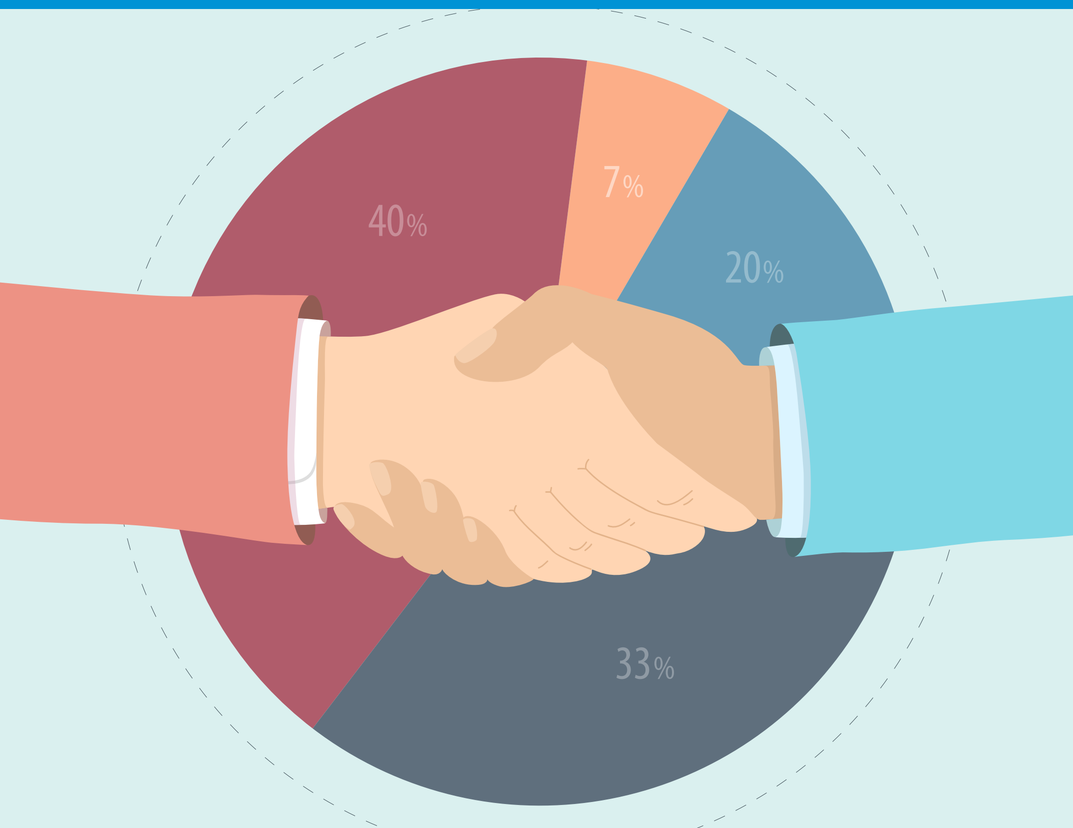
SLT
SECURITIES**LENDING**TIMES

ISSUE110
16.09.2014 TUESDAY
securitieslendingtimes.com



Pirum and Markit do data deal

Post-trade securities finance specialist Pirum has teamed up with Markit to enhance the timeliness and transparency of information contained in the data provider's securities finance data set.

Mutual customers can now use Pirum's data hub to deliver intra-day and end-of-day trade data to Markit's securities finance global data set, with the company's new API delivery mechanism enabling customers to immediately benefit from enhanced coverage and timeliness.

Ben Challice, managing director and global head of equity finance at Nomura, welcomed the partnership, commenting: "This initiative enables Nomura to participate in Markit's enhanced securities finance data service while utilising existing connectivity with both Markit and Pirum. Intra-day market data will be an important tool for analysis and trade execution activities."

David Carruthers, managing director and co-head of securities finance at Markit, said that the benefits of the integration extend beyond traditional securities lending and borrowing data to encompass pending, repo and collateral data.

"Markit's data coverage spans a spectrum of trade types and reinforces our commitment to providing customers with a single platform that meets their data needs across the entire securities financing workflow."

read**more p2**

Good collateralising Vietnam

The Vietnam Securities Depositary (VSD) has released a list of securities acceptable as collateral ahead of the implementation of securities lending regulation.

There are 233 securities, listed on the Hanoi Stock Exchange and the Ho Chi Minh City Stock Exchange, that qualify, including 60 on the HNX30 and VN30 indices.

The list also includes government bonds and government-guaranteed bonds listed on the Hanoi Stock Exchange.

The VSD issued its decision in preparation for the operation of exchange-traded funds in Vietnam and as support for securities trading in case of transaction corrections in which a temporary shortage of securities payment would occur.

Dedication rates of asset value was set at five percent on government bonds and government-guaranteed bonds, 30 percent on securities in the VN30 and HNX30 indices, and 40 percent on others.

read**more p2**

Short sellers do well in Europe

Short sellers did well in Europe during August despite a surge in shares, according to Markit Securities Finance analyst Simon Colvin.

August has brought "increasingly bearish macroeconomic news", said Colvin, causing equity markets in Europe to rebound from recent lows as investors increasingly expect further monetary easing from the European Central Bank (ECB).

"Despite all this talk of ECB driven risk rally, shorts have managed to continue to perform relatively well in Europe as the 10 percent of shares which command the highest fee in the securities lending market, a gauge of how committed short sellers are in a name, have continued to underperform," he said.

read**more p2**

United States +1.617.204.4500
Europe +44 (0) 207.469.6000
info@eseclending.com
www.eseclending.com

Differentiated Lending Process:

Disciplined, Transparent, Repeatable

Securities Finance Trust Company, an eSecLending company, and/or eSecLending (Europe) Ltd., authorised and regulated by the Financial Conduct Authority, performs all regulated business activities.

Pirum and Markit do data deal

Continued from page 1

Rupert Perry, CEO at Pirum, added: "Our customers can easily manage how much of their accurately matched Pirum trade data they want to be made available to Markit. This ensures they retain control of quality, without any additional IT development effort or cost on their part."

"This new data interface forms part of our strategy of enabling our customers to easily have their securities finance data transmitted to wherever our customers require their data to be sent."

Markit's partnership with Pirum builds on the securities finance coverage already collated through direct customer contributions, which covers more than $15 trillion of securities in the lending programmes of more than 20,000 institutional funds.

Pirum signed a similar deal with SunGard's Astec Analytics in May, with the companies promising clean, high quality and accurately matched trade data without any additional development effort or cost.

Good collateralising Vietnam

Continued from page 1

The VSD said the reduction rates aimed to prevent risks and ensure the rights of lenders, since a number of stocks might be priced beyond their true value.

The lending interest rates will be subject to agreements between borrowers and lenders but should not exceed 120 percent of the rate regulated by the State Bank of Vietnam.

Short sellers do well in Europe

Continued from page 1

"The shares with the highest fee amongst the Markit Developed Europe universe have returned 0.6 percent over the month of August, which is nearly 1 percent lower than the returns posted by the wider universe."

Colvin added that August's underperformance is the largest in three months, and marks the fifth month in a row in which expensive shares have trailed behind the rest of the market.

"The fact that the most expensive to borrow names have underperformed in such a consistent manner over six of the last eight months has taken their cumulative underperformance to 4.6 percent, making it the worst performing group of shares when ranking by cost to borrow."

European repo market grows and grows

The baseline figure for the European repo market has been set at €5.782 billion, according the European Repo Council (ERC) of the International Capital Market Association (ICMA).

The ERC's survey showed the amount of repo business outstanding on 11 June and, overall, the market has resumed its gradual trend back to normality as banks reduce their reliance on central bank liquidity.

