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## Markit's Pierre Khemdoudi
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## Data To-Do-List
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The mood is positive in Asia

## OCC’s $1 billion repo facility: pension fund revealed

CalPERS has been named as the US pension fund that collaborated with OCC, with the help of third-party securities lending agent eSecLending, to develop a product that will diversify OCC’s portfolio and increase its committed liquidity resources.

The pair sought out CalPERS to assist in the development of the product—an arrangement that is also expected to offer a healthy risk-adjusted return for the pension fund.

The combined efforts of OCC, eSecLending and CalPERS has resulted in the establishment of a pre-funded, $1 billion committed repo facility.

It increases OCC’s overall liquidity resources from $2 billion to $3 billion, while diversifying its committed lenders to include qualified pension funds in addition to the existing participant base of banks and broker-dealers.

The fully collateralised facility offers OCC a source of access to liquidity while maintaining CalPERS’s conservative risk profile.

“The diversification of OCC’s committed lenders to include CalPERS in addition to our existing base of banks and broker-dealers ensures that sufficient capacity is maintained at all times, which is critical to central counterparties like OCC,” said Craig Donohue, executive chairman for OCC.

“Expanding our liquidity resource pool to draw on non-bank facilities allows OCC to meet payment obligations to clearing members in a timely way, thus promoting the uninterrupted flow of financial markets.”

Committed liquidity facilities such as these ensure that sufficient capacity is maintained to fund payment obligations to clearing members quickly and efficiently, ideally promoting the uninterrupted flow of financial markets.

The US Securities and Exchange Commission published a notice of no objection to OCC’s initial plans in the Federal Register in January.

John Fennell, executive vice president of risk management at OCC, commented: “We are very pleased to lead our industry by expanding the scope of committed liquidity facilities for central counterparties, given the significant changes that are occurring in the banking industry.”

“With the phasing-in of new bank capital requirements affecting these types of arrangements, we anticipate that the supply of committed credit facilities from banks may contract.”

As administrative agent for the facility eSecLending will support CalPERS with all aspects of the transaction.

“The collateralised facility offers CalPERS an attractive yield within a tightly controlled operating environment and addresses OCC’s desire to establish right way risk in their funding sources,” said Chris Poikonen, executive vice president at eSecLending.

“We at eSecLending identified the need and developed the solution to address this need. OCC was interested in securing supplemental sources of liquidity from a diversified set of non-bank and non-clearing member cash providers, as a means to augment their existing funding through traditional bank credit facilities.”

“This need has presented a unique opportunity for institutional investors to invest short-term cash on a fully collateralised basis backed by government collateral and excess margin with a highly-rated counterparty at a competitive yield.”

## Northern Trust provides securities lending to PPF

The Pension Protection Fund (PPF) has appointed Northern Trust to provide securities lending and custody services for its £20 billion in pension assets.

PPF, known as the UK’s ‘pension lifeboat’ fund, offers compensation to members of defined benefit schemes if their employer does not have enough assets to pay out.

Northern Trust will also provide collateral management and performance measurement services to the fund.

PPF has more than 200,000 members and helps about 11 million people in the UK through 6,000 defined benefit schemes. The fund has multiple asset managers and invests across various asset classes.

Andy McKinnon, CFO of PPF, said: “We appointed Northern Trust based on their proven expertise in supporting some of the most advanced pension funds in the UK and continental Europe.”

He added: “As our assets continue to grow we look forward to working with Northern Trust as they deliver innovative solutions to support our evolving requirements.”

Northern Trust now services five of the top 10 pension funds in the UK, representing more than £240 billion in assets, or about 20 percent of the UK pensions market.

Penelope Biggs, head of Northern Trust’s institutional investor group in Europe, the Middle East and Africa, said: “We are proud to have been appointed by PPF as they evolve in terms of scale and sophistication.”

She added: “The retirement market in the UK faces dramatic change, particularly around defined benefit schemes, and our expertise and proven track record positions us to support the PPF with flexible and creative solutions tailored to their specific needs.”

## SLTINBRIEF



## Old Mutual chooses CloudMargin for collateral management tech

CloudMargin has been selected to provide collateral management technology for Old Mutual Global Investors, the implementation of which was successfully completed in January 2015.

The company has previously focused its web-based services on the needs of firms such as corporate treasurers, insurers, pension funds, banks and asset managers

"We are delighted that CloudMargin has been selected by Old Mutual Global Investors and it has been a privilege to add them to our rapidly growing client base. It shows that our solution is scalable for every type and size of buy-side institution," said Andy Davies, founder and CEO of CloudMargin.

Dan Cunningham, head of investment operations at Old Mutual Global Investors, added: "I've been really impressed by the system's functionality and by how straightforward the onboarding process was."

"CloudMargin has also been very responsive to our requests for enhancements."

Illuminate Financial Management recently invested in CloudMargin, as the technology company eyes the next phase of its growth.

## SWIFT: impact of regulation is a key concern

Regulation, automation and financial crime compliance initiatives are top priorities for the investment management industry in 2015, according to new research from SWIFT.

The survey assessed the current and future operational needs of the buy side, with a view to determining potential solutions around automation, standardisation and collaboration.

It was conducted in the spring and summer of 2014 with six of the 10 largest investment management firms and their counterparts at more than 30 investment management houses from around the world.

The heavy impact of regulation on investment managers was highlighted as a key issue.

Managing regulatory reporting and compliance is taking up considerable time and effort. As a result, less time is available to innovate and respond to new clients.

Inefficiencies in corporate actions processing was also singled out. SWIFT stated: "There is clear appetite for a single, authoritative source of reliable corporate actions information (perhaps as a shared utility), and greater demand for enforceable rules binding issuers."

SWIFT claimed that a lack of standardisation is hampering post-trade efficiency, with communication requiring a greater use of message standards.

A lack of standardisation in post-trade processing of transactions and the need for new forms of fund distribution support are also needed, according to SWIFT, while post-crisis regulation is prompting investment managers to address the cost and risk of managing collateral.

"This research into the investment management industry shows that there are visible pain points that operations executives will need to address in 2015 and beyond," said Fabian Vandenreydt, head of markets management at Innotribe and the SWIFT Institute.

"With 90 percent of all assets under management connected to the network, SWIFT is uniquely placed to help the investment management industry address these evolving market challenges."

"Collaboration is key and SWIFT is ready to help facilitate an industry-wide movement towards increased efficiency and standardisation for all market participants; lowering costs and improving visibility on cash and assets."

## Clearstream sees increases across the board

Clearstream's global securities financing (GSF) business reached a monthly average outstanding of €629.5 billion in February.

The combined services of triparty repo, securities lending and collateral management saw a collective increase of 8 percent, reaching €629.5 billion, compared to €581.1 billion in February 2014.

GSF monthly average outstanding year-to-date has so far increased 7 percent compared to last year. For 2015, the monthly average outstanding is €616 billion, compared to an average of €576 billion at the same time in 2014.

Investment fund services (IFS) processed 800,000 transactions in February 2014, a 17 percent increase on 700,000 in February 2014.

Year-to-date, IFS transactions increased by 11 percent from 1.5 million in 2014 to 1.7 million in 2015.

Assets held under custody on behalf of customers increased from €12.1 trillion in February 2014 to a record high of €13.2 trillion in February 2015.

Securities under custody in Clearstream's international business, the international central securities depository (CSD) and in the local German CSD also saw increases of 9 percent.

## Short sellers eye Japanese electronics firms

Consolidation and risk separation are trending among Japanese electronics manufacturers, according to Markit, as firms with concentrated consumer exposure are facing pressure from component commoditisation and smartphones.

Sharp, Casio and Nikon currently make up the top three most shorted stocks on the Nikkei 225 despite renewed government efforts to actively help the country's exporters by actively devaluing the yen.

Markit's Relte Schutte said: "Sharp has borne the brunt of the recent negative sentiment. Since the end of September 2014, the proportion of shares outstanding on loan for the Osaka-based firm has tripled to 13.9 percent, while its stock has retreated by a quarter."

"Since its formation in March 2014 by Sony, Toshiba and Hitachi, Japan Display has effectively rolled up underperforming display businesses across the industry; a move which mirrors steps taken by the banking industry in the wake of the financial crisis," he added.

These industry movements have effectively left Sharp exposed to the weakening market for displays, developments that short sellers have capitalised on. Schutte said that this trend is set to continue in the near term as the company has quashed rumours of a potential tie-up with Japan Display.

News flow coming from the firm has turned around as of late with the announcement that it was building a new plant under Apple's auspices to supply screens for iPhones from 2016. Short sellers have since retreated

from their highs and the firm's shares have rebounded strongly.

In comparison to Sharp, Casio Computer has delivered strong sales and earnings growth since 2013, with continued growth forecast up to 2016.

"Short sellers have not been convinced by Casio's recent performance translating into future success. Shares out on loan have increased from 2 percent in March of last year to 16 percent in August and have hovered around that mark since, despite a recent share price surge," explained Schutte.

The most short sold of the three firms is Nikon, which has just under 16 percent of shares out on loan after the company announced guidance for the current financial year that missed analyst expectations.

