structures, Deutsche Börse, said: "In our industry, the main drivers for change are regulation and technology. Technology is a catalyst for change. However, before new technologies can unfold their full potential, there needs to be a clear value proposition. New technologies do not provide a value in itself but they are rather an enabler for new business opportunities."

The moderator, Philippe Seyll, then asked panellists the following question: "In Deutsche Börse, we say to create an ecosystem that works takes would take about six years. Is the capital markets ready for the full adoption and is the usage of new technology going to shorten the market adoption?"

In response, Hachmeister said: "I think this is a bold statement. We have to bear in mind that the current market infrastructure has been created over decades and right now this is being challenged by new technologies. We need to have the technology at the stage where it is really applicable on a large scale. We have seen a lot of progress here over the last 12 months."

He added: "We need catalysts like fintechs to challenge existing market infrastructures. We need regulators who are open and embrace new technologies to make these transformations happen. Most of the regulators are open to these new technological developments but still need to find a way to keep up with the high pace. These components need to be mobilised at the same time to make this transformation successful."

Discussing blockchain, Hachmeister cited: "Blockchain in the short term is overhyped but in long term probably underhyped. Now we are entering into a new world of digital assets representing what we recognise as financial instruments today. The serious players in the industry will start to come up with a solid market infrastructure for digital assets. Once we have a digital representative of any kind of asset on the one hand and a comprehensive infrastructure for these digital assets on the other hand, we are really opening up to a whole new era of financial markets."

Hachmeister continued: "If we move from a centralised to a decentralised infrastructure we still need the element of trust especially with regard to gatekeeping, setting the rules and standards, issuing assets, providing know-your-customer (KYC) and anti-money laundering (AML) solutions as well as operating and orchestrating the decentralised networks. Decentralised market infrastructure needs to be built on a trusted network environment. Our current thinking is that permissioned solutions do the trick here rather than unpermissioned solutions. In general, trust cannot be outsourced to technology but needs to be provided by an experienced and reliable third party."

Another panellist, David Treat, managing Director, global head of capital markets blockchain practice, Accenture, commented: "Over the years, we have used technology to make things electronic, faster, and automated, but we largely left the underlying business processes the same. Now for the first time, through the use of DLT, we are able to change the business model itself, eliminating work instead of just making it faster."

Treat also noted: "The financial services industry has been all about moving assets from sellers to buyers, but one of the things that is a characteristic of the digital world is that you don't have to actually move the asset like you did when it was paper. One of the special aspects about DLT is that we can operate in the digital world with the certainty that we have in the physical world. We now have the ability to change the owner of the asset without actually having to move it from one company's database to another's through a shared data system."

Panel at GFF Summit saw panellists discuss high-quality liquid assets (HQLA) in the value chain. This panel explored the impacts of regulatory change on the collateral landscape looking at the shift from cash to non-cash collateral alongside the increase of complexity with the introduction of buy- and sell-side entrants into the market.

Discussing supply and demand, some 27 percent of delegates said that over the next two years, the demand for high-quality liquid assets (HQLA) in the value chain will significantly increase. A further 56 percent said that it will increase, while some 13 percent predicted that it will remain the same and 2 percent think that it will decrease **[see figure two]**.

In terms of supply, some 4 percent of delegates said that the supply of HQLA will significantly increase over the next two years. This compares to 44 percent who voted that it would increase, while 31 percent said that it would remain the same, and 19 percent said it would decrease **[see figure three]**.

Of these results, Paul van de Moosdijk, senior treasury manager, PGGM, said: "HQLA is not a primary concern and it is not a topic that we discuss on a day-to-day basis. The primary concern is the transformation of HQLA to cash especially where mandatory clearing come into play."

Moosdijk added: "Priority is on clearing and cash variation margining, we still believe that the repo market will become dysfunctional in extreme market conditions. We try to optimise solutions in the market, without having access to central bank money. We have added Eurex pooling and we have an additional tool to transfer high-quality assets into cash."