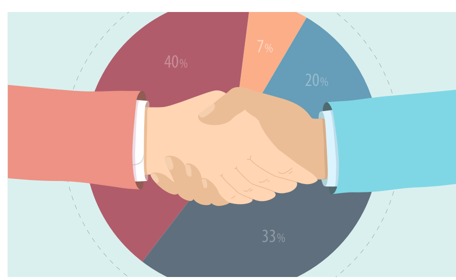
Godfried de Vidts, chairman of ICMA's ERC, said: "As repo markets are exposed to many regulatory initiatives the latest repo survey remains the most valuable tool to measure the health of this market."

The recovery of the European repo market contrasts with recent reports of cuts in repo books by US banks during the first half of 2014. The contrast reflects the structural differences between the two markets, with European markets relying less on repo and being subjected to less regulation than the US counterparts.

The growth in Europe also distinguishes between the two markets where they are in the cycle in terms of recovery from the global financial crisis. The increase in European repo suggests recovery in the market.

Electronic trading, particularly central counterparty-cleared trading, continues to increase

SLTINBRIEF



Latest news

South Korea's Truston Asset Management standardises its domestic equity post-trade processes with Omego CTM

page8

Technology update

Regulatory reform and the application of new metrics to capital utilisation are changes that await no participant, as Rob Sammons of Anetics explains

page13

Product insight

LCH.Clearnet's new Term £GC product aims to reduce the current operational and risk inherent in managing gilt general collateral repo transactions

page14

People moves

Scotiabank appoints Robert Zekraus, Mercer Investments adds to its North American business, and more

page22

Trading Apps - 21st century technology

"Finance apps to solve your business gaps"

- **World class products**
- **World class technology**
- **World class management team**
- **We are Trading Apps**

For more information please join us at tradingapps.com or email info@tradingapps.com

IS YOUR COLLATERAL OPTIMISED?

EXPLORE BNY MELLON'S COLLATERAL UNIVERSE℠

With increased regulation, heightened risk sensitivity and fast-changing market dynamics, the management of collateral has never been more critical. Our global perspective on the financial markets will help you propel your business to the next frontier.

Through our SOLVE℠ approach, let our comprehensive suite of segregation, optimsation, liquidity and securities financing capabilities work for you as you engage in collateral transactions and connect to market infrastructures and participants around the globe.

Toru Hanakawa: +813 6756 4319
Sean Greaves: +852 2840 6672
Filippo Santilli: +852 2840 6664
David James Brown: +65 6432 0205

bnymellon.com/universe

Products/services are provided in various countries by subsidiaries or joint ventures of The Bank of New York Mellon Corporation (and in some instances by third parties) that are authorised and regulated within each jurisdiction, under various brand names, including BNY Mellon. Not all products and services are offered in all locations. This information is for general reference purposes only and does not constitute legal, tax, accounting or other professional advice nor is it an offer or solicitation of securities or services or an endorsement thereof in any jurisdiction or in any circumstance that is otherwise unlawful or not authorised. Your ability to use global collateral services is subject to a wide variety of applicable regulations and to the oversight of relevant regulators in different territories and/or jurisdictions. You should obtain your own independent professional advice (including financial, tax and legal advice) before agreeing to use the various services referenced herein. ©2014 The Bank of New York Mellon Corporation. All rights reserved.

share and reached record levels, reflecting, in part, the growing repo activity in Italian collateral and a shortening of maturities.

The baseline figure for the European repo market has been set at €5.782 billion, according the European Repo Council (ERC) of the International Capital Market Association (ICMA).

The ERC's survey showed amount of repo business outstanding on 11 June and, overall, the market has resumed its gradual trend back to normality as banks reduce their reliance on central bank liquidity.

Godfried de Vidts, chairman of ICMA's ERC, said: "As repo markets are exposed to many regulatory initiatives the latest repo survey remains the most valuable tool to measure the health of this market."

The recovery of the European repo market contrasts with recent reports of cuts in repo books by US banks during the first half of 2014. The contrast reflects the structural differences between the two markets, with European markets relying less on repo and being subjected to less regulation than the US counterparts.

The growth in Europe also distinguishes between the two markets where they are in the cycle in terms of recovery from the global financial crisis. The increase in European repo suggests recovery in the market.

Electronic trading, particularly central counterparty-cleared trading, continues to increase share and reached record levels, reflecting, in part, the growing repo activity in Italian collateral and a shortening of maturities.

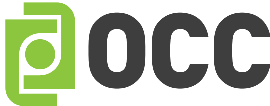
Banks choosing shorter maturities shows that, with such low market rates and little prospect of imminent rate rises in the eurozone, there is no advantage in taking extra risk by investing for longer terms.

De Vidts added: "While policy makers turn their

we
tame
risk

**OCC manages risk in everything we do.
It's a job for the lionhearted.**

OCC is the world's largest equity derivatives clearinghouse and a leading innovator in risk management solutions. For more than 40 years, OCC has provided market participants with industry leading efficiencies in the clearing and settlement of options and futures transactions. We strive to achieve the highest standards possible in everything that we do in order to promote financial stability and integrity in every market we serve.



The Foundation for Secure Markets www.theocc.com

attention to growth, it is of utmost importance to take into account potential counterproductive regulatory initiatives that risk curtailing the liquidity and fluidity of collateral, the basic ingredient of the repo market."

However, there is a prospect of new regulation that could affect the market.

De Vidts explained: "Basel measures expressed in the new liquidity ratios, and regulatory initiatives such as the Financial Stability Board's shadow banking work stream on securities financing transactions (STFs), to be followed by Europe's SFT Regulation should be looked at in the wider context of markets reform."

"New EU trading (Markets in Financial Instruments Directive), clearing (European Market Infrastructure Regulation) and settlement (Central Securities Depository Regulation) rules are initiatives that have a common denominator what is liquid or illiquid collateral, which is clearly an issue that is best understood when looking at repo financing."

"Along with the survey, we are also providing a briefing on developing more efficient and effective collateral markets, which shows the ERC's commitment to continue to guide the repo markets in providing finance to the real economy. We welcome deeper involvement with the regulatory authorities."

Clearstream rising for August 2014

The monthly average outstanding in August for global securities financing at Clearstream reached €613 billion, with the combined services of triparty repo, securities lending and collateral management increasing 9 percent over the same month in 2013.

Overall figures for Clearstream in August 2014 showed positive growth.

The overall assets under custody held on behalf of customers registered an increase of 6 percent to reach €12.2 trillion, compared to €11.6 trillion in August 2013.

Securities held under custody in Clearstream's business as international central securities depository (ICSD) also increased 6 percent to €6.5 trillion, with securities held under custody in the German CSD increasing 5 percent to €5.7 trillion.

The combined value of assets under custody for the period year-to-date in the German domestic CSD and the global ICSD business increased 5 percent.

The ICSD settled 3.1 million transactions, of which 84 percent were over-the-counter (OTC) transactions and 16 percent were registered as stock exchange transactions.

On the German domestic market, CSD settlement transactions reached 6.5 million, on par with August 2013.

Of these transactions, some 64 percent were stock exchange transactions and 36 percent were OTC.

Investment funds services (IFS) processed 700,000 transactions for August 2014, representing a 10 percent increase.

In year-to-date figures, IFS transactions have grown 10 percent from 5.2 million in August 2013 to 5.7 million.

Combination solution to tackle Phase 3 Basis Reporting

TaxGopher now supports Phase 3 of the US Internal Revenue Service's Cost Basis Reporting (CBR) requirements for Advent Software's Geneva clients, according to G2 FinTech.

Already used by prime brokers as a combined solution to address CBR and Phases 1 and 2, Geneva and TaxGopher are proven solutions for complex tax accounting associated with derivatives and other alternative instruments.