Nikon recently announced that operating income in the instruments division was under pressure, and competitor Canon has recently reported weakness in its camera division caused by the increasing appeal of smartphones.

Short sellers continue to bet on the negative impact of smartphones on electronic component suppliers in Japan, according to Markit.


## Lombard Risk enhances Colline

Lombard Risk's collateral management, clearing, inventory management and optimisation solution, Colline, now supports margin requirements on non-centrally cleared derivatives.

The firm has stated that Colline maintains pace with global regulatory requirements by ensuring that each release includes functionality to enable clients to meet their regulatory obligations in a timely manner. It applies to all capital market participants including clearing houses, banks, clearing brokers and derivatives end-users, in both cleared and non-cleared businesses.

Colline's over-the-counter (OTC) clearing functionality has been available since 2010, and has been continually enhanced to meet evolving global regulations as they come into force.

Functionality within the OTC module is similarly enhanced to meet global margin rules for non-cleared OTC business.

"Users can take confidence in that Colline has been supporting various regulatory initiatives such as the International Organization of Securities Commissions, Basel III, Dodd-Frank and European Market Infrastructure Regulation as they have arisen," said John Wisbey, CEO of Lombard Risk.

"The configurable design allows us to easily adapt and enhance the solution as regulations are imposed rather than having to build new modules to support the ever-changing regulations as many of the other industry vendors have been doing to keep pace."

## OCC's $33.3 million member refund approved

The US Securities and Exchange Commission (SEC) has approved OCC's new equity capital plan, which will result in a reduction in clearing fees and a $33.3 million refund for clearing members.

The equity derivatives clearing organisation will increase shareholders' equity from $25 million, as of the end of 2013, to $247 million.

This will be achieved through retaining $72 million of 2014 earnings, and the receipt of $150 million in equity capital contributions from stockholder exchanges.

In addition, the stockholder exchanges have committed to providing up to $117 million in replenishment capital in case of unexpected losses, which will be increased to $200 million as target capital requirement increases.

This means that OCC will have access to about $364 million in equity capital resources.

The plan is designed to strengthen OCC's capital base and facilitates its compliance with proposed SEC rules that are applicable to 'systematically important' financial market infrastructures.

It also allows OCC to pay a refund of $33.3 million to its clearing members from 2014's fees, while also returning to a lower fee schedule. This means that the average clearing fee will drop 19 percent, compared to current levels.

The alternative would have been an increase in fees, which would in turn have had negative consequences including reduced liquidity and higher costs for investors.

"The capital plan represents the culmination of a year-long process to evaluate alternative means for increasing our equity capitalisation," commented Craig Donohue, executive chairman of OCC.

He added: "Together with our success in building a world class leadership team, and our continued progress in meeting the heightened expectations of our regulators and market participants in terms of our resiliency, OCC will be on a strong footing for the future."

The changes will be effective from 1 April subject to the completion of all regulatory approval actions.

## Brandywine selects SunGard's Apex Collateral solution

Asset management firm Brandywine Global has chosen SunGard's Apex Collateral solution to help it comply with increased regulatory demands and improve reduce counterparty credit risk.

Brandywine Global previously relied on manual workflows but turned to SunGard to help automate its collateral management process and maximise operational efficiencies while mitigating risk.

Apex Collateral will help to support the firm's growing business and comply with pending regulations around bilateral traded derivatives and requirements for the clearing of FX forwards.

The solution also boosts Brandywine Global's clients and investors' confidence that the firm is managing its exposure and monitoring counterparty risk.

Brandywine Global will benefit from the new solution with umbrella agreement structures, consolidated broker-level calls and direct connection with SWIFT.

Mark Solomon, vice president of complex instrument operations at Brandywine Global, said: "Brandywine Global is committed to implementing state-of-the-art technologies that help us increase service levels to give our clients the same capabilities as the largest firms on Wall Street."

"SunGard has a proven track record of success in building technology solutions for asset managers and a clear commitment to developing a long-term collateral management practice."

"Apex Collateral can help us continue to improve our client service, build and support new businesses and enhance our regulatory reporting capabilities."

Ted Allen, head of collateral product management at SunGard, added: "Brandywine Global and other asset managers rely on Apex Collateral to help them expand their businesses by handling the increasing volume of portfolios as regulatory requirements continue to grow in complexity."

"SunGard's expertise helps Brandywine Global maximise its use of technology to keep with the demands of their increasingly sophisticated clients while helping control their total cost of ownership," he explained.

## TTC first to use Prisma

The Technancial Company (TTC) is the first to market with Eurex Clearing Prisma 2.05 real-time margin methodology on its JANUS platform.

TTC is currently the only risk management provider to offer real-time recalculation of portfolio margins across complex portfolios using Prisma.

The JANUS Margin Engine is able to calculate margins according to the different exchange or clearing methodologies in microseconds and highlight the worst portfolio (the one requiring the highest capital allocation) and worst net positions.

Prisma offers a portfolio-based margin approach, which allows cross margining between products as well as across markets cleared by Eurex Clearing. This ensures that the reduced risk profile of portfolios is adequately reflected by lower initial margin requirements.

Mirko Marcadella, global head of business development at TTC, commented: "The Eurex Clearing Prisma methodology has parameters that only JANUS can handle in real-time margin calculations."

"Eurex is encouraging vendors to move to Prisma as soon as possible and, in any event, [Eurex's] risk-based margining (RBM) will be discontinued at the end of 2015. But Prisma is a monster compared to RBM, with more than 2GB of margin parameter files to be processed by vendors every day and 1,000 scenarios, compared to 16 on RBM."

JANUS products are positioned to allow clearers to take advantage of real-time portfolio valuation intraday, not only on open positions but also on the total potential portfolio positions representing the 'worst case' position that may result from execution of open orders, combined with the latest open positions.

## CPMI and IOSCO start stress testing review

The Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) have begun a review of central counterparty (CCP) stress testing.

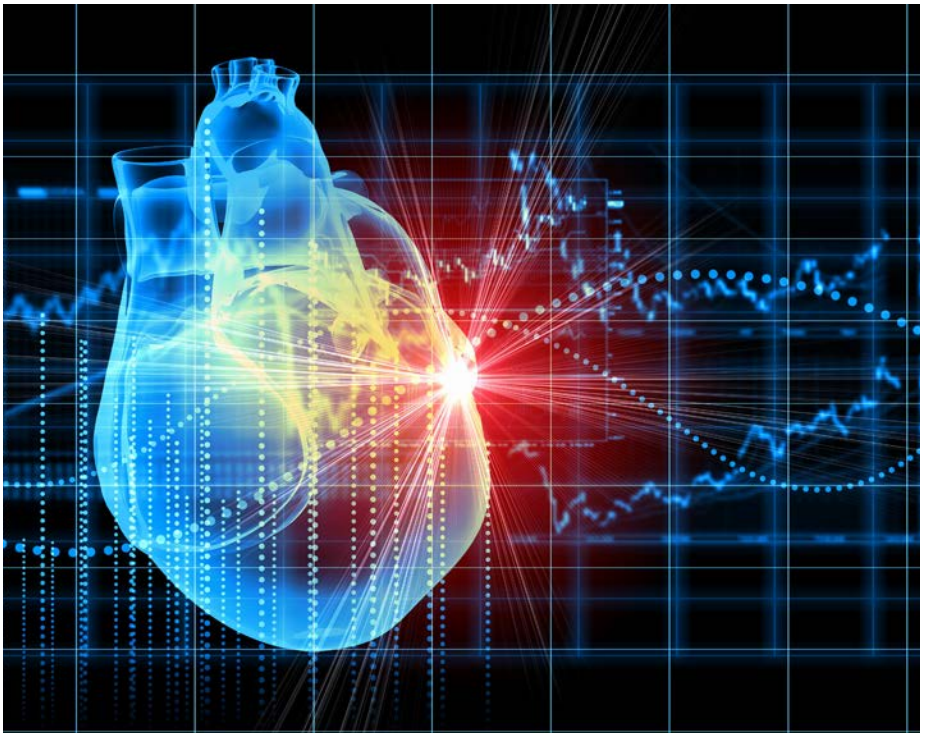
In 2012, the CPMI and IOSCO published the Principles for Financial Market Infrastructures, which requires CCPs to carry out stringent stress testing in order to determine the resources needed to manage credit and liquidity risk.

The tests should include scenarios that cover various extreme but plausible market conditions.

CCPs are growing in systemic importance, partly due to the drive for standardised over-the-counter derivatives to be centrally cleared.

The review intends to identify how relevant standards are being implemented, and whether additional guidance may be required. It will include consultation of CCPs, clearing participants and other relevant stakeholders.

## OpenGamma reaches out to OTC derivatives industry



Structure solutions provider OpenGamma is partnering up with dealers and other participants in the over-the-counter (OTC) derivatives market to deliver an open-source solution for bilateral margin on derivatives trades.

The solution will implement the International Swaps and Derivatives Association's (ISDA) final standard initial margin methodology, which is currently in development and will meet the Basel Committee's requirements due to be implemented in December.

Full transparency and open access to source codes intend to empower industry participants to have an independent and verifiable calculation that, for the first time, will not be controlled by any one entity.