The moderator then asked panellists what they saw last year, specifically in the collateral space, of this one speaker commented: "There is separation by region; in the US we saw more volatility in pricing and supply with the first half of the year starting off with definitively increasing demand compared to other regions."

"As we move across the globe to Europe we saw a very different story, we saw spread compression. Looking at Japan, there was more supply than there is demand in that space and we are seeing that connectivity between the sourcing and the use. There is plenty of supply but it is about being able to recycle that into processes."

In terms of client trends, one speaker noted: "What I am seeing from my clients is quite interesting. We see clients sitting on the fence of HQLA and asking how they can get value out of it."

"There is also an increasing amount of focus on monetisation of HQLA. As they have seen the amount of collateral levels increase they have focused very closely on the buy side on their ability on monetisation and how they would abstract the value in stress."

Concluding the day in his closing remarks, François Masquelier, senior vice president, head of treasury and enterprise risk management,

Figure one

Answer options	Responses	Percentage
Already exchanging margin and was part of phase 1 to 3	29	34.52%
Phase 4 (Sept 1, 2019)	11	13.10%
Phase 5 (Sept1, 2020)	13	15.48%
I do not know yet!	31	36.90%
Total	84	100.00%

Figure two

Answer options	Responses	Percentage
Significantly increase	28	27.45%
Increase	58	56.86%
Remain the same	14	13.73%
Decrease	2	1.96%
Significantly decrease	0	0.00%
Total	102	100.00%

Figure three

Answer options	Responses	Percentage
Significantly increase	4	4.08%
Increase	44	44.90%
Remain the same	31	31.63%
Decrease	19	19.39%
Significantly decrease	0	0.00%
Total	98	100.00%

RTL Group, chairman of Luxembourg association for corporate treasurers, said: "We are in a world of digital transformation and an ever-growing demand for regulatory compliance. Today we had some intense sessions as panellists addressed topics in the industry that we are all facing indirectly or directly."

"We realise that since the buy-side have suddenly come in and addressed common problems, we are working more closely together."

"Networking at conferences like this is important for sharing ideas and views, and ultimately so that we can co-create a solution on using innovation more effectively, managing the funding and financing industry in a world with increasing regulatory demands, and this was the first thing we addressed today."

"The market in Europe remains fragmented but we should work to defragment it to create an efficient market." **SLT**

An ambitious Argentina

Following the launch of BYMA's securities lending programme, the road to success is well underway for Argentina's finance sector

Maddie Saghir reports

Argentina's financial markets have experienced adjustments and developments in its securities lending sector over the past few years as its ambitious plans unfold.

Following a long-awaited launch of a securities lending and short selling infrastructure, Bolsas y Mercados Argentinos (BYMA) launched a securities lending programme in April last year, while Argentina's broader financial market adopted the integration of exchanges and markets in order to boost scale and improve trading efficiency. Now Argentina looks to further improve and develop its finance sector.

In line with the development in Argentina's markets, several exchanges offer a variety of products and services. BYMA provides services and products for stocks, fixed income securities and derivatives. Oother exchanges in Argentina consist of: Mercado Abierto Electrónico, for public and private fixed income securities; Mercado a Término de Buenos Aires, for spot and futures on commodity products; and Rosario Futures Exchanges, for financial derivatives. The variety of exchanges contributes to the consolidation within Argentina's industry.

Today, Latin America remains a key foreign-investment target with a host of local economies once again on the rebound. And, while

Brazil and Mexico top the region, Argentina, Colombia, Chile, Peru and Ecuador are all thriving.

Get with the programme

The launch of BYMA's securities lending programme follows the enactment of Law No. 26.831 (Capital Markets Law) in 2012, which created a new legal and regulatory environment, and caused the industry to undergo significant change. It led to the removal of the definition of securities loan transactions, which had discounted lending activity. Therefore, with the reintroduction of the definition of and conditions for operating a securities lending programme in 2017, BYMA were able to launch their own programme last year.