TaxGopher levers the fixed income engine within Geneva to drive tax analysis computations and reporting for Phase 3 covered securities, fixed income and derivatives.

George Michaels, CEO and founder of G2 FinTech, said: "G2 has always been in the forefront of addressing the complicated accounting issues our clients face related to fixed income and derivatives."

"TaxGopher, our best-of-breed software, for tax analysis of securities transactions, combined with Advent Geneva's rich pre-tax handling of fixed income and derivatives, enable the G2-Advent alliance to provide a strong Phase 3 solution for Geneva clients."

G2 FinTech has also published a whitepaper, Cost Basis Reporting, Phase 3: The Basics, which outlines how to comply with Phase 3 requirements when generating 1099-B statements.

The paper also reviews amortisation rules, which are an integral part of calculating cost basis for debt instruments and can make compliance with Phase 3 challenging for brokers.

Mixed results for emerging markets

There was a mixed bag of results for emerging market funds in August 2014, according to eVestment's Hedge Fund Performance Report.

Peter Laurelli, author of the report, said that while Brazilian and Indian funds reported gains, at 4.85 percent and 2.34 percent respectively, Russian and Eastern European funds fell 1.01 percent and 2.72 percent.

Hedge fund performance was positive in August, but reduced market exposure following July's volatility resulted in the industry not fully benefitting from August's equity rally, with the average gross market exposure across the industry at its lowest in the previous two years.

Macro and managed futures strategies enjoyed their first positive month since April 2013.

Activist strategies also gained event driven fund returns with the activist hedge fund as the industry's best performing major strategy in 2014.

Clarity Evolved.

PIRUM

A philosophy built on transparency

Pirum's real time RQV solution looks through the opaqueness. We provide greater controls and transparency, delivering a single solution for calculating, agreeing and processing RQV across all counterparties and Triparty agents.

www.pirum.com | sales@pirum.com

A clearer view of the Securities Finance market

Markit Securities Finance provides you with the global securities lending data you require to manage your securities lending programmes, optimise your trading performance and enhance your investment decision making. Flexible and timely data delivery is available via Excel, web and datafeed.

- Investment insight
- Risk exposure
- Trading transparency
- Benchmarking

Contact us at **www.markit.com/msf** to learn more about how to best integrate Markit Securities Finance data into your workflow.

Markit makes no warranty, expressed or implied, as to accuracy, completeness or timeliness, or as to the results to be obtained by use of the products and services described herein, and shall not in any way be liable for any inaccuracies, errors or omissions therein. Copyright © 2013, Markit Group Limited. All rights reserved. Any unauthorised use, reproduction or dissemination is strictly prohibited.

Laurelli's report also found an optimistic outlook on commodity prices in physical commodity markets, which were positive despite a volatile July and are only behind funds operating in equity and broad corporate capital structure markets.

Tide turning for Spain's Interdin with SunGard

Interdin Bolsa Sociedad de Valores has selected SunGard's Valdi Market Access trading platform to support its direct market memberships on the BATS Chi-X Europe exchange.

The order routing service will enable Interdin's clients to access the full depth of Spanish stock's liquidity on multiple venues.

Oscar Sierra, head of prime brokerage at Interdin, said: "The changes in Spain on the distribution of trading volumes and the eruption of market fragmentation have made substantial impact."

"At Interdin, we see these changes as a great opportunity and our membership of BATS Chi-X Europe as a crucial differentiator to offer a better service to our clients. We selected SunGard for its outsourcing capabilities and also for its expansion versatility to cover our future requirements."

Mark Hemsley, CEO of BATS Chi-X Europe, said: "The tide is very clearly turning in Spain. Brokers and investors alike are aware of the huge benefits they can derive from trading shares on a pan-European platform."

"Our momentum continues and shows that real competition in Spain is now established and growing."

"I am delighted to welcome Interdin on our markets, leveraging our long-standing relationship with SunGard, one of the first independent software vendors to be certified on BATS Chi-X Europe markets."

The Valdi platform address the processing requirements of a broad range of users within financial services, with the primary purpose to automate the many processes associated with trading, managing investment portfolios and accounting for investment managers.

Philippe Carré of SunGard's, capital markets business, said: "The Spanish securities market is experiencing transformation, ahead of future clearing and settlement changes, which should further open up the market."

"Local market participants, like many firms across Europe, need the ability to adapt quickly. SunGard's Valdi Market Access service offers the flexibility clients require to help make outsourcing market access easier."

Performance reporting solution for asset managers

Broadridge and Bi-Sam have launched Investment Management Solutions Performance Reporting for institutional asset managers.

The solution allows asset managers access to performance and attribution as part of an integrated suite that includes order management, portfolio management, risk reporting and a data warehouse.

Investment managers using the solution will receive customised daily performance calculations, powered by Bi-Sam's B-One performance calculation engine and Broadridge's investment management technology.

The solution provides complete performance reporting and attribution analysis across multiple asset classes and dimensions of the business, including real time-weighted returns at multiple levels, internal rates of return at fund level, benchmark comparisons and market segment decomposition.

The solution also displays performance metrics conveniently in summary grids and charts, which can be viewed on mobile devices.

"There is increasing demand across the investment management industry for more extensive performance reporting and measurement, deliverable without the need to significantly increase technology and operational support," said Bennett Egeth, president of Broadridge Investment Management Solutions.

"Our solution enables hedge funds and investment managers to meet complex reporting needs through an integrated and customisable tool that eliminates data silos and allows them to increase operating scale and focus more on enhancing their returns and raising new assets."

"Clients are looking to consolidate their providers and simplify their infrastructure. This is a major step towards that."

Alexandre Harkous, CEO of Bi-Sam, said: "By combining our award-winning B-One platform with their unmatched technology, Broadridge's clients will benefit from a powerful, integrated performance reporting solution that helps firms identify and track sources of performance regardless of asset type or portfolio construction."

Truston automates with Omgeo

South Korea's Truston Asset Management is standardising its domestic equity post-trade processes with Omgeo Central Trade Manager (CTM).

Omgeo CTM is a post-trade platform for the central matching of domestic and cross-border equity, fixed income, exchange-traded derivatives (futures and listed options) and synthetic equity swaps.

The implementation of Omgeo CTM is in support of Truston's growing domestic equity trading volumes and to reduce manual processes and risk in its broker confirmation and custodian settlement notification processes.

By having an automated central matching and settlement notification capabilities,

Straight-Through Processing for Lending CCP.

Market participants trust in our expertise.

www.comyno.com/securitiesfinance

the firm can reduce manual intervention, improve operational scalability and foster trade-processing efficiency.

The system will also allow Truston's to improve same day affirmation rates, lowering risk and enhancing settlement efficiency.

Truston will also enrich its standing settlement instruction (SSI) using Omgeo Alert, a web-based global database for the maintenance and communication of account and standing settlement instruction.

The adoption of Alert will allow Truston to automatically share account and SSI data with its counterparties.

Lee Sung Won, senior executive vice president, head of management strategy department at Truston, said: "We are pleased to announce our partnership with Omgeo. Since implementing Omgeo CTM and Alert we have seen a significant reduction in our workload, reducing operational risks, resource demands and manual processes in both the confirmation/affirmation SSI data enrichment processes."

"We believe that Truston is now a few steps ahead of its competitors, and we are expecting increased investment opportunities in the near future."

The Depository Trust & Clearing Corporation's executive director of sales and solution delivery for Asia, Nellie Dagdag, said: "This is a natural operational progression, as firms look to implement single post-trade processing platforms across asset classes and markets."