The source code used for calculation of margin will be available to all market participants, and they will be able to use it for their respective utilities and proprietary trading systems. This could lead to an industry-wide consistency that was not previously possible.

The first release of the solution will be a historical value of risk model from the original ISDA paper. This will be followed, subject to industry approval, by a new version based on different methodology.

Source codes will be released on an open-source website and collaborative software development environment, Github.com. Here, all open source models will be in one location, allowing for evaluation and verification of various methodologies, and feedback from market participants.

OpenGamma CEO Mas Nakachi said: "With capital scarce, financial firms are more focused than ever on developing high-value, proprietary innovations rather than re-creating industry-standard methodologies."

He added: "That's why we're working with the industry to streamline and democratise the development of market structure solutions, which also fundamentally reduces operational and systemic risk through the inherent transparency of open source code. We believe the future of

OTC market structure will be driven by the need for transparency and will therefore be based on open standards."

## SS&C GlobeOp's hedge funds make February advance

SS&C GlobeOp has confirmed that the gross return of its Hedge Fund Performance Index for February 2015 measured 2.19 percent, up from 1.18 percent in the previous month.

Hedge fund flows as measured by the SS&C GlobeOp Capital Movement Index advanced 0.66 percent in March, up from a 0.63 percent advance in February.

Cumulatively, the SS&C GlobeOp Capital Movement Index for March 2015 stands at 147.61 points, an increase of 0.66 points over February. The index has declined 1.45 points over the past 12 months.

The SS&C GlobeOp Capital Movement Index represents the monthly net of hedge fund subscriptions and redemptions administered by SS&C GlobeOp. This monthly net is divided by the total assets under administration for fund administration clients on the SS&C GlobeOp platform.

"March data showed a modest gain in the SS&C GlobeOp Capital Movement Index with both inflows and outflows somewhat muted, but broadly in line with seasonal expectations," said Bill Stone, chairman and CEO of SS&C Technologies.

"The overall steadiness of the increase in hedge fund investments is noteworthy in light of recent higher volatility in financial markets. Clearly, there is considerable uncertainty around a number of issues."

Stone cited the direction of central bank policies, the EU response to Greece, the impact of sharply lower oil prices, and heightened international tensions as causes of market volatility.

Despite this, Stone claimed that the data indicates that investors are showing "continued confidence" in alternative markets.

SS&C GlobeOp's data on the GlobeOp platform represents approximately 10 percent of the hedge fund industry.

## Northern Trust: reforms mean more diverse market

A pensions reform in the UK would lead to major changes and a greater diversity of products, but won't completely displace annuities, according to research by Northern Trust and independent forecasting centre Create-Research.

The research outlined five major changes that are likely from eliminating mandatory annuitisation in the UK, stating that diversified income funds are likely to be immediate beneficiaries, and that exchange traded funds will also benefit as the focus shifts towards the impact of fees on retirement balances.

According to the report, defined benefit plan participants will end up migrating to defined contribution funds, and this movement of money will encourage the development of new funds.

It predicted a change in competitive dynamics between insurance companies and asset managers, as insurers evolve to offer additional blended services such as annuity with healthcare, life insurance or disability benefits.

The role of advisors could also change as customised advice will be available to clients with higher savings, and embedded advice will be more common for lower-balance funds.

Penelope Biggs, head of the Northern Trust institutional investor group for Europe, the Middle East and Africa, said: "The reform of the UK pensions market is likely to radically alter the retirement industry as a whole."

"This will result in true innovation and a greater diversity of products from institutions, and more choice for individuals—the impact will be felt across almost the entire population of the UK."

Amin Rajan, CEO of Create-Research, said: "These changes are the most ambitious in living memory and represent a major transformation of the UK pension market."

He added: "Investors will, as a result of the changes, have greater choices in retirement planning, selecting annuities, savings or other investments, but also greater individual risk, raising fresh concerns around the quality of advice and levels of financial literacy across the country."

## New prime of prime service from LMAX Exchange

LMAX Exchange has launched LMAX Prime, a service to provide retail brokers, hedge funds and asset managers with credit intermediation and bespoke liquidity arrangements with access to multiple venues.

The firm will use its prime broker relationships, while also giving clients access to trading on no 'last look' liquidity from LMAX Exchange as well as on other execution venues.

Gareth Bowles, head of LMAX prime sales, commented: "There has never been more demand for the flexibility and cost advantages of prime of prime services than in the current environment."

"As major prime broker banks are either raising capital requirements, dropping smaller clients or exiting the space altogether, LMAX Exchange is perfectly positioned to connect traders with both the needed credit lines and liquidity on multiple execution venues."

Unlike existing prime of prime services that use third-party plug-ins for risk calculations, LMAX Prime makes use of LMAX Exchange's proprietary technology, integrating their low latency pre-trade risk management tool with no impact to the quality of the venue's execution.

Scott Moffat, COO of LMAX Exchange, said: "As with all the services we offer, what will truly mark LMAX Prime as exceptional is our technology, which will allow clients safe, fast, transparent and efficient execution, with unique pre-trade risk management."

A statement from Pordum Investments, a client of LMAX Prime, added: "As a leading technology provider, LMAX Exchange is ideally positioned to offer its clients a full prime of prime solution, and we were attracted by the flexibility of the set-up and wide range of liquidity LMAX Prime can provide."

## SunGard's hottest stocks

SunGard's Astec Analytics has compiled the hottest stocks from around the globe for the week beginning 9 March 2015.

French cement maker Lafarge Coppee (LG. PA) was Astec's top pick for Europe, the Middle East and Africa after news Switzerland-based Holcim rejected its €42 million merger proposal, which would have resulted in the world's largest cement company.

Though seeing some strong sessions, the share's price has been losing ground overall in March, while on the securities lending front, data from Astec suggested short sellers have been taking the opportunity to cover their positions—as borrowing is down 75 percent this month, albeit with comparatively low net volumes.

Also picked out in the region was Swiss offshore drilling services firm Transocean (RIG) following the International Energy Agency's view that the global glut in oil is building, particularly citing the lack of US storage as bringing about further potential supply.

With this, Transocean's shares continued to lose ground during the week, while on the borrowing front, Astec's data showed volumes continuing to edge higher—now up 16 percent compared to this time last month.

In the Americas, Apple (AAPL) was top of the pile after the latest details of its smartwatch were realised, with a launch date set for 24 April 2015.

Mixed expectations for the smartwatch have resulted in the company's stock losing ground—a trend that started towards the end of February.

Astec's data has suggested that short sellers have been slowly increasing positions even as the price fell, with borrowing volumes having now climbed 24 percent in March alone.

Lumber Liquidators Holdings (LL) held its place in Astec's list following a report suggesting its flooring fails certain emission standards. Goldman Sachs recently cut its rating on the company, while Nomura suspended its coverage entirely.

While its shares have seen some volatility in the cash market, Astec's numbers have suggested short selling activity has picked up again following a spurt of covering after the price drop. Borrowing volumes recently climbed 21 percent.

In Asia, Chinese sportswear brand Li Ning Company (2331.HK) has been singled out after it said it has signed a strategic partnership with makers of the Mi smart wristband, Huami Technology, in an attempt to move into the burgeoning wearable technology market.

"While its share price has been making decent gains this month, now reaching a point where it started 2015, Astec's data also hints at some short covering since the start of February—since which point borrowing volumes have fallen 23 percent."

Finally, Japanese tech giant Sharp (6753) has made its way once again into Astec's list after it confirmed it is not considering merging its troubled display business with rival company Japan Display.

On the borrowing front, short sellers have been building positions in the company since the start of 2015, in which time the number of Sharp shares being borrowed has climbed 15 percent.

## Clearstream and ICE team up for collateral

Clearstream and ICE Clear Europe are collaborating to create a triparty margin collateral management service, linking the

London-based central counterparty (CCP) to Clearstream's Global Liquidity Hub.

Customers of the Clearstream international central securities depository (ICSD) will be able to use the Global Liquidity Hub to manage margin requirements at ICE Clear Europe, while ICE clearing members will have a link, through the hub, to triparty collateral management.

ICE Clear Europe members can deposit securities and use them as collateral, managing their risk exposures in an automated and efficient collateral environment.

The new service supports a move to improve stability of capital markets through increased trades. It is designed to help prevent bottlenecks when sourcing the correct high-quality collateral to meet the CCP's margin requirements.

Stefan Lepp, head of global securities financing and member of the executive board at Clearstream, said: "ICE Clear Europe customers will now benefit from streamlined triparty collateral management through our Global Liquidity Hub."

He added: "This new partnership is part of our strategy of enabling customers to use the Global Liquidity Hub as a single source of liquidity to collateralise multiple global exposures in a streamlined and optimised manner. More importantly, users of the Global Liquidity Hub will be able to manage all cleared activities from a single location."