Since the launch of the first version of the securities lending programme 10 months ago, BYMA is working hand to hand with market participants and the whole capital market industry to improve any aspect where needed. Commenting on the developments, Alejandro Berney, CEO of BYMA (Argentina's central securities depository (CSD), says: "First and foremost, it is worth mentioning that after many years of banning short selling operations the new authorities of the Comisión Nacional de Valores (CNV) allowed it, and that was a remarkable progress that will contribute in the future to the gradual adoptions of these combined strategies (short selling and securities lending) in our market."

Berney continues: "We are working from BYMA to foster the adoption of these practices in the normal trading activities of local brokers as well as institutional investors who hold a large position on securities, such as mutual funds and insurance companies."

"If we see the evolution of securities loan only, we've observed a positive trend in volume traded as well as a number of securities used."

However, although there were many successes for Argentina's securities lending market last year, such as the launch of the programme, other areas such as emerging markets suffered slightly. Berney noted that last year was a tough one for emerging markets, and for Argentina in particular.

He says: “BYMA have the commitment to set the ground for the marketplace and develop and improve any aspect of the industry that can foster local and foreign investors participation. Not only BYMA but also the CNV worked hand to hand for the MSCI re-categorisation, so as in many other areas as well. We are confident that this year should see a reversal of capital flows to emerging markets and part of them will hopefully come to our local market.”

Bringing in the benefits

Discussing the benefits of the lending programme, Berney explains: “We can agree that the most visible benefit of the new lending programme (that was in place before April [2018] but limited to cover failures at settlement) comes from the investor side. Also, having an extended acceptance of the programme among local participants ensures an orderly settlement of trades and in this way contributes to an increase in the overall volume traded.”

In terms of the securities lending market structure, Argentina operates on a central clearing counterparty (CCP), with all securities borrowing and lending transactions guaranteed by BMYA, acting as a CCP. Borrowers must meet margin requirements established by the exchange based on securities shorted. Commenting on why BYMA decided to use a CCP model, Berney states: “It was a natural process since most of our volume traded is settled in a CCP environment.”

“This is particularly important for foreign investors who are not used to trading in local markets or through local intermediaries, so having a CCP model gives them a clear signal that all the obligations will be fulfilled by the counterparties.”

Turning to the equity space, Berney highlights that there could be some opportunity there this year. In the past, Argentinian companies had to rely on retained earnings or short-term bank loans for financing, which was due to macroeconomic volatility and high inflation. It has been noted that reforms undertaken beginning in the 1990s permitted large firms to access international equity financing through the issuance of American Depositary Receipts (ADRs), and today nearly 90 percent of the country’s equities trading volumes derive from that source.

BYMA aims to repatriate some of that volume back to Argentina to be traded locally and act as a hub for firms seeking access to equity financing.

Berney says: “We are optimistic about the gradual increase in the securities lending programme, not only in government securities but also on equities. Last year Morgan Stanley Capital International granted Argentina the emerging market label, so we are waiting for a sustained increase in local trading volume as well as arbitrage opportunities against listed ADR’s. Having a solid and robust securities lending would allow us to materialise those perspectives.”

There’s a long road to success

Challenges with the current securities lending model revolve mainly around supply constraints. EquiLend and RMA cited in its new user guide that as it is still early days for the programme, supply levels are currently low, with retail and some institutional investors accounting for the ARS 18 billion in availability.

It was also stated that, to help boost supply, BYMA has petitioned the local regulator to allow insurance company participant.

In terms of the main strengths and weaknesses in Argentina’s securities finance industry, Berney states: “We are at the very beginning of a long way, trying to foster local and foreign investor’s participation. At the local level, there are big portfolios of government securities that are not yet fully optimised by means of our lending programme, so it’s part of the challenge to increase the universe of securities and investors so the whole industry can progress on solid bases.”

According to the RMA and EquiLend Latin America guide, Argentina officials are optimistic that an initial securities lending CCP launched in 2017 will ultimately evolve into a globally accepted platform. **SLT**

In it for the long haul

Pension funds play an important role both in the financial industry and for the daily life of pensioners in Europe. The aggregated assets across the EU28 are over €5.2 trillion. Regulatory changes, in particular, the mandatory clearing of over-the-counter (OTC) interest rate swaps (IRS) and the increase in capital requirements on banks, impose significant challenges to European pension funds. Securities Lending Times spoke to Frank Odendall, head of buy-side repo initiative at Eurex, about these challenges and a new solution for pension funds, asset managers and insurance companies.