"As [South] Korea continues to rebound from the effects of the global financial crisis and as volumes grow, we expect to see further adoption of Omgeo's best practice solutions."

SimCorp takes EMIR requirements with ease

Clients of SimCorp have met the latest requirements of the European Market Infrastructure Regulation (EMIR) following the second compliance deadline for reporting derivatives trades to a trade repository (TR).

From 11 August 2014, investment management firms are required to include valuation and collateral reports in addition to the data that must already be reported to one of the TRs authorised by the European Securities and Markets Authority (ESMA).

Of the EMIR requirements, three have a direct bearing on investment managers' IT infrastructure, including the introduction of central clearing parties to reduce counterparty risk, and increasing market transparency by introducing TRs.

SimCorp's Trade Reporting solution supports Regis-TR and the Depository Trust & Clearing Corporation (DTCC) as European TRs.

"The implementation of the Trade Repository solution was marked by the close collaboration between our clients and SimCorp's consultants deploying the solution in each country," said Carsten Kunkel, head of SimCorp's global regulatory centre of excellence.

AUM hits $60 billion after build-up of bullish positions

Assets under management in short and leverage exchange-traded products reached $60 billion at the end of August, according to Boost ETP.

This figure was unchanged from the end of July but up 3 percent on the end of December 2013.

August saw short and leverage investors repositioning bullishly in European equities and bearishly in US equities, commented Viktor Nossek, head of research at Boost ETP.

"Tactical, contrarian-style allocations, underpinned by macro risks surrounding Ukraine and the Middle East have triggered the build-up of bullish positions in markets most affected by the crises, in particular helping to drive flows of short and leverage exchange-traded products tracking German and Russian equities."

The unwinding of large long positions in US equities in turn is likely a result of the robust showing of US equities, he added.

"With broad and tech equities having attained new highs, it has given short and leverage investors an excuse to position bearishly in August. Germany's record low bond yields have also brought contrarians to the fore, driving the bearish flows seen in exchange-traded products tracking German debt."

Borrowers double Dutch fixed income holdings

The number of Dutch fixed income securities, and particularly government bonds, being borrowed has more than doubled between June 2013 and 2014, according to Karl Loomes of SunGard's Astec Analytics.

While the borrowing of Dutch equities has been continuing as normal for the most part, with steady demand during the year and a spike in dividend season, the number of fixed income securities available to lend has also more than doubled in this same period.

Loomes added that, although some other European countries such as Germany and France have seen similar fixed income gains, this does not appear to be a pan-European trend.

Loomes stated: "This trend is matched both in the number of securities and in the number of transactions, which increased at a more measured pace of 50 percent since June 2013. This would suggest that, not only are more fixed income securities being borrowed overall, but also that the average volume per transaction has increased as well."

Trying to discern why there has been such a large shift may be more difficult, according to Loomes, but Astec's loan rate figures do offer some insight.

"We have seen that the increased demand to borrow fixed income has seemingly driven higher intrinsic loan rates, although still well within general collateral territory, and coming with a two-month lag over the initial increases—on average around 10 basis points over the last 12 months."

Astec's numbers also show that the average reinvestment revenues gained from cash collateral started to climb in line with, and actually slightly earlier, than overall borrowing of fixed income.

Peaking in May 2014, the average reinvestment revenue as much as tripled since June 2013. Astec data also shows that, as this trend began, the shift away from non-cash collateral towards cash also increased—at its height in October 2013 the breakdown being 50:50, compared to a normal ratio of around 20:70, cash to non-cash.

Unlike volumes, and reinvestment yield, this shift retreated back towards a more normal level for the Netherlands. In the wake of this rebalancing, and coming from a growth in non-cash backed lending, reinvestment yield similarly retreated.

OneChicago volume hits 32 percent Y-o-Y

OneChicago's August 2014 volume reached 826,453, representing a 32 percent increase year-over-year.

The equity finance exchange's year-to-date volume through 29 August was 6,595,085, up 16 percent compared to the first eight months of 2013.

Open interest increased 18 percent year-over-year to 736,331 contracts on the equity finance exchange at close-of-market, on 29 August.

Sixty-two percent of August 2014 month-end open interest was in OCX.NoDivRisk products, while 811,925 exchange futures for physicals and blocks were traded, representing $4.4 billion in notional value.

Predict the unpredictable, says BIS collateral report

Market participants and service providers need to be prepared for less predictable collateral demands, according to a report from the Bank of

A unique CCP for securities lending.

Another "first" from Eurex Clearing.

As one of the world's leading clearing houses, Eurex Clearing has always been an innovator in post-trade processing and risk management.

We were one of the first electronic, cross-border CCPs. And we were first to offer real-time risk monitoring.

Now we're pioneering the securities lending market with a unique, fully-integrated CCP service:

- Combining the flexibility of the special bilateral relationship structure of the market with the safety and efficiency of a CCP.
- Providing innovation with a Specific Lender License that enables Beneficial Owners to participate as Clearing Members of Eurex Clearing without a margin obligation.

So you can realize capital and operational efficiencies while counterparty risk is mitigated. And everyone stays clear to trade.

www.eurexclearing.com

Or follow us on Twitter @EurexGroup

Now available: CCP service for securities lending

A focus on regulation

Where next with EMIR?

As last month's most recent European Market Infrastructure Regulation (EMIR) deadline becomes a distant memory, where are firms now on the long road towards compliance? All institutions seem to have a gained a firm foothold on the 'ladder to compliance', or at least none will knowingly and publicly admit that they don't, but there are still many more rungs left to climb.

Confusion surrounding EMIR is compounded by the fragmented manner of the regulation. National competent authorities (NCA), which have their own views on what they will be focusing on for monitoring and enforcement, regulate each local firm, and the European Securities and Markets Authority (ESMA) regulates trade repositories. In some territories, there is also a question over the ability to enforce, with Poland, for example, not being able to enforce until early next year (2015).

Despite this, most firms have successfully completed their first turn in the 'EMIR compliance game', and now is a good time to take stock and objectively review their market position, while planning for the next phase of EMIR implementation.

We see five main challenges facing firms in the coming months. These are: collateral reporting, delegated reporting, clearing, product standardisation, and finally, the behaviour in which these processes are carried out. These are formidable challenges that continue to create problems for all market participants, including trade repositories, service providers and central counterparties.

Product standardisation in particular carries a lot of questions. Having been an on/off discussion topic since the US Dodd-Frank Act, it has now been brought into sharp relief under EMIR due to the matching requirements within the regulation. This may be the first time that many firms will have had to look at their booking models and reporting, meaning the possibility of widespread change, even if only to match their dealers.

Compiling a compliant trade report will involve gathering and collating information from a number of complex and separate systems, including the trading systems and a suite of collateral valuation systems. Trade and collateral linkage will be the biggest hurdle to compliance as most firms have to match the collateral movements as seen by the regulator, rather than the market conventions.

Those firms already operating under Dodd-Frank will have to cope with the different matching and reporting requirements between the two regulatory approaches. Firms will need to ensure that the figures exported by their systems take the same pre-haircut view of posted collateral, which may require them to unpick their netted figures.

All of the changes to how firms execute, clear, and report trades as well as how they manage their collateral will change with the full implementation of EMIR. This in turn will force change on how derivatives are traded and settled in the future. However, this will hopefully help achieve the overarching goal of the European regulators—to create a more stable and transparent marketplace.

We have already seen a marked change in trading behaviour since the implementation of the Dodd-Frank legislation in the US, with energy swaps moving to futures. In the same way, there may be unintended consequences under EMIR as well as deliberate moves by market players to position themselves in this new derivatives game. Some will also be looking to the next stages, which will involve the Markets in Financial Instruments Directive/Regulation and REMIT for those involved in energy. One of the biggest challenges will be clearing, and it is likely this will continue to cause ripples, especially between the EU and US, where equivalence is still an open question.