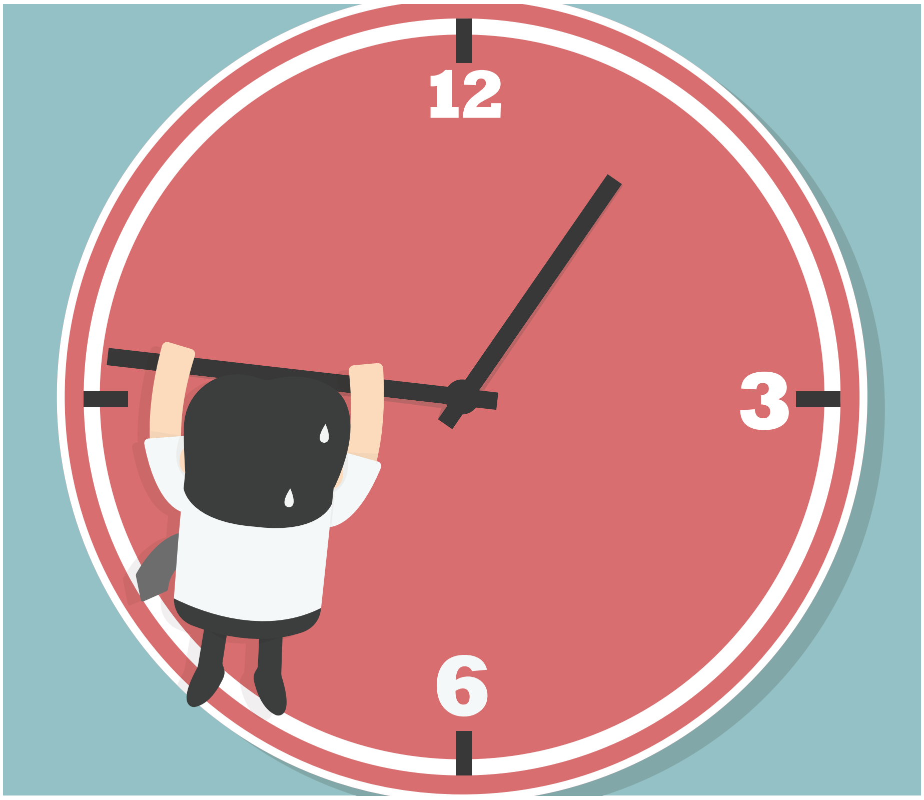
Paul Swann, president of ICE Clear Europe, said: "[We] are committed to providing enhanced clearing services to help members comply with new regulatory requirements. Clearstream's triparty collateral solution provides ICE Clear Europe members with an additional and efficient way of meeting initial margin requirements via one of the best linked collateral pools globally."

## 4sight enhances support for agency lending disclosure

Financial software company 4sight has developed new support for the agency lending disclosure (ALD) process, allowing borrowers to reconcile trades booked in 4sight Securities Finance (4SF) against what is booked in the lending agent's system.

The new functionality offers the ability to send automated messages to risk and finance departments with reporting on exposures to underlying beneficial owners.

All of the underlying principals to a trade in 4SF can now check if they have been authorised as a counterparty by the borrower. This allows the borrower to then notify the agent in the event of discrepancies.




"ALD is a cumbersome regulatory requirement for many market participants. We have updated our functionality to increase straight-through processing and improve communication with the risk and finance departments," said Martin Seagroatt, 4sight's global marketing director.

"The 4sight ALD module now offers clients greater transparency and increased awareness of counterparty credit risk, while reducing the operational complexity of the ALD process."

## Changes to derivatives margin requirements delayed

Changes for margin requirements for non-centrally cleared derivatives will be delayed by nine months, the Basel Committee and the International Organization of Securities Commissions (IOSCO) has agreed.

Revisions to the margin requirements framework were originally published in September 2013, after two public consultations. Because of the complexities around the changes, implementation for both initial and variation margin will be extended.

The committee and IOSCO also agreed that they would adopt a phase-in arrangement for exchange variations margins.

The beginning of the phase-in period for collecting and posting initial margin on non-centrally cleared trades will be moved from 1 December 2015 to 1 September 2016, with the full phase-in schedule being adjusted to reflect the delay.

Progress of implementation will still be monitored to ensure consistent implementation across products, jurisdictions and market participants. This includes monitoring domestic rule-making as well as guidance on validation and back-testing.

IOSCO and the committee will also liaise with the industry as participants develop initial margin models required for compliance. This engagement is intended to ensure that emerging quantitative margin models comply to the framework, but will not review of approve any particular initial margin model.

## Year-on-year sec lend decrease for BM&FBovespa

Securities lending revenue in Q4 2014 reached $6.2 million at Brazilian central counterparty (CCP) BM&FBovespa.

This total made up 3.4 percent of the CCP's total revenue, standing 10.6 percent lower than Q4 2013.

The decrease was explained mainly by an 11.9 percent decrease in the average financial value of open interest positions in the same period.

# Market convergence

Markit managing director of securities finance Pierre Khemdoudi provides an update on a key collateral initiative that will be presented at the Securities Finance Forum in London, and runs through the discussion points

MARK DUGDALE REPORTS

### The fifteenth Securities Finance Forum is fast approaching—what does the event mean to Markit?

We have been hosting our Securities Finance Forum for 15 years. As a company, we have always been at the heart of the market and this forum is very important for participants as it is a great place to hear from industry leaders. It is also the only place to get a complete 360-degree view of the market. Participants come to join the discussion from all corners of the securities finance market, including beneficial owners, custodians, lenders, prime brokers and hedge funds. We continue to challenge ourselves and have conversations with our customers to ensure the panels are relevant and fresh. This year is no exception.

### There will be a dedicated ETF presentation on the agenda—what will that entail?

We will provide a brief update on an exciting industry-wide initiative involving the use of exchange-traded funds (ETFs) as eligible collateral. The genesis of this is really that regulation is creating demand for greater use of collateral while ETFs have historically been an asset class that has been difficult to integrate into collateral eligibility schedules. Markit is leading a project that aims to help borrowers and lenders optimise their ETF products within collateral eligibility schedules.

The initiative is about creating a schedule of eligible ETFs that that are acceptable to agent lenders for use within their collateral eligibility schedules. Markit is well positioned to help the industry because we are independent and understand the securities finance market. We also have deep domain expertise through our holistic ETF datasets tracking more than 6,000 ETFs globally. We can drill down to the meta data to show how they are composed, their assets under management, their strategies, and so a whole suite of information that collateral managers would need to know before they could consider including a basket of ETFs within eligibility schedules.

With this information we are making ETFs more relevant to the securities finance business. It is still early days, but the ultimate goal is to help stimulate the ETF market, especially create to lend in Europe.

### The first panel of the day aims to set the scene—what will it cover?

Prime brokers and agent lenders will use the panel as an opportunity to take the pulse of the securities finance industry. It will look back at 2014 and review the year. The panellists will also pose questions about winning strategies from last year. We will also assess how the market is coping with new regulation, such as the liquidity coverage ratio and Basel III. This year will stand out as the year for implementation.

When thinking about winning strategies, the panel will probably focus on short interest around US initial public offerings, as well as merger and acquisition activity. We will present data so attendees will receive a useful holistic view of what the market looked like in 2014, as a foundation for what to expect in the future.

### The second session will see the buy side take to the stage—what can we expect from them?

This is a buy-side session that will almost be a mirror image of the first panel. The panellists will share their views on the securities finance industry and while the buy side's interests are aligned with lenders, they also have their own agenda. There are genuine questions about the costs of indemnification, the broadening of eligible collateral, and the use of term structure trades, especially around equity repo.

All of this will be of interest to our attendees, because some them are providers of liquidity, while others are takers.