What are the main challenges?

The long-term nature of their liabilities requires pension funds to hedge interest rates and inflation risk. In particular, the relative lack of long-dated bond issuance in Europe by high-quality issuers has driven many pension fund managers, especially in the UK, Netherlands and Denmark, to utilise standard interest rate and inflation-linked swaps for hedging. Traditionally, these swaps were not centrally-cleared and hence exposed the pension funds to the counterparty and operational risks. The introduction of the Uncleared Margin Rules increases collateral requirements and adds further complexities as bilateral collateral schedules are not standardised typically. Central clearing of standardised OTC derivatives is the main pillar of European Market Infrastructure Regulation (EMIR) and aims to reduce risks, improve market access and increase transparency.

What problems do pension funds fear due to regulatory requirements?

While pension funds in general welcome central clearing, the requirement of central counterparties (CCPs) to meet the daily variation margin obligations in cash could create a challenge for pension funds, who are typically fully invested, in times of increasing interest rates. Essentially, they have three options: run a cash buffer, secure bilateral credit lines or access the un-cleared or cleared repo market. Holding significant cash balances typically diminishes investment returns and bilateral credit lines are very expensive on a continuous basis. Accessing the €7.3 trillion pan-European repo market instead seems a natural choice. Nevertheless, based on historic experience, for example, during the Lehman crisis the bilateral repo market has not been very liquid during times of stress; furthermore, the additional capital and liquidity constraints on banks introduced have further reduced the available capacity.

How is the dealer-to-client repo market functioning?

As mentioned, repos are integral components and essential tools of the banking industry. In Europe, almost no dealer-to-client repos are centrally cleared. Therefore, they are based on a 1:1 credit relationship between individual borrowers and lenders and are typically governed by a specific legal agreement. That sounds easy and uncomplicated until you recognise that the large majority of the dealer-to-client business is still executed via phone. Equally, negotiating the legal agreements is a lengthy process, sometimes taking up to 18 months. It is also limited in capacity, and not only because each bank has limited financing lines, but also because the time to trade and settle bilateral repos is often limited, given the fragmented and ageing settlement infrastructure. Meanwhile, many buy-side entities do not have the resources to assess and monitor the credit risk of a large number of counterparties. There is hardly anything scalable and nothing digital here. However, it doesn't have to be this way.

There seems to be a real dilemma? What solution do you suggest?

A potential solution to this problem comes from centrally cleared repo markets. Following the 2008 financial crisis, almost all interbank funding migrated from unsecured to secured, for example, repos. Similar to OTC IRS, the large majority of interbank repo and approx. over half, 70 percent, of repo turnover is now centrally cleared in Europe. Now, this market is dominated by commercial banks but also sees participation by supranational, government financing entities and central banks. In the US, more than 1,800 buy-side entities are already centrally clearing repo.

Today, a number of buy-side entities already access Eurex`s centrally cleared repo market via Eurex Repo`s Select Invest offering. This model allows clients to invest cash securely via centrally-cleared reverse repos. In order to meet the aforementioned concerns by pension funds, Eurex recently expanded its offering: it now also permits buy-side clients as Select Finance participants to raise cash via our centrally-cleared repo markets.

What advantages can pension funds and other buy-side entities expect from accessing Eurex`s centrally-cleared repo market?

We offer access to a completely new market segment, which until now had been closed to pension funds and other buy-side entities in Europe. This offer directly addresses the liquidity concerns and the regulatory challenges for pension funds. By accessing Eurex Repo's liquid centrally-cleared repo markets they are able to invest cash securely or raise short-term funding utilising more than 13,000 international securities identification numbers (ISIN) and trade with more than 140 Eurex Repo participants. This means access to 140 repo liquidity providers from commercial banks to central banks and government financing agencies all under one standardised legal agreement, with straight-through-processing and without the need for bilateral credit lines.