Although trade reporting under EMIR is currently the primary cause for concern among most market participants, it is important to note that this is just the first roll of the dice in the EMIR compliance game. Over the next 12 to 18 months, firms will need to negotiate many more deadlines, obstacles and challenges on their long road to compliance.

Francis Cook
Specialist in regulatory compliance
Rule Financial

The Sector Specialists

Rule Financial is a leading independent provider of advisory, business consulting, IT and software services to the investment banking, asset management and wealth management communities, counting some of the world's foremost financial institutions amongst their clients.

www.rulefinancial.com

International Settlements's payments and market infrastructures committee.

The committee's report, Developments in Collateral Management Services, concluded that it is important for service providers to work together collaboratively to ensure the ongoing reliability of their services "given the complexity of networks being created" to support them.

Through interviews with market participants, including BNP Paribas, and services providers, such as Clearstream and Euroclear, the committee's collateral management working group identified the use of different asset servicing models with a common theme.

"While all of these models are different and represent only a sample of the variations that exist, what they have in common is that they provide partial information on available securities to different parts of a firm, which leads to a decentralised approach to managing the supply of available securities and matching that supply to the demand for those securities, likely resulting in an inefficient approach to collateral management from a firm-wide perspective."

Improvements to optimisation are underway, with some custodians providing a customer with a single view of holdings, while others are making technological improvements to support a view of holdings that includes assets held away from the primary custodian.

"The focus on improvements to optimisation for the purposes of efficient collateral allocation may move market participants closer to 'just-in-time' collateral management," said the report.

"Both market participants and service providers will need to be prepared for less predictable collateral demands. In times of market stress and increased volatility, a broad number of customers may experience unexpected demands for collateral that may need to be fulfilled quickly."

Market participants must test their ability to procure collateral, warned the report, and service providers have to judge their capacity to process a large number of unexpected collateral movements in stressed scenarios.

"As these services begin to play a greater role in supporting a customer's ability to fulfil its collateral obligations, particularly through use of cross-border transactions, it may be important for service providers to work collaboratively to ensure the ongoing reliability of the services given the complexity of networks being created to support such services," concluded the report.

We're not just a service provider. We're a community.

EQUILEND

Bringing together the world of securities finance.

OUR INNOVATION. YOUR ADVANTAGE.

NEW YORK
+1 212 901 2200

LONDON
+44 207 426 4426

TORONTO
+1 416 865 3395

HONG KONG
+852 3798 2652

EquiLend LLC, EquiLend Europe Limited, and EquiLend Canada Corp. are subsidiaries of EquiLend Holdings LLC (collectively, "EquiLend"). EquiLend LLC is a member of the FINRA and SIPC. EquiLend Europe Limited is authorized and regulated by the Financial Conduct Authority. EquiLend Canada Corp. is authorized and regulated by IIROC. All services offered by EquiLend are offered through EquiLend LLC, EquiLend Europe Limited, and EquiLend Canada Corp. EquiLend and the EquiLend mark are protected in the United States and in countries throughout the world. © 2001-2014 EquiLend Holdings LLC. All Rights Reserved.

Live and let change

Regulatory reform and the application of new metrics to capital utilisation are changes that await no participant, as Rob Sammons of Anetics explains

JUSTIN LAWSON REPORTS

Almost a year ago, Argent was enhanced to automatically receive borrow orders through Twill's new Deals utility—how did this work and how was it received through your client base?

We've done a lot of experimenting with the Twill product, little of which has actually grown legs and found its way into regular production use. The most important function that Twill does, and does very well, has become a best-practice at about a dozen firms. This is to mine the information content and order flow that gets circulated by email. Items that desks are pushing as available, or need to borrow or locate, get picked up by Twill, cached in a database, then cross referenced to show dealing opportunities.

We expect that over time, email will become less important in this regard and we are already piloting yet a new protocol for more accurate distribution of data between trading partners that's as easy as sending an email, but more precise. We'll keep you posted as this becomes available for trial.

What other additions and developments have you added to your product offerings in the last 12 months?

Customers have been looking for additional ways to generate revenue. New product development has been focused in this area. Just last month, we enhanced our 'put-to-hold' locate utility to also function for 'pay-to-hold' complete with a mechanism to bill customers for held securities, as well as a way to share the revenue generated with the beneficial owner that sourced the inventory (with a spread for the dealer, of course). This will be released to production later this month and we expect such billing for held items to become more popular.

Earlier this year, we brought out a new version of our rebate/fee allocation module (distributes revenue from the short customer to the house and/or long customer). Some firms call this transfer pricing. We now call it customer billing. The new utility creates the appearance of conduit dealing while balancing the long and short side of the box with virtual contracts that can be priced discretely or automatically set based on rules.

To round out the new development, two customers are talking to us about offering our Short-Sale Locate utility as a fee-based service. While last year we implemented online discussion capability and a method to secure customer approval for pre-borrow and hold, this new use will enable the stock-loan desk to grant a locate and levy a fee.

What are you hearing as the biggest challenge facing the industry at present?

This would be adapting to change. We hear that even the most important internal business initiatives at customer sites take months (if not years) to get coordinated and deployed. The status quo is very difficult to reshape. Breaking out of the mold to adopt new methods and processes runs against the grain of human nature. The industry moves through the day like a huge oil tanker through the ocean—slow, steady, stay the course, make the delivery—at a time when customer transactions are taking place around the world at the speed of light.

> "We hear that even the most important internal business initiatives at customer sites take months (if not years) to get coordinated and deployed. The status quo is very difficult to reshape"

Regulatory reform and the application of new metrics to capital utilisation are changes that await no participant. These are the projects that must get done. This leaves little capacity for other initiatives that might enhance efficiency, reduce costs or streamline operations.

What is the biggest challenge facing firms such as yours?

Hiring good talent and finding enough time in the day to address the fringe opportunities that are the future of our business. We too get caught up with daily processing and the task of insuring that all customer commitments are acted on in a timely manner. This leaves little extra to pioneer the new methods that represent our future.

We are fortunate in that we have adequate capital to fund many of these new ideas and the related opportunities, but find it difficult to recruit or allocate the talent necessary to help it along.

If you could change one thing about the industry, what would it be?

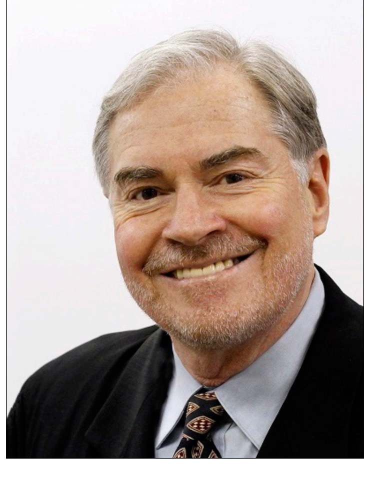
Reshape the hegemony that dominates the industry as it relates to transaction processing and the communication of needs and availability between trading partners. The technology exists today for easy, low-cost bilateral communication between stock-loan desks, one-to-one and one-to-many, without having to wire up to a hub or join a club with membership as a requirement to trade.

Stock loan as an industry remains behind the times in the communication protocols it supports and the methods employed in counterparty dealing. Some of this relates to barriers to communication between systems and service providers.

At a time when technology costs in general are dropping (in some cases exponentially), depending upon the platform of choice, the cost of a stock-loan transaction is on the increase. This at a time when many clearing organisations have higher volumes and lower ticket value. There need be systems in place to support the low-value order as well as the high-value finance transaction.

What does the future hold for Anetics?