### Why did you decide to end the day with a panel on repo, stock loan and synthetics?

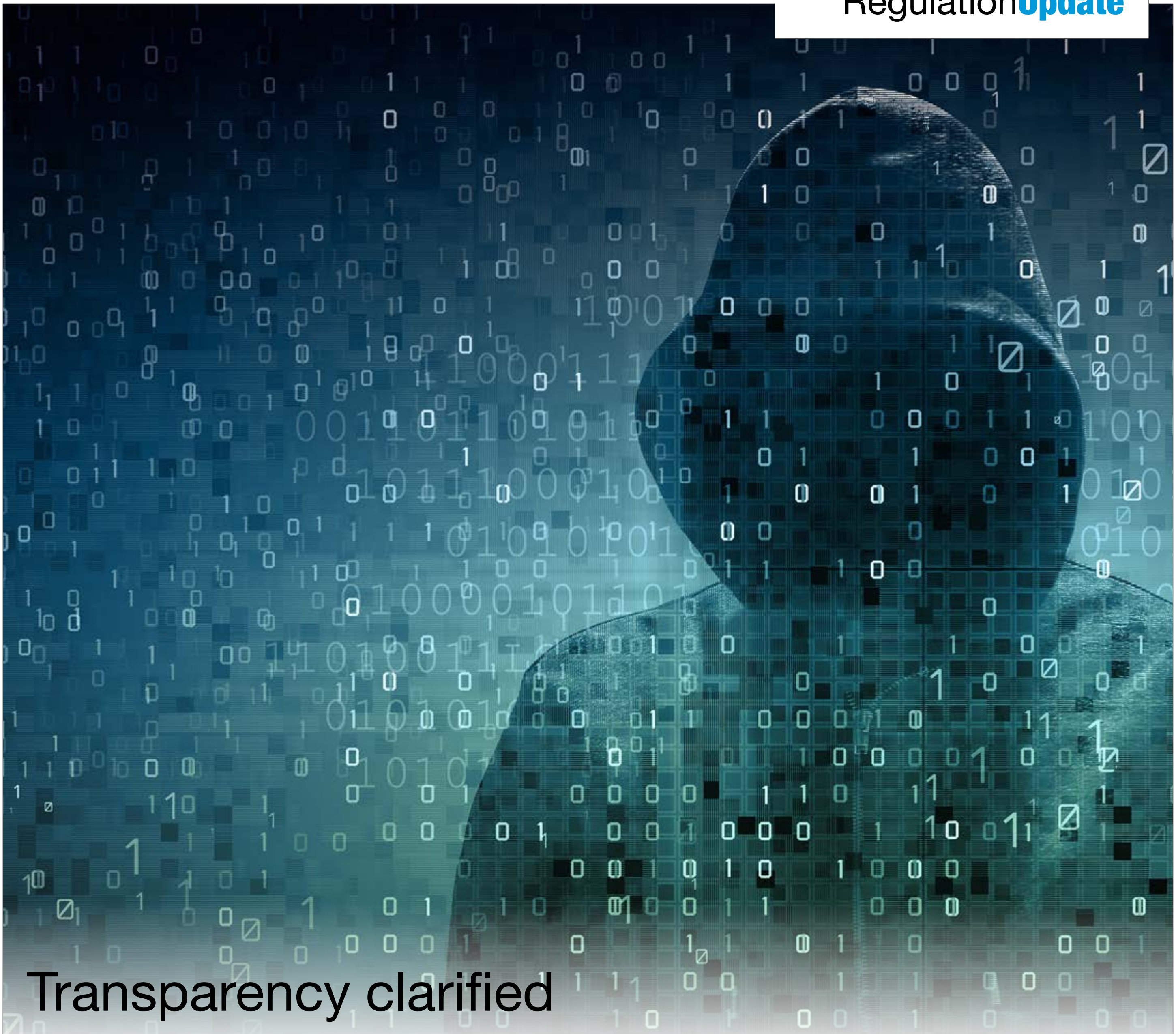
Our hope is that the first two panels will essentially act as a building block for the final panel, which will look at the future of securities finance industry and what lies ahead for us. It will look across all of securities finance, which is why it has been broken down into repo, stock loan and synthetics. We want to steer the conversation to consider market structure, and more importantly, the increasingly blurred lines between repo, synthetic lending and traditional securities lending. We have assembled a mixed panel to be able to navigate through these three main businesses and try to understand what the future will hold.

### How important are synthetics becoming to securities finance?

Synthetics have always been there. What we think, and hopefully our panel will shed more insight on, is that when capital consumption is taken into consideration, synthetics are a very efficient product. Add central counterparties (CCPs) to this and it becomes an even more efficient mechanism.

In theory, synthetics offer the same economic returns as using a repo or stock loan, but without the capital considerations. Although they have been available for years, synthetics are mainly traded by banks, and we believe that capital consumption will change the industry's dynamic as some securities lending business moves to CCPs. These are good questions to be posing to our panel. **SLT**

“With this information we are making ETFs more relevant to the securities finance business. It is still early days, but the ultimate goal is to help stimulate the ETF market, especially create to lend in Europe”



# Transparency clarified

## The collection and aggregation of securities finance transaction data will be a complicated business. Recommendations were put to the FSB in February

MARK DUGDALE REPORTS

The Financial Stability Board's (FSB) overhaul of 'shadow banking' includes two yet-to-be completed reforms of securities financing transactions. Chair Mark Carney said in a letter to G20 country finance ministers and central bank leaders in early February that the board plans to complete much of its work in this area by the end of 2015.

Carney's comments came ahead of a 12 February deadline for feedback on the FSB's November 2014-issued proposed standards and processes for global securities financing data collection and aggregation. The board received 21 responses that it made public at the end of the month.

While the feedback was generally supportive of the FSB's proposals, there were concerns about the inclusion of certain fund types, regulators' ability to manage data collection and aggregation, and reporting on collateral re-use.

In its response, European asset management firm Amundi expressed disappointment over reverse repos and securities lending being considered securities finance transactions under the FSB's definition.

The asset management firm said it is "very sorry" to see that reverse repos and securities lending are now called securities finance transactions, "a wording that does not reflect the way they are conceived by asset managers".

Only hedge funds should be included in the scope of any regulation of securities finance transactions, argued Amundi, because asset managers rarely use repos or borrow securities. A notable absentee from the list of respondents was anyone representing hedge funds. The Alternative Investment Management Association did not provide a response, although it is believed to be following the discussions closely.

In its response, Amundi went on to argue that UCITS funds should be entirely exempt, while alternative investment funds that use significant leverage "are the only ones that can present any risk at a systemic level".

Asset managers are closely regulated and supervised already, and so reporting should not be used as a means to "introduce new regulation".

"[The FSB's recommendations] should remain limited to its role of getting better information in order to ensure financial stability and track systemic risk."

The Life Insurance Association of Japan, which represents all 42 life insurance companies operating in the country, was similarly reluctant for its members to be caught up in recommendations for data collection and aggregation that "are being put forward against the background of concern about excessively leveraged transactions being conducted via repos and securities lending".

The association argued: "There is no concern about the insurers in Japan, for example, are sufficiently supervised and monitored by regulatory authorities with regards to liquidity risk management. Thus, we think that adopting uniform regulations is not appropriate."

BVI, the German investment fund and asset management association, is worried that additional reporting of securities financing transactions will overburden its members. "Highly regulated investment funds already have to adhere to the reporting obligations of securities financing transactions as required by the UCITS/Alternative Investment Fund Managers Directive and the national central bank."

"National regulators should use this information in the collection of data for securities financing transaction before requiring further reporting. We encourage the FSB to take into consideration these already existing reporting obligations when drafting the standards and processes for global data collection and aggregation in order to avoid any overlapping requirements. Furthermore, it could also be useful to harmonise trade reporting with existing European Market Infrastructure Regulation and Markets in Financial Instruments Directive transaction reporting obligations."

This point is doubly apparent in Europe, where the European Commission is pressing ahead with plans to implement a regulation for securities finance transaction reporting, which commentators have suggested goes above and beyond what the FSB is proposing.

## It's the regulators who should be worrying

The International Capital Market Association's European Repo Council expressed concerns about the workload facing regulators that have to collect data about the repo market in Europe. "We question the manageability of the huge volume of transactional data that would be generated by the repo market alone. And even comprehensive data is no substitute for market expertise and skilled interpretation."

Instead, the European Repo Council suggested that the FSB should consider collecting data directly from central counterparties (CCPs), electronic trading platforms and triparty agent repo systems. "In the European market, these may account for perhaps over 80 percent of repo business," it explained in its response.

"Huge economies of scale and timing advantages are therefore available. Such data also comes without double-counting and with greater consistency and accuracy. Moreover, for obvious confidentiality reasons, the identity of counterparties to CCP-cleared transactions (except those registered post-trade) is only possible with data from CCPs."

In their joint response, the Risk Management Association (RMA), Pan Asian Securities Lending Association (PASLA) and the International Securities Lending Association (ISLA) said they want to see reporting of securities lending positions be at the same level that agent lenders routinely report their exposures to borrowers, under the agent lender disclosure (ALD).

ALD was adopted by agent lenders in Europe and North America as a mechanism of reporting to borrowers all securities lending exposures to underlying beneficial owners, explained the associations, and its adoption by the FSB makes sense because "this type of reporting is already in use by much of the market and it would appear to capture a reasonable proportion of the requirements".

The associations added: "The mechanisms for reporting collateral need to be further considered as when investors receive collateral against their securities loans, they generally do so on a portfolio basis. This means that individual items of collateral cannot be tied to individual transactions or positions. However, the separate data elements for collateral suggested within the latest consultation should facilitate the appropriate alignment of loans and collateral on a portfolio basis."

Agent lenders are in a good position to submit data to the appropriate local regulator, explained the associations.