In addition, Eurex Clearing uniquely permits the combination of central clearing of repos and OTC IRS via its clearing services. This not only expands the number of repo liquidity providers significantly but also offers additional operational, liquidity and safety advantages for both product lines, for example, same cash account, re-use of repo collateral for initial margin or single clearing agreement.

Have you already seen reactions from pension funds?

Indeed. The first company clearly convinced by our offering is PGGM, the first pension fund manager to enable its clients to access the centrally-cleared repo market at Eurex Repo. With the increasing volumes in our derivatives clearing offering, we are optimistic that other European pension fund managers will seek access to our repo market place and manage their collateral requirements more efficiently. SLT

A year in review

Sam Pierson of IHS Markit reveals that last year's securities lending revenues delivered the best post-crisis return

Best post-crisis annual lending revenues

Emerging market demand, global credit uncertainty and central bank tightening were the primary drivers of revenue for securities lending last year. These narratives included trade conflicts, the potential turning of the credit cycle and the coordinated effort to reverse quantitative easing and increase rates. The US market diverged from other equity markets in the middle of the year, resulting in pain for US short sellers, as well as a decrease in borrow demand, particularly in specials, during the summer and autumn. However, as valuations entered a downtrend in Q2, the demand for emerging markets soared with total borrow balances reaching a post-crisis peak in June. It was the best year ever for emerging market equity lending, delivering over $1 billion in revenue for the first time. It was also a banner year for lending exchange-traded funds (ETFs), which delivered $398 million in 2018 revenue, an increase of 15 percent compared with 2017 and the best year on record. Overall, it was the best year since the financial crisis with total securities lending revenue coming in at $10.7 billion last year.

Equities

Asia was the bright spot for equity lending, with demand for emerging market equities surging along with increasing demand for shares of Japanese firms. Revenues in North America were held back by a lack of specials demand, however, there was one bright spot discussed below. Overall equity lending revenues were $8.2 billion last year, which includes all ETFs and American depository receipts.

The uptrend in revenues for Japanese equities extended through 2018, with each quarter reflecting an improvement over its 2017 comparable, for a total of $878 million. The rate of increase is slowing, however, as the 23 percent year-on-year improvement in revenues was lower than the prior two years. Specials demand was consistently in the $3 billion to $4 billion range through the first three quarters before tapering off to $2.7 billion in December.

Demand for Hong Kong equities was robust, and the $388 million in 2018 revenues are equivalent to an increase of 24 percent compared with 2017, as demand for shares of Chinese firms soared, reaching a post-crisis peak of $34 billion in early June.

Revenues for South Korea reached a post-crisis peak with Celltrion delivering 23 percent of the country's $483 million in revenue. Shares of Celltrion rallied in 2017, which led to declining borrow demand and fees. Last year represented a return to form, coming off the back of 2014 to 2016 when the firm delivered more than 30 percent of all revenues for South Korean equities.

Revenues for the Americas were subdued by a lack of specials demand and challenging returns for short sellers. Total revenues declined 3 percent year-on-year to $3.1 billion. Cannabis was the hot sector for region in 2018, delivering $230 million in lending revenue, up from $106 million in 2017. That is equivalent to 7.4 percent of all North America equity lending revenue. The top stocks were Tilray, Canopy Growth, Aurora Cannabis and Aphria, which combined for $177 million of the total revenue. The sector is likely to deliver again this year, as Canada moves closer to full legalisation of Cannabis derivatives along with more retail coming online, the lure of which will likely continue to attract investors on the long and short side. Tilray was the standout from a revenue perspective, delivering $59 million in revenue in less than half the year as the result of eye-popping fees.

At the mid-point of last year, Tesla appeared as a golden egg-laying goose, with the equity lending fee in the 200 to 300 basis points range on a balance greater than $10 billion, while the 5.3 percent 2025 bond was among the most revenue generating corporate issues. The firm's Q2 and Q3 earnings reports failed to produce a lasting decline in valuations, which resulted in lower fees and borrow demand across the capital structure in the latter half of 2018. Given the volatility of the equity shares, whose price chart bore some resemblance to a cardiograph, long holders who stuck around for the 7 percent 2018 return could be said to have earned it. The road ahead for the firm, and borrow demand for its securities, is anything but certain: Tesla investors, and drivers, are reminded to keep both hands on the wheel at all times in 2019.