The future looks bright as we are doing more higher-valued work for existing clients while continuing to add new customers to our client base. The industry trend for a firm to outsource most any process or service that can be done better and/or at lower cost by a vendor continues. We've seen some of our oldest clients dismantle entire internal teams while distributing such responsibilities to one or more external vendors. Not all of that work ends up in our shop, but we do get our share. **SLT**



Rob Sammons
Director
Anetics

‘Take the clear road to success.
Doran Jones.
The Financial Services consultancy’

Doran Jones is a full-service Financial Services business and IT consultancy. We provide flexible, customized solutions to both the buy and the sell-side. Our people are experienced practitioners and experts in improving our clients’ time to market and in making them more efficient.

DORAN JONES | 77 Water Street | 8th Floor | New York, NY 10005 | USA

www.doranjones.com

All aboard the liquidity train

LCH.Clearnet's new Term £GC product aims to reduce the current operational and risk inherent in managing gilt general collateral repo transactions

MARK DUDGALE REPORTS

With the baseline figure for the European repo market being set at €5.782 billion as of 11 June, it appears that the market has resumed its gradual trend back towards normality as banks reduce their reliance on central bank liquidity.

But Godfried de Vidts, chairman of the International Capital Market Association's European Repo Council, whose survey produced the baseline figure, warned: "While policymakers turn their attention to growth, it is of utmost importance to take into account potential counterproductive regulatory initiatives that risk curtailing the liquidity and fluidity of collateral, the basic ingredient of the repo market."

In one European market, changes are afoot to turn the repo market into one uninhibited by cumbersome restrictions and unnecessary risk. Bank England governor Mark Carney declared in October 2013 that the central bank is "building a liquidity framework for the markets of tomorrow". In January of this year, it took a step in that direction with the launch new regular market-wide Indexed Long-Term Repo (ILTR) operations, as it bids to increase the availability and flexibility of liquidity insurance.

In a nutshell, the new ILTR auctions provide more liquidity at cheaper rates, longer maturities and against a wider range of collateral than previously available. They are also responsive to market conditions, with the amount of liquidity available rising automatically if there is greater demand, in contrast to the fixed-size or full allotment auctions of before.

The Bank of England has also encouraged market players to innovate in the repo space, with LCH.Clearnet, Euroclear UK & Ireland (EUI) and the London Money Market Association (LMMA) teaming up to launch a new product to enhance the central clearing of gilt general collateral repo trades.

Term £GC (the "£" should be pronounced, "Sterling") will reduce the current operational and risk inherent in managing gilt general collateral repo transactions, according to John Burke, executive director of fixed income at LCH.Clearnet.

The new service will be based on LCH.Clearnet's existing RepoClear Sterling GC product but will settle at EUI using its term delivery-by-value (DBV) product. At the moment, settlement of RepoClear Sterling GC trades of any term is currently conducted daily on an overnight basis via 'rolling' DBV transactions at EUI, says Burke.

"The current need for market participants to re-instruct settlement on a daily basis creates a lot of operational risk. A two-day trade, for example, requires the parties to instruct settlement on each day, and, in addition to being quite a burdensome exercise, can result in operational risk and settlement risk. RepoClear Sterling GC, settling using EUI's delivery-by-value settlement mechanism is an important product for us in the UK. A lot of balances, or value, in repo trades, is expressed in that particular form."

"We've now developed a product, Term £GC, to sit on top of EUI's new DBV infrastructure called term DBV. While the two products will co-exist for a time, our goal is to have only one clearing product that sits atop this Term DBV settlement framework. By concentrating our cleared activity into the Term £GC product in future, it will avoid a fragmentation of liquidity and help the market to achieve a deeper and more concentrated pool of liquidity."

Trades in Term £GC will be executed on repo automated trading systems and via voice brokers. Building on the introduction in April of RepoIQ, the value-at-risk based margin methodology for the fixed income service, LCH.Clearnet also supports a margin offset for Term £GC against trades in specific UK gilts.

The timetable for implementation of Term £GC will come in two parts, says Burke. First to move over from Sterling GC to the new product will be new trades. This should happen in Q4 2014.

Any open positions in Sterling GC will be switched to Term £GC in 2015, adds Burke.

John Trundle, CEO at EUI, commented: "[Term £GC] reduces liquidity risks and increases operational efficiencies in the money market. Risk reduction and efficiency in the markets we serve are the core purposes of EUI so we have been pleased to develop our delivery by value collateral services in this way."

"The new term arrangements, including collateral optimisation and substitution, have enabled the market to move away from the daily roll-over of cash and collateral to an efficient process where the requirements to settle securities are aligned with the maturity of the underlying general collateral transactions."

The introduction of Term £GC "not only benefits the gilt repo market because it reduces risk, it also enhances liquidity management and just as importantly provides a clear financial stability benefit for the whole market," added Ian Mair, chairman of the LMMA.

Collaboration made easy

The new product is the result of a two-year collaboration between LCH.Clearnet, EUI, the LMMA and the Bank of England. "This is an important project because it demonstrates that by working together, we can deliver infrastructure change in a smarter way," says Burke.

"Although there can be a clear market need, it is not always easy to align the relevant stakeholders to achieve a change within a timescale that suits all parties. It's natural for companies to have different priorities, particularly during time of market stress."

Burke adds that working together meant that EUI's design for the settlement system made it easier for LCH.Clearnet to engineer a smart clearing product that dealers would want to use and the market would be confident in. "If the product reduces operational risk in UK settlement infrastructures, then this benefits regulators and the wider market."

"Is this the future? Yes and no. Most of the time, the private sector will seek to innovate and push things forward. That's good, but there are times when you want to make a change with other stakeholders, to maximum the benefit and the impact of the change. You make a judgement on each project and this is one example of where collaboration was entirely appropriate."

"If it's a complex product, with upstream and downstream activity, all the market benefits from our taking a step to reduce risk rather than waiting for a mandate." **SLT**

SHARED INTELLECT.
Work with BBH to redefine your securities lending program.
With a program founded on intrinsic value lending, Brown Brothers Harriman offers proven expertise in structuring risk controlled securities lending solutions. We consult with our clients to co-create programs designed to generate high returns within their defined risk parameters.
BBH provides customized custodial and third party securities lending solutions to many of the world's most sophisticated asset gatherers. Consistently ranked a top global provider†, our service is underpinned by performance.
Our culture is our strength. Learn more about our differentiated approach at www.bbh.com.
†As measured by results in major industry surveys. Please see www.bbh.com/accolades for a comprehensive listing of recent industry accolades.
ACCOUNTING
BROKERAGE
FOREIGN EXCHANGE
FUND ADMINISTRATION
FUND DISTRIBUTION SUPPORT
GLOBAL CUSTODY
INFOMEDIARY®
OFFSHORE FUND SERVICES
SECURITIES LENDING
TRANSFER AGENCY
BROWN BROTHERS HARRIMAN
WWW.BBH.COM
NEW YORK BOSTON CHARLOTTE CHICAGO NEW JERSEY PHILADELPHIA WILMINGTON
BEIJING DUBLIN GRAND CAYMAN HONG KONG LONDON LUXEMBOURG TOKYO ZÜRICH

Hearts and wallets

On the eve of a historic referendum that could cast centuries of cooperation asunder, David Lewis of SunGard's Astec Analytics explores what effect this could have on the UK's financial markets

Many years ago, while working for a business headquartered in Edinburgh, I was trying to buy a beautiful house in a town outside the city. Scotland has a house buying process quite unlike England's—'offers over a certain price' is a very common way of offering your house for sale and, once you say 'yes', the deal is done and is irrevocable.