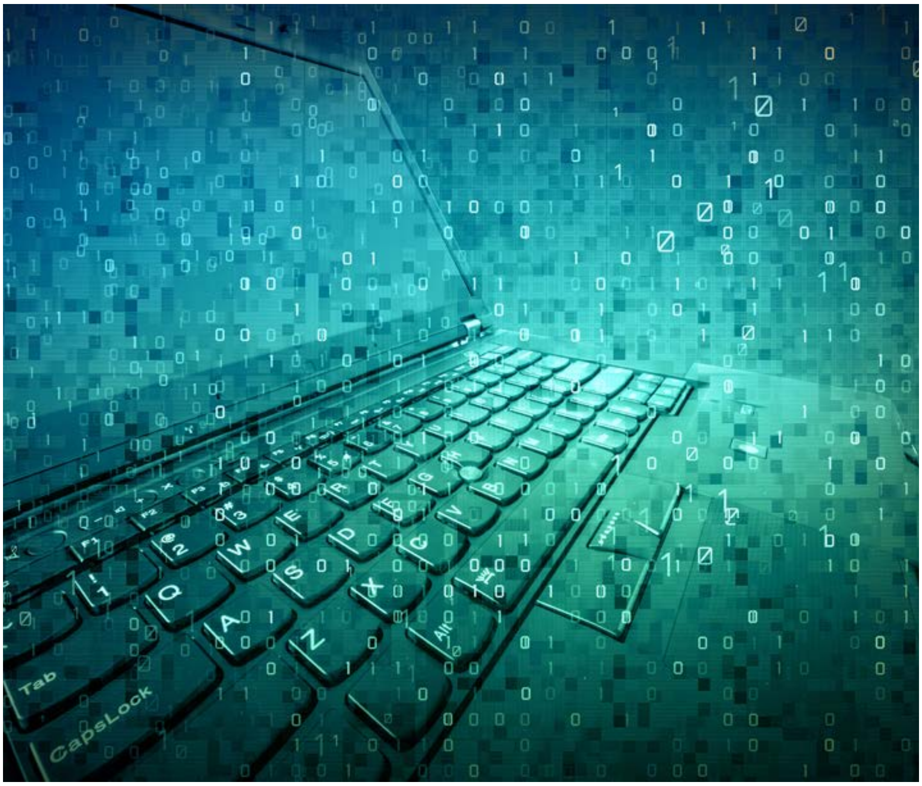
"This is operationally more straightforward and less subject to error or double counting."

"It simplifies the clarification of who is responsible to report transactions and to whom, where elements of the transaction itself may touch a number of jurisdictions (such as the jurisdiction of the underlying principal lender, borrower, issuer of the security being lent, issuer(s) of the collateral received, and of the vehicle in which any cash collateral is invested, etc). This structure would also avoid issues with proper matching, cleansing, and subsequent interpretation of data by the local regulator and by the FSB."

"Conversely, if each participant in a transaction is required to report the same trade, the supranational regulator will be required to match and eliminate duplicate trades as this task cannot be accomplished at the national level if the lender and borrower are in different jurisdictions. The use of a consistent identifier such as the legal entity identifier (LEI) would help reduce the potential of the multiple counting of trades."

The use of LEIs was a common suggestion among the responses. Financial services company Markit, whose securities finance division's dataset covers more than $15 trillion of global securities in the lending programmes of more than 20,000 institutional funds, said in its response: "We believe that, in order to avoid the potential double counting of transactions and/or positions, the use of identifiers such as LEIs and consistency across jurisdictions will be required."

The associations added: "Whilst we recognise that various regulators will potentially employ different methods of collection, we therefore think that it is vitally important that data standards, definitions and aggregation methodologies are applied consistently, otherwise it will be difficult to both reconcile and consolidate positions at the global level."




"This should include distinction of data being submitted, ie, repo, securities lending, margin lending, as it is important to minimise data reporting overlap and facilitate data cleansing."

## Collateral considerations

The issue of how data on collateral re-use or rehypothecation will be captured under the FSB's plans was pondered by respondents, with the European Repo Council explaining: "Collateral re-use will be difficult to capture given that securities are not issued in definitive form."

"However, given that the regulatory interest in re-use is assumed to derive from concerns over interconnectedness and potential contagion at a systemic level, the problem can be narrowed down to the largest global banks. In this case, periodic reporting of positions between such banks, broken down by types of collateral, should suffice. This data could be combined with existing large exposure regulatory reporting requirements."

The RMA, PASLA and ISLA were keen to point at that, while re-use is not practiced by every participant, those that do employ highly complex collateral management practices, suggesting that reporting on it accurately might be difficult.

"It is important to recognise that any subsequent re-use or rehypothecation of collateral is typically driven by the aims and objectives of the receiving party and there is a clear distinction between institutional lenders and brokers or banks that may hold and think about collateral very differently."

Jurisdictions in which non-cash collateral models have developed, such as those in Europe and Asia, allow for the full title transfer of collateral from the borrower to the lender, according to the associations. "This allows for legal certainty, particularly where a lender may have to take control of the collateral in a bankruptcy situation."

"However, full title transfer of collateral also infers that the lender has full and unencumbered rights over that collateral, including the right to re-use it if they so desire. Notwithstanding this, market convention today is such that very little collateral received by institutional lenders is actively re-used with most being held within triparty collateral arrangements."

"Where banks using securities lending techniques receive collateral, it is normally held in a central pool and managed as part of the banks' overall liquidity process. Consequently and unlike the institutional lending sector, collateral received here is likely to be re-used."

"Large financial entities will have multiple sources and uses of securities, including from investment, securities market making and trading, asset and liability management, securities financing transactions and margining (eg, initial and variation margins)."

"As a result of all these sources and uses, securities will be flowing in and out, with multiple transactions in any given line of securities (ISIN) occurring on a daily basis," explained the associations. **SLT**

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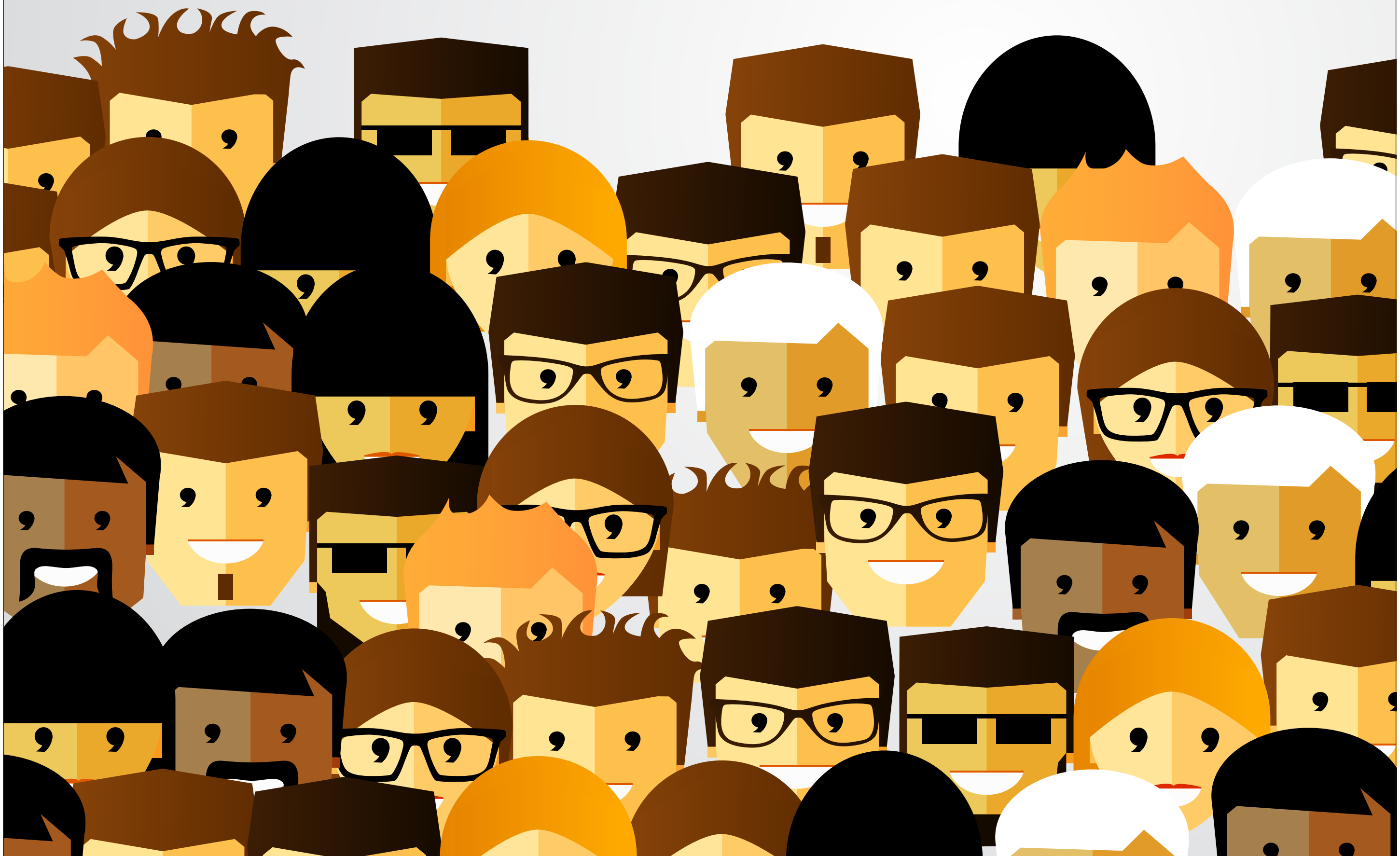
# Ask the audience

## Despite being a region still in its securities lending infancy, Asia already has the dedicated PASLA/RMA conference to test the mood of its markets