European equities delivered $2.1 billion in 2018 revenue, an improvement of 13 percent compared with 2017, though still 5 percent below 2016's total. Balances and revenues improved relative to 2017 for the first three quarters before balances fell with the broader market in Q4 as new demand failed to materialise. Popular themes for borrow demand included consumer stocks, particularly retailers. EU special balances averaged between $2.5 to $3 billion, with the Spanish equities seeing the largest increase in specials balances during last year.

Corporate bonds

Borrow demand for corporate debt also increased throughout 2018, with increased demand for IG USD credits the most notable change in the first half of 2018, with an increase in demand for Euro credits notable in H2. Total revenue for corporate bond lending revenue reached $733 million last year, the highest level recorded since at least 2006.

Given the scale of outstanding debt, it is unsurprising that USD denominated corporate issues delivered the most revenue for the asset class last year, $436 million in total, an increase of 8 percent compared with 2017. However, it is notable that Euro-denominated issues posted the largest increase, both in percentage and absolute terms, with total revenues coming in at $186 million, a 40 percent year-over-year increase. Breaking returns out by credit rating, non-investment grade bonds delivered 63 billion of all revenue, up from 61 percent in 2017. The Q4 average corporate on-loan balances were $198 billion, the highest on record, as credit spreads widened amid the global sell-off. The broad global increase in demand augurs well for lending opportunities in the asset class for 2019.

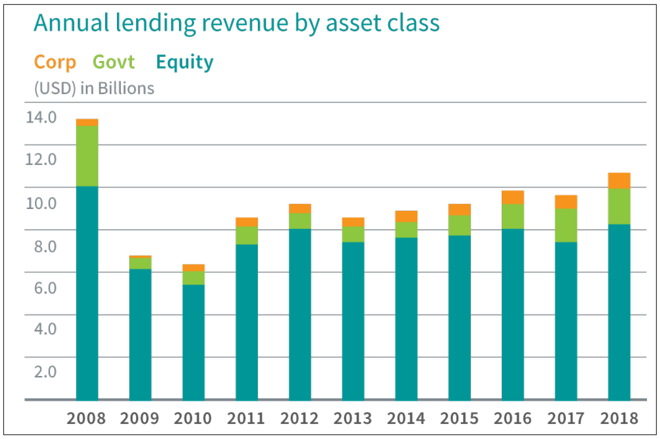
Government bonds

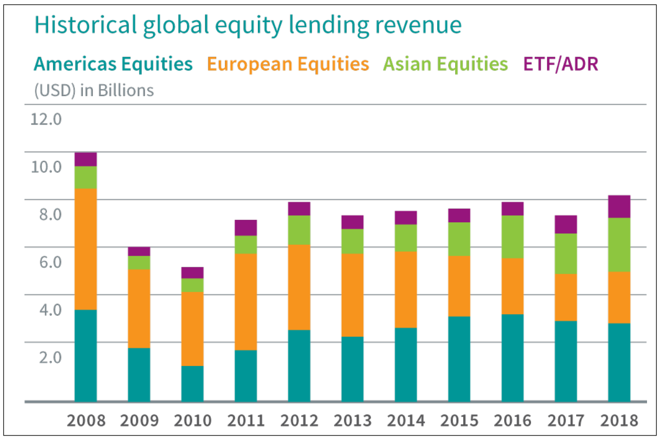
The demand for government bonds was robust, however, the uptrend lost momentum, with a 10 percent increase in average balances for last year compared with 2017 (which had bettered 2016's average by 30 percent). Average fees also increased, driving $730 in total revenue for 2018, an increase of 13 percent year-over-year. There was an upswing in demand for Italian government debt, which delivered $51 million in 2018 revenue, the highest level recorded. Emerging market government bond loan balances were up 11 percent in 2018 to $17.7 billion, however lower fees had a depressing impact on revenues. There was a spike in fees for US treasuries into the last days of the year, however, the impact was much smaller than at year-end 2016.