'Your word as bond' is a definite advantage of this system in my view, but the 'offers over' is unfathomable as final selling prices seem to bear no relation at all to the initial offer level. When negotiating to buy the house, the selling agent could only advise me to bid somewhere between my heart and my wallet.

Scotland now finds itself in a similar position. With the referendum results on independence due on 18 September, there is much excitement in both the wider UK, and of course, in Scotland. As of Monday 8 September, the financial markets also became more than a little excited.

The publication of a new YouGov poll in The Sunday Times on 7 September indicated for the first time that the vote for independence might have edged ahead of the 'No' campaign. The poll showed 51 percent would vote 'yes' and 49 percent 'no'.

These statistics should be taken with the following context—it is the first and only poll to show this swing away from the 'no' camp. Other polls posted on the same day did not show the same results and it excluded those who remain undecided. However, the impact was significant.

The next day, the British pound fell 1.3 percent against the US dollar and about 1 percent against the euro—pushing it to the lowest level against the US dollar in 10 months—and the FTSE 100 index shed 0.79 percent of its value.

These results are being taken as the result of what many fear a separation of Scotland from the rest of the UK could do for growth prospects, the potential for a currency crisis and a confusing fight over just who owns and who owes what of the UK's debt and asset piles.

Many large financial companies identified as having exposure to the Scottish market also suffered as a result of the markets seemingly being spooked by the YouGov poll.

The Royal Bank of Scotland (RBS.L), Standard Life (SL.L) and Lloyds Banking Group (LLOY.L) all lost ground on 8 September, losing 1.3 percent, 2.3 percent and 2.4 percent, respectively. Lloyds has publicly stated that it will be looking to move its headquarters from Edinburgh to London in the face of a 'yes' vote and RBS is keeping its options open.

Non-financial companies also suffered, with Weir Group (FTSE 100-listed engineering firm), Babcock International (engineering services) and SSE (energy) all losing between 1.4 and 3.6 percent of their share prices on 8 September.

But what of the short interest view of the referendum? Would the loss of the Bank of England as a lender of last resort as well as the additional costs on both economies of unwinding their 307-year relationship not be enough of a risk to drive the short sellers to take up aggressive positions?

Apparently it is not. As Figure 1 shows, short interest in Lloyds did indeed jump on 4 and 5 September, more than doubling to more than 74 million shares on loan in fact, but this has to be taken in context. Loan balances were in excess of 100 million shares less than a month ago and more than 330 million at Lloyds's 12-month peak in April. For RBS, loan volumes have also increased, in its case around 40 percent since the middle of August, but even at this increased level it remains less than 75 percent of its 12-month average level.

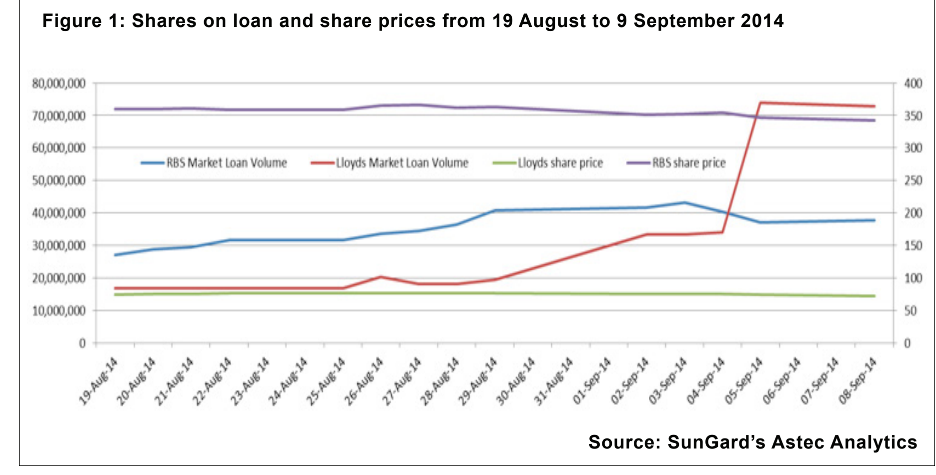
In terms of balances on loan, only Babcock increased since the release of the YouGov poll. Along with Babcock, SSE was the only other company that saw an increase in borrowing volumes over the last month. Taken together, these data items do not indicate a huge swing to the short end of the market, which might have been expected given the fears of the potential economic impact of the split, should it occur.

This could of course mean one of two things—the short interest market, unlike the more jittery cash market, either feels confident the 'no' vote will prevail or, less likely, the market believes the split will have little or no effect.

One thing most observers agree on is that the vote is currently much too close to call. Perhaps, as the final days ahead of the referendum pass, the forthcoming outcome will become more obvious and investors will react accordingly.

However, with the outcome of a vote that is, as some would argue, down to a battle between the hearts and the wallets of the Scottish voters, this is a hard outcome to call—which might just explain why the short sellers are remaining on the fence for the time being. **SLT**

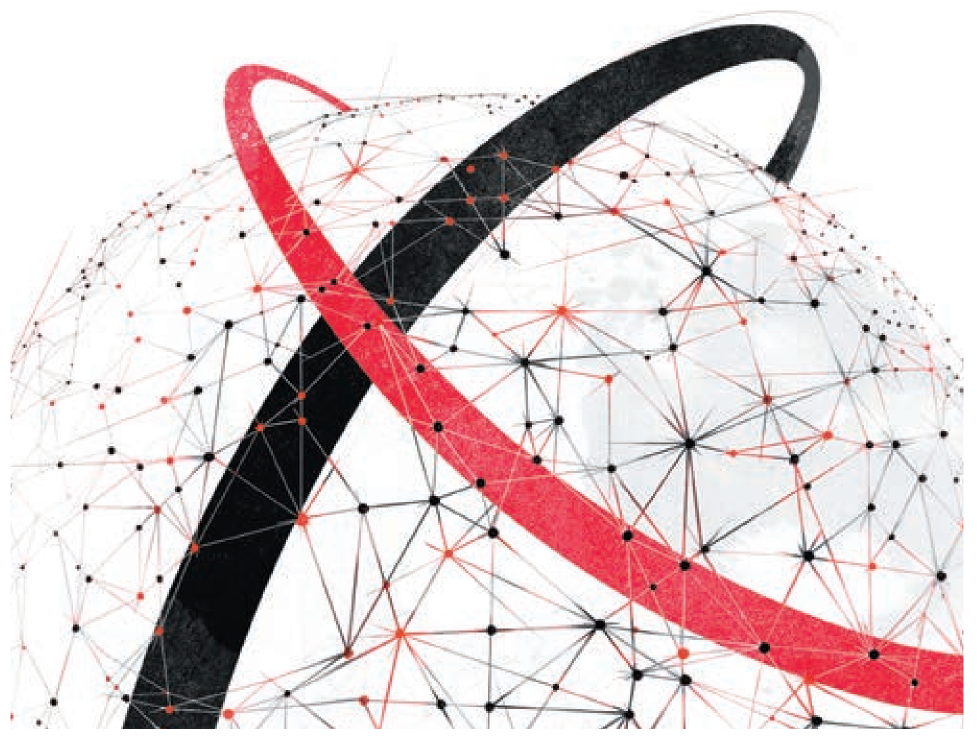
Figure 1: Shares on loan and share prices from 19 August to 9 September 2014



Source: SunGard's Astec Analytics

David Lewis
Senior vice president
SunGard's Astec Analytics

LINKING FLOWS
IN SECURITIES FINANCE
TO OFFER INSIGHT AND LIQUIDITY
WORLDWIDE



WITH YOU, AS ONE TEAM

SGCIB.COM

BUILDING TEAM SPIRIT TOGETHER

THIS COMMUNICATION IS FOR PROFESSIONAL CLIENTS ONLY AND IS NOT DIRECTED AT RETAIL CLIENTS.