STEPHEN DURHAM REPORTS



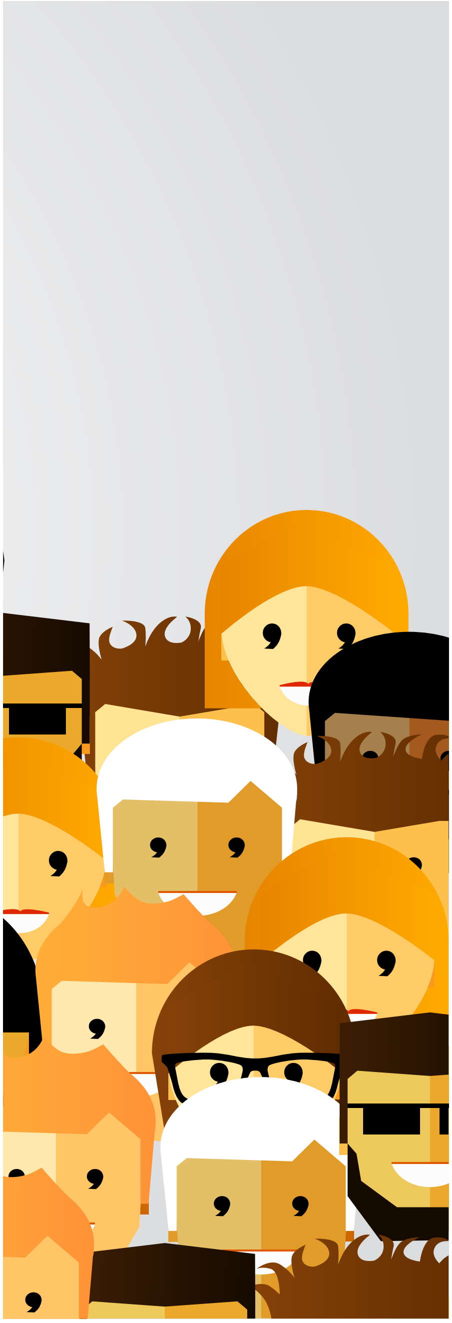
Given the economic ascendency the Far East has experienced in recent decades, it is easy to understand why there was a tangible sense of excitement in the air at the Pan Asia Securities Lending Association/ Risk Management Association (PASLA/RMA) Conference on Asian Securities Lending at the beginning on March.

The sessions were led by a variety of industry leaders and Asian experts, with panel discussions and audience participation very much the order of the day. During the first session, the past, present and future of the Chinese economy was discussed. The speaker claimed that China will be faced up with relatively lacklustre domestic and external environments, while the strong US dollar could well weigh down the renminbi exchange rate and undermine Chinese enterprises' competitive edge in the export market.

The speaker also stated that domestic deflation pressure is looming as GDP growth and inflation retreats, with the government expected to relax policy measures across the board, vigorously promote implementation of the reform initiatives, and maintain abundant market liquidity. In addition, industry patterns are predicted to change in the coming years. According to the speaker, traditional industries are expected to re-gain the growth momentum after 'downsizing', the three industrial clusters will become the new pillars of the economy, and financial assets will become the first choice during asset allocation.

With the scene set for more detailed discussions on securities borrowing and lending in Asia, the next session was to focus on the Chinese markets themselves. Inevitably, it was not long before the ever-looming spectre of regulation reared its head. Perhaps unsurprisingly, an overwhelming 96 percent of the audience agreed that onshore China should lift its restrictions on local institutional participation in margin financing and securities borrowing and lending, such as mutual or pension funds and insurance companies.

The Shanghai-Hong Kong Stock Connect programme, which was launched as a conduit into onshore China in November last year, was also an ever-present issue at the PASLA/RMA sessions, and prompted much debate. Since



its launch, there has been a lack of activity in southbound trading, due in part to the absence of genuine demand, according to 64 percent of attendees at the conference.

Fifty-six percent of the audience also felt that the reason for the northbound trading quota's disappointing results, compared to pre-launch projections, was due to "operational issues". Despite these responses, panellists were more optimistic, stating that the only market participants who meet the requisite thresholds for southbound trading have already invested. In relation to northbound trading, the panel claimed that the quota was not, in fact, at a level lower than expected pre-launch.

When asked whether they expected to generate more revenue from securities borrowing and lending in the Asia Pacific region in general during 2015, versus 2014, 65 percent answered to the affirmative.

More specifically, when asked to say which market in Asia they believed will be the most attractive in terms of revenue generation in the next couple of years out of India, China, Indonesia, Malaysia, and Thailand, 91 percent chose China.

While panellists and audience members alike seemed to share optimism for the Chinese market in the future, only 57 percent of the audience thought it was "likely" that agents and beneficial owners will be facilitating regular and consistent swap transactions within the next two or three years.

The PASLA/RMA panellists also felt that the use of central counterparties (CCPs) was another area of importance to the burgeoning Asian markets, with many audience members, by their own admission, in need of some enlightenment. Although 20 percent of the audience claimed to have a "good working knowledge" of CCPs, 38 percent felt they "understood but were interested to learn more" and 42 percent admitted to only possessing a "basic understanding".

After a brief catch-up of the ins and outs of the CCP model, the panel moved onto predictions for developments to come in 2015.

The panel told the audience that there was increased membership at the Japan Securities Clearing Corporation, with trust banks joining the fold, and that the Clearing Corporation of India is currently working to develop netting framework and support for term.

On the securities borrowing and lending front, the panel also stated that India has approved the National Securities Clearing Corporation Limited (NSCCL) as an intermediary, while intermediated models available through the Korea Securities Depository, the Taiwan Stock Exchange and Bursa Malaysia have also become available.

Despite some of the audience's knowledge of CCPs, only 14 percent were found to be currently live with open transactions. Another 32 percent said the implementation process was still ongoing, with open transactions expected within 2015. Perhaps more tellingly, the remaining 36 percent and 18 percent of the audience claimed they were "beginning to review options" and "inactive", respectively.

As well as lowering the risk-weighted assets of broker-dealers, the use of CCPs can also aid the demand-side with issues around the recently finalised liquidity coverage ratio (LCR) and upcoming net stable funding ratio (NSFR) requirements. In recent times, despite much work being done, capital adequacy and liquidity risk have both emerged as big issues that remain unresolved, and each specific country is still unsure of exactly what its own NSFR will look like.

According to those at the conference, while the coming years will be littered with obstacles to overcome in the region, the evolving regulatory landscape will undoubtedly take its place front and centre for the foreseeable future. **SLT**

# Airlines flying high

## Are short sellers still leaving on a jet plane, or are they coming back again? David Lewis of SunGard's Astec Analytics takes a look

As an industry, airlines seem to carry more emotional baggage than others. Is it because that only a few years ago they were typically the flag carriers for nations—the 'home team', if you like? Or is it because you entrust each provider with more than your money when you buy their products? Few other industries' products are responsible for your very safety and wellbeing when you use them, except perhaps parachute makers.

How times have changed. The premium rate flag carriers have been undermined by low-cost airlines with funky brands delivering services more cheaply to a burgeoning market in a fashion not dissimilar to the way Lidl and Aldi have taken enormous bites out of the UK grocery market. Seen as overweight, over expensive and inflexible, the bigger, more traditional carriers have certainly suffered. Alitalia was a particular favourite of the short market for years as it lurched from crisis to bailout to strikes to further losses and more government money, but it was not alone. Even the most prestigious brands, such as Qantas, have suffered similar fates.

The Qantas brand carries a certain weight and confidence to it, probably in part due to often being quoted as the only airline never to have lost a plane or had a crash. This claim is not entirely true. To be pedantic, it has not suffered a fatal air accident since 1951 and never in the jet era of mass transport. Still, it's an amazing record and one that of course stands the airline in good stead. But what of its economic performance, and how does it compare to competitors at home and abroad?

Qantas has had its fair share of troubles. Looking back, an infamous showdown with the employee unions in 2011 led to its chief executive, Alan Joyce, grounding the whole airline in an epic battle of wills—a battle he won. London mayor Boris Johnson should take note.

More recently, 2013 to 2014 saw high fuel prices, a rising Australian dollar and low-cost domestic carriers nibbling at Qantas's 65 percent home market share, and all colluding to bring some severe turbulence. Results were dismal—a record loss of AUD $2.8 billion ($2.1 billion) caused Qantas to lose its investment grade credit rating and seek a government bailout. Meanwhile, Qantas was fighting the likes of Virgin Australia, which was stealing market share as EasyJet and Ryanair have done from the main European carriers.

In times of austerity, it is not unusual to see demand for air travel fall. Companies cut budgets and private households may prefer to holiday at home while money is tight. But when recovery begins, pent-up demand can be released, which is something that the airlines have been desperately holding on for. The short interest levels in the industry certainly indicate a more positive outlook for the sector as a whole.

For its part, Qantas has put an aggressive cost cutting plan in place that is expected to shave $2 billion from the cost base over the next three years, including the loss of 5,000 jobs, which could not have been contemplated before the head-to-head showdown of 2011. Returning Qantas to a profit of AUD $206 million for the second half of 2014 is a remarkable turnaround on any measure and one that has reflected very favourably in the share price (see Figure 1).

Hitting a five-year low of AUD 97 cents in June 2012, it took the next 11 months to rise almost 80 percent before plummeting once more to a near low of AUD $1 at the end of 2013, when more than 74 million shares of Qantas were being borrowed. Now at more than AUD $3, it would suggest that investors in Qantas are looking forward to a brighter future ahead, and this is a view that short sellers seem to support.