Wrap up

After 2017, a year best defined by low volatility, 2018 was a marked divergence—a benefit for asset owners that securities lending revenues delivered the best post-crisis return. By way of comparison, total revenues for 2008 were $13.2 billion, but not having to go through a financial crisis to achieve last year's $10.7 billion seems a fair tradeoff. The average global revenues over the last 10 years have been $8.8 billion and the trend higher over the last two years has primarily been driven by increases in Asia and government bond demand.

The road ahead looks bright, with demand trending higher on the margin for US specials at the end of the year, while demand





for emerging markets equities remains stable, despite declining valuations and corporate bond demand is trending higher. The rate of increase for Asia and government bond lending revenues is slowing, however, both still boasted impressive growth last year. On the heels of the best annual lending revenue since 2008, there's cause for optimism looking ahead. Many of the demand drivers for last year are at least as relevant coming into the new year, which should make for a fruitful set of opportunities for this year. **SLT**

Sam Pierson
Director of securities finance
IHS Markit

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London

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Comings and goings at Wematch, OCC, MarketAxess and more

David Raccat, CEO and founder of Wematch. SecuritiesFinancing, is to oversee the whole Wematch offering for Europe, the Middle East and Africa (EMEA).

Raccat will be responsible for securities financing, equity derivatives and interest rates.

As part of his new role, he will continue to oversee Wematch Securities Financing but will extend oversight on Wematch Equity Derivatives and Wematch Interest Rates from an EMEA standpoint.

This comes as Wematch extends the scope of Wematch Equity Derivatives, announced in September last year, with delta one products.

Raccat explained that the firm is in the process of releasing its new Wematch Interest Rates platform in the coming weeks so there is a need for cross-asset oversight.

OCC's Harsh Devpura and Matt Wolfe are now co-chairs of the new FIX Trading Community Securities Lending Group.

The new group aims to define a standardised messaging protocol for securities finance.

The OCC has contacted international central counterparties (CCPs), firms, and vendors supporting stock loans as well as the full FIX Trading Community to form a working group to develop a set of FIXML and International Organization for Standardization (ISO) messages. FIXML is the XML encoding used within FIX. The FIXML and ISO messages will help improve communication within and across developed markets and will also provide a template for emerging markets.

Wolfe is vice president of new products and Devpura is senior business systems analyst at OCC.

Commenting on the launch of the new group, Wolfe said: "OCC has always been a supporter of global standards and has enjoyed collaborating with the industry and the FIX trading community on FIXML standards for options and futures."

MarketAxess has hired Sunil Daswani as a consultant for its securities lending and repo business.

Daswani, who served at Northern Trust since 2002, left his role as head of international securities lending for Europe, the Middle East and Africa in March last year.

Daswani was also chairman of the Pan-Asia Securities Lending Association from 2004 to 2008.

Georges Elhedery has been appointed as head of global markets at HSBC, effective 15 March and subject to regulatory approval, a spokesperson confirmed.

Elhedery will assume responsibility for global markets from Thierry Roland, who, in addition to his job as head of global banking and markets, Europe, has been acting as interim head since September.

For the new role, Elhedery will relocate to London from Dubai, where he is currently HSBC group's chief executive of the Middle East, North Africa, and Turkey (MENAT) region.

Additionally, in Dubai, he is currently deputy chairman of HSBC Bank Middle East.

Elhedery joined HSBC in 2005 and has held a number of key roles in global banking and markets, including head of global banking and markets, head of global markets, and head of markets and capital financing, all for the MENA region, based in Dubai.

He also served as global head of structured rates in London. Elhedery became group general manager in 2016 and will continue to sit on the GBM executive committee.

Meanwhile, a permanent successor for Elhedery's role in MENAT will be announced in due course following a formal recruitment process.

Carole Masset has joined IHS Markit as part of their Securities Financing Transactions Regulation (SFTR) team, based in London.