Societe Generale is a French credit institution (bank) and an investment services provider (entitled to perform any banking activity and/or to provide any investment service under MiFID except the operation of Multilateral Trading Facilities) authorised and regulated by the French Autorité de Contrôle Prudentiel et de Résolution ("ACPR") (the French Prudential and Resolution Control Authority) and the Autorité des Marchés Financiers («AMF»). This document is issued in the U.K. by the London Branch of Societe Generale, authorized in the U.K. by the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available from us on request. 2014 Societe Generale Group and its affiliates. © David Despau – FRED & FARID

19th Annual European Beneficial Owners' Securities Lending Conference

Date: 16-17 September 2014
Location: London
www.imn.org/eurosec14

With an agenda constructed with the support of an industry-led event advisory board, IMN's highly renowned event has been Beneficial Owners' meeting of choice for nearly twenty years and attracts 300+ attendees, 100+ of which are Beneficial Owners.

Securities Lending: 2015 Outlook

Date: 18 November 2014
Location: London
www.securitieslendingtimes.com/events

SLT and Citi are hosting the second annual beneficial owners breakfast seminar on Tuesday 18 November at 8.00 am. The event will conclude at 10.00am with coffee and the opportunity to network

RMA Conference on Securities Lending

Date: 13-16 October 2014
Location: Florida
community.rmahq.org/SLConference/Home/?ssopc=1

As an active member of the securities lending industry, you should be attending the most important securities lending conference in the US, offering a forward-looking view of the industry.

THE BEST THING SINCE

- The only dedicated industry title
- Most up to date news and features
- Free access to website and newsletter
- Exclusive news and interviews

For more information visit www.securitieslendingtimes.com or email justinlawson@assetservicingtimes.com

BNP Paribas Securities Services is incorporated in France as a Partnership Limited by Shares and is authorised and supervised by the ACPR (Autorité de Contrôle Prudentiel et de Résolution) and the AMF (Autorité des Marchés Financiers). BNP Paribas Securities Services, London branch is authorised by the ACPR, the AMF and the Prudential Regulation Authority and is subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request. BNP Paribas Securities Services, London branch is a member of the London Stock Exchange. BNP Paribas Trust Corporation UK Limited (a wholly owned subsidiary of BNP Paribas Securities Services), incorporated in the UK is authorised and regulated by the Financial Conduct Authority.

Industry appointments

Scotiabank has appointed **Robert Zekraus** as director of prime service in its New York office.

He has more than 17 years experience in banking and joins the bank from EquiLend, where he held a consultant position.

Zekraus previously served as director at Barclays Capital in prime service, also in New York.

Mercer Investments has made four additions to its North American business.

Neeraj Baxi, previously a director with Primus Investment Management in Mumbai, India, and a principal with EnnisKnupp in Mumbai and Chicago, has joined as a senior investment consultant in New York.

Brett Horton, previously a director with Duff & Phelps, has joined as a senior consultant to help further enhance Mercer's investment manager operational risk assessment service.

Chris Kohler, most recently with Entrust and previously with Hewitt EnnisKnupp, has joined as a senior consultant supporting Mercer's endowments and foundations business.

Greg Korte, previously founder and principal of Korte & Associates Consulting, has joined Mercer as a senior consultant and head of its custody consulting business in North America.

"We are building additional delivery capacity ahead of further anticipated growth in our investment consulting and fiduciary management business. We've been experiencing robust growth, and need to add senior, experienced, high quality staff," said Rich Nuzum, head of Mercer Investments in North America.

Charles Schwab has hired **Bruce McDougal** as vice president in its compliance team.

He previously held the title of director of regulatory strategy, securities lending and finance at BlackRock, and is a frequent speaker at securities lending conferences in the US and UK.

Prior to joining BlackRock, he served as senior counsel at Barclays Global Investors.

Bank of America Merrill Lynch has hired **Jason Kendall** as director and stock loan trader in its Hong Kong office.

Kendall will report to Manish Ghia, managing director and head of the stock loan desk.

He previously served as director in securities lending at Credit Suisse in Hong Kong.

Lombard Risk Management has appointed CFO **Nigel Gurney** to its board.

Gurney has 20 years of experience in financial services. He previously served as CFO at independent banking company Lepe Partners LLP.

John Wisbey, CEO of Lombard Risk, said: "I would like to welcome Gurney to the board on behalf of myself and my fellow directors. We are confident that the experience he brings to the Board will be an asset to the company."

Gurney also commented on his new role: "I am delighted to be joining Lombard Risk at this time and to be part of a team that has achieved demonstrable growth over the last number of years."

Chris Edge will become the new head of HSBC Securities Services (HSS) Luxembourg, effective 22 September.

Edge joins HSBC from Allfunds Bank International, where he was head of the Benelux business.

He will also be responsible for the HSS business in Luxembourg and leading its growth agenda.

He will report to Arjun Bambawale, head of HSS Europe and will join the executive committee of HSBC in Luxembourg led by Nigel Fielding, country CEO for Luxembourg.

Edge said: "I have been impressed with the drive of HSBC to re-establish HSS to a leadership position in Luxembourg, complementing its status as a leading global player. I am delighted to have an opportunity to play a leadership role in delivering to this strategy."

Bambawale added: ""Luxembourg is a key growth market for HSS and we are very pleased to have [Edge] joining the team. His experience in the Luxembourg market and more broadly in the securities and funds business positions him well to drive our growth agenda in Luxembourg".

The former president of the Budapest Stock Exchange, Attila Szalay-Berzeviczy, is to head Raiffeisen Bank International's (RBI) group securities services business line.

The business line is responsible for servicing the largest domestic and international institutional clients in Austria and across Central and Eastern Europe.

Szalay-Berzeviczy, who has been acting as a senior advisor for RBI in the past year, will join the bank on 1 November and will be responsible for managing some 230 people within the group. SLT

SLT SECURITIESLENDINGTIMES

Editor: Mark Dugdale
editor@securitieslendingtimes.com
Tel: +44 (0)20 8663 9620

Reporter: Stephen Durham
stephendurham@securitieslendingtimes.com
Tel: +44 (0)20 8663 9622

Reporter: Catherine Van de Stouwe
catherine@blackknightmedialtd.com
Tel: +44 (0)20 8663 9629

Editorial assistant: Tammy Facey
tammyfacey@securitieslendingtimes.com
Tel: +44 (0)20 8663 9649

Publisher: Justin Lawson
justinlawson@securitieslendingtimes.com
Tel: +44 (0)20 8663 9628

Published by Black Knight Media Ltd
Provident House, 6-20 Burrell Row,
Beckenham, BR3 1AT, UK

Company reg: 0719464
Copyright © 2013 Black Knight Media Ltd.
All rights reserved.

Untouched opportunities in Finland

Lago Kapital, the leading Finnish securities finance broker. Contact us to find out more.

LAGO KAPITAL

Lago Kapital Ltd
info@lagokapital.fi

www.lagokapital.com
tel. +358 10 320 8950

Providing our clients with superior resources to achieve their security financing needs

Cowen Equity Finance Group (CEFG) is our specialized securities lending platform providing:

- Expertly sourced domestic and international equity and fixed income securities
- Large counterparty network
- Proprietary technology platform
- Stringent risk management
- Customized solutions

Cowen Group, Inc. is headquartered in New York and has offices located in major financial centers around the world.

For further information, please contact Rory Zirpolo at +1 (646) 562-1481

Cowen Equity Finance LP is a fully owned subsidiary of Cowen Group, Inc. (NASDAQ:COWN).

www.cowen.com

Member: FINRA & SIPC