Taking borrowed shares as a proxy for short selling shows that short interest in Qantas is at a near negligible level, down some 98 percent from its two-year peak (see Figure 1). RyanAir and Virgin Australia (Qantas's arch enemy) have also fared particularly well, now down 88 percent and 99 percent from their own two-year peaks, with their share prices appreciating 87 percent and 20 percent, respectively. The steep climb in RyanAir's share price has also been the result of a significant turnaround in its fortunes, engineered by its Ireland-born CEO, Michael Ryan (interestingly, Alan Joyce of Qantas and Ryan were both born in Ireland and worked at Aer Lingus).

From a rapidly growing take-it-or-leave-it, no-frills airline, Ryanair's new charm offensive has transformed it from the provider everyone loved to hate into a much more friendly and flexible carrier. Like Qantas, its short interest levels are at a near negligible level, supporting the expectation that share valuations are near optimum or expected to rise.

Over many decades, air travel has been transformed from the preserve of the few to the pleasure of the masses. Recent catastrophic and thankfully exceptional losses have not helped in some quarters, but with the performance and recovery of carriers at both ends of the spectrum, it appears that there is a great deal of good news abroad in this industry, which is looking forward to blue skies and fewer clouds on the horizon. **SLT**

**Figure 1: Shares on loan and Qantas share price, March 2013 to March 2015**


**Source: SunGard's Astec Analytics**

**David Lewis**
Senior vice president
SunGard's Astec Analytics

# Specials grow in Europe

## Despite its recent strong run, the European equity market still sees plenty of investors willing to pay for exposure to the most in-demand short positions

European markets have surged in the last few weeks, with investors having rushed to gain long exposure at the fastest pace on record, if exchange-traded fund (ETF) flows are anything to go by. Investors have not been willing to take the other side of this momentum-driven market, with the average proportion of shares out on loan across the Stoxx 600 index having remained flat since the start of the rally.

One area that has seen activity in the European securities lending market has been the shares that are in most demand from short sellers.

The proportion of shares trading special (a stock loan fee greater than 100 basis points (bps) and of which there is more than $5 million out on loan) among the 2,500 European listed shares that see the most stock lending activity accounts for 8.7 percent, the highest level since the summer of last year.

Most of the recent jump in specials was seen over the last four months when European shares started their recent strong run.

**Industrials lead the jump**

Industrials have traditionally featured prominently among the shares seeing the most demand to borrow from short sellers. The recent bullish market has seen this trend strengthen with 39 industrial shares having traded special in the closing weeks of last year—a number that has since grown more than 10 percent.

Shares currently seeing the highest stock loan fee in the sector include Turkish defence contractor Aselsan Elektronik and German-listed Meyer Burger, which both have a stock loan fee upwards of 900 bps.

This rise in industrial specials goes against the perceived knowledge that the recent steps taken by the European Central Bank will boost the region's export-driven shares.

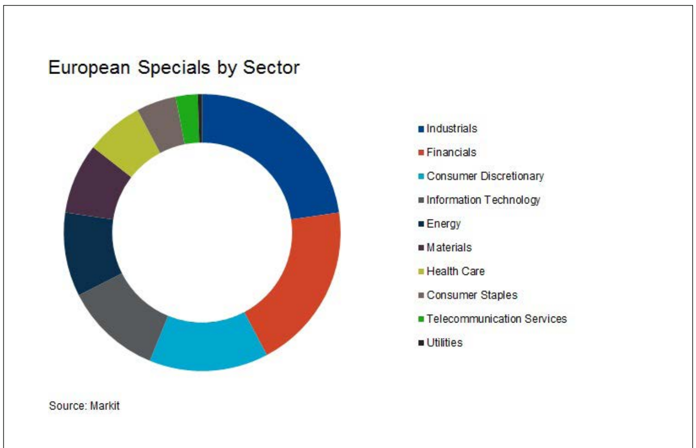
The number of energy specials, a sector that has been buffeted by the recent fall in oil prices, has actually fallen in recent months.

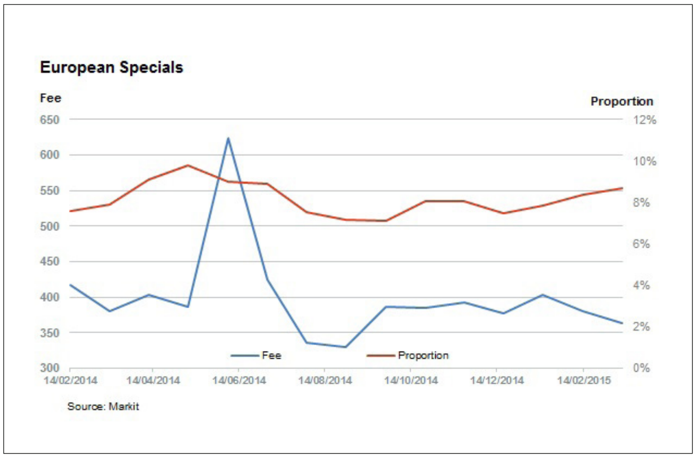
**Fees steady**

The fee required to borrow these specials has also held up well in the bullish market. The weighted average fee needed to borrow specials in Europe was 370 bps in the closing weeks of last year, which is roughly in line with the current 360 bps charged to borrow the current crop.

Quindell Plc is the European stock that currently sees the highest cost to borrow, with a fee of more than 25 percent. **SLT**

**Simon Colvin**
Analyst
Markit Securities Finance



# Industry Events

## 5th Annual CASLA Conference on Securities Lending

**Date** 3 June 2015
**Location:** Toronto

CASLA, the Canadian Securities Lending Association, was created with a mission of ensuring the long-term viability of the Canadian securities lending industry by establishing a unified voice.

## 24th Annual Securities Finance and Collateral Management Conference

**Date:** 23-25 June 2015
**Location** Portugal

Please join ISLA at their 24th Annual Securities Finance and Collateral Management Conference that will take place on 23-25 June 2015 at the Epic Sana Hotel in Central Lisbon, Portugal.

# Industry appointments

**Daniel Gee** and Marylou Carluccio have joined Rory Zirpolo at Cantor Fitzgerald.

Starting today, Gee and Carluccio have moved to Cantor Fitzgerald as senior vice presidents, and will work with Christopher Masse in structured products.

Gee and Carluccio worked with Zirpolo at Cowen Equity Finance, which is being wound down by its parent.

Carluccio was previously a securities lending representative at Penson Financial Services and an AQS specialist at Quadriserv.

Gee held trading roles at both Cowen Equity Finance and Goldman Sachs.

Zirpolo joined Cantor Fitzgerald at the beginning of February, as managing director and head of securities lending in New York.

GFT has recruited **Nick Nicholls** as principal consultant focusing on business architecture and process re-engineering.

Nicholls has experience in investment banking and capital markets, working in prominent roles across front-, middle- and back-office functions.

He previously spent more than 30 years at Credit Suisse where he worked in liquidity management, collateral optimisation and business re-engineering roles.

Specialising in business architecture and process re-engineering, he has extensive experience of creating processes that incorporate efficiencies within workflows that enhance profitability, while also assisting clients with their regulatory obligations.

In his new role, he will be heavily involved with business architecture for top-tier clients, including creating central funding models, and providing assistance in implementing processes to improve their capability in managing collateral and liquidity.

Nicholls commented on his appointment at GFT: "I'm really looking forward to taking a hands on role and assisting the team to implement further strategic initiatives for an impressive client roster of tier 1 and tier 2 banks."

Law firm Dentons has added litigator **Stephen Senderowitz** as a partner in its securities, commodities and derivatives litigation and regulatory defence practice in Chicago.

Senderowitz has represented commodities and securities exchanges, investment banks, hedge funds, broker-dealers, futures merchants, traders, an electronic communications network, corporations and banks in complex civil, regulatory and criminal financial markets matters.

Prior to his new role, he was deputy chief of the US attorney's office in Chicago, where he supervised financial markets and political corruption prosecutions.

Mike McNamara, US managing partner at Dentons, commented: "We are exceptionally pleased to welcome Senderowitz as a leader in our securities and derivatives litigation and regulatory practice."

Citi has promoted **Martin Visairas** to global head of capital introductions.

Visairas joined Citi in December 2010. He has been involved with building the capital introductions (CI) presence across the investor community in the Asia Pacific region.

He recently returned to London and will be continuing his responsibilities, ensuring global coordination and execution of the CI strategy.

In his new role, he will report to Alan Pace, global head of investor services sales globally and to James Harris, Europe, Middle East and Africa co-head of investor services sales in the region.

RBC Investor & Treasury Services, part of Royal Bank of Canada, has appointed **Andrea Cecchini** as managing director in Italy.

Cecchini's responsibilities include business development, managing regulatory relationships and management of the firm in Italy.

Cecchini joins with experience in financial services and most recently served as head of financial markets at Cariparma.

The appointment comes as the firm strengthens fund administration and distribution links between its Luxembourg activities and other European jurisdictions, particularly for UCITS funds.

Sebastien Danloy, head of continental Europe, said: "Cecchini substantial experience will ensure the relationship between our hub in Luxembourg and our local expansion is supported." **SLT**

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