Previously, Masset has held various roles at HSBC global banking and markets, including HSBC Prime IT Securities Financing

Transactions Regulation programme manager and equity derivatives IT regulatory programme manager.

State Street has hired Nadine Chakar as new head of global markets, effective end of March.

In this role, Chakar will oversee all aspects of global markets' trading, product and operations platform.

She will report to Lou Maiuri, global head of State Street's global markets and global exchange businesses and Charles River Development.

Most recently, Chakar served as the global head of operations for the global wealth and asset management division at Manulife.

Chakar also served as an executive sponsor of Manulife's global wealth and asset management's global optimisation programme.

Prior to Manulife, Chakar led the global asset servicing teams for BNY Mellon as the global head of financial institutions and head of eCommerce strategy and research, and financial markets infrastructure.

She brings more than 30 years of experience of global wealth and asset management experience to the role. She started her career at State Street in global operations.

Maiuri commented: "We are focused on delivering exceptional products, service and solutions to our clients and Nadine Chakar's appointment is a testament to that focus."

TransFICC has appointed Godfried De Vidts as its regulatory affairs advisor.

De Vidts is a recognised authority on European financial and political issues, engaging with the European central banks and treasuries, the European Commission and European Parliament.

He has worked in the financial markets since 1972, including involvement in futures, options and money markets. De Vidts remains chairman of International Capital Market Association's European Repo and Collateral Council, and a member of the European Post-Trading Forum, representing ICMA.

In October, De Vidts announced he was leaving his role as director of European affairs at NEX.

Commenting on his new role, De Vidts said: "Financial markets are evolving rapidly, driven by market fragmentation and changes to regulation. Many market changes begin in Europe and it is vital that firms fully understand these drivers and develop their services accordingly."

Australian Securities Exchange (ASX) has appointed Sasha Conoplia as sales manager for settlement and collateral in its derivatives and over-the-counter markets team.

Based in Sydney, Conoplia will report to Blair Harrison. Harrison is ASX's senior manager of settlement and collateral.

Conoplia will be responsible for customer growth in the ASX Collateral tri-party repo and collateral management platform. He will also help to deliver Austraclear's multi-currency payments and securities initiative.

Conoplia has more than 23 years' global markets experience across securities financing, tri-party repo, collateral management and derivatives.

He has also served at Commonwealth Bank of Australia, Macquarie Bank and Bankers Trust.

Todd Johnson has joined GPP as COO.

Based in London, Johnson will report to the company's CEO Julian Parker. Most recently, Johnson served as COO at betting exchange Smarkets.

Julian Parker, CEO of GPP, commented: "Todd Johnson's addition to the management team is an exciting and positive start to what will be an important year for the firm."

Todd Johnson said: "I am incredibly enthusiastic about the opportunity presented at GPP to join Julian Parker and the team."

MUFG Investor Services, the global asset servicing arm of Mitsubishi UFJ Financial Group, has appointed Daniel McNamara as chief strategy officer.

Based in London, McNamara will report to John Sergides, CEO of MUFG Investor Services. McNamara will support and shape MUFG Investor Services' long-term growth plan.

McNamara will be responsible for the six lines of business within MUFG Investor Services, focusing on the use of capital and resources across these business lines, overseeing the delivery of new client solutions, and developing a set of standards and best practices regarding products and services.

McNamara brings 20 years of experience in securities services, fund administration and commercial and investment banking.

He joins from Deutsche Bank AG, where he held several positions over the last nine years.

Most recently, he was digital business development officer and general manager for Deutsche Bank's payments business and was responsible for leading the development, implementation and commercialisation of financial technology opportunities for that business within the global transaction banking division.

McNamara said: "I look forward to working with the global team to execute the new strategies and support the continued transformation and growth of the business."

Sergides commented: "We are very pleased that Daniel McNamara has decided to join MUFG Investor Services given his decades of experience developing and executing new strategies in the custody and investor services spaces." **SLT**

Have a industry appoinment you think we should cover? Contact us via: maddiesaghir@blackknightmedialtd.com


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