

APPROVED

Regulatory approval means pan-European CCP draws closer

EUROPE 20.05.2011

SIX Securities Services has received the go-ahead from three European regulators to provide clearing services in a move that could see the creation of a pan-European CCP.

For the past two years, SIX x-clear Ltd has been engaged in discussions with the FSA, the UK's regulatory body and the Swiss regulators, the Swiss National Bank and FINMA, to agree a new updated interoperability agreement to address concerns raised by regulators. The main concerns were around the framework for inter-CCP risk and how it should be managed in order to allow multiple clearing providers to offer their services to the same trading platforms.

This development will allow interoperability to be extended beyond the existing stock exchanges, London Stock Exchange and SIX Swiss Exchange, al-

lowing UK, Swiss and international financial institutions the multiple benefits of increased competition which include greater choice, improved services and – ultimately – lower costs.

Thomas Zeeb, CEO SIX Securities Services, commented: "I fully appreciate the challenges for all concerned – regulators, market participants and providers alike. This represents a major step forward in the implementation of one of the core tenets of the Code of Conduct on Clearing & Settlement signed in 2007, and will benefit clients by giving them additional choice in a level and fair European clearing landscape."

Marco Strimer, SIX x-clear Ltd: "This is the culmination of tremendous co-operation and hard work on all sides. The UK market stands to benefit, we benefit and, most importantly, our clients will benefit. Everyone wins."

INSIDE SECURITIESLENDINGTIMES

ICMA publishes 2011 Global Master Repurchase Agreement :: :: Citi wins City of Fort Worth securities lending mandate :: :: Specialist class action law firm renames :: :: Egypt to launch ETFs and short selling :: :: Pico selects InRush :: :: Industry training :: :: Industry events :: :: Country focus: South Korea :: :: People moves :: ::

NEWSINBRIEF

BTIG enhances multi-prime solution

BTIG has added J.P. Morgan Clearing as a clearing agent and custodian for its prime brokerage platform. BTIG Prime Brokerage will now offer its clients both J.P. Morgan Clearing Corp. and Goldman Sachs Execution & Clearing.

The new relationship is a significant expansion of BTIG's prime brokerage offering. Now in its eighth year of operation, BTIG's prime brokerage division is a dominant mid-market prime broker, with more than 300 investment managers utilising BTIG as their prime broker.

BTIG's addition of a second custodial and clearing option for clients is a strategic enhancement, providing a multi-prime solution for clients who are growing rapidly and want to diversify their custodial counterparty risk.

[readmore p2](#)

Warsaw to build securities lending activities

The Warsaw Stock Exchange is working with the Polish National Depository for Securities on a platform which would facilitate and promote securities lending.

Exchange president Ludwik Sobolewski said the launch would coincide with further developments of the exchange's existing futures market on the exchange.

[readmore p2](#)

BTIG enhances multi-prime solution

Continued from page 1

Justin Press, co-head of prime brokerage at BTIG, commented: "We are very excited to add J.P. Morgan to our platform. I can't think of two better custodial providers in the market. Both J.P. Morgan and GSEC have a long history in prime brokerage and both support the introducing broker market." Press went on to say, "Clients are often looking to add a second prime brokerage relationship, and having two premier custodians opens up new opportunities for BTIG and our clients. The addition of J.P. Morgan puts BTIG in a stronger position to be a long term resource for our clients."

Brian Petitt, co-head of prime brokerage at BTIG, added that "BTIG's prime brokerage business offers 'best in class' services and options to clients who appreciate resources like state of the art technology and reporting, and customised capital introduction." Brian Petitt went on to say "Being able to offer J.P. Morgan Clearing Corp. and Goldman Sachs Execution & Clearing as clearing and custodian options helps us stay ahead of our competition and provide the best possible solutions for our clients."

Warsaw to build securities lending activities

Continued from page 1

"The turnover on the stock market this year should be satisfying as compared with last year," said Sobolewski. "There will not be many large privatisation deals as in 2010. But the stock market is open longer, we are introducing a new strategy for the derivatives market and we are developing short sales. The market of IPOs is also flourishing."

Poland has long been an innovator when it comes to securities lending and short selling. Last year, when many European and global economies were restricting short selling activities, Poland went against the grain and introduced naked short selling to the market. Results so far have shown no adverse effects.



ICMA publishes 2011 Global Master Repurchase Agreement

The International Capital Market Association (ICMA), has published the 2011 version of the Global Master Repurchase Agreement (GMRA); the most widely used legal agreement for documenting transactions in the cross-border repo market. At the same time, updated legal opinions on the enforceability of the agreement have also been made available; these cover the use of the GMRA for repo transactions in over 60 jurisdictions.

ICMA has promoted the development and use of the GMRA since 1992 as an important measure to improve and standardise market practice in the international repo market. The review of the 2000 version of the GMRA began over a year ago as part of the ICMA European Repo Committee's response to the financial crisis and was

overseen by a working group of market practitioners and legal specialists. The provisions of the new GMRA 2011 allow market participants to take into account increasingly challenging market conditions in the post-Lehman default environment, changing repo market practice and changing insolvency and bankruptcy regimes. The new agreement also reflects calls for harmonisation across master agreements.

Godfried De Vidts, chairman of ICMA's European Repo Committee said: "The GMRA 2011 is the result of a wide ranging and thorough review of the repo agreement and has involved a broad cross-section of the users who rely on the agreement in their daily repo trading activities. The intention is that the revised agreement will satisfy their requirements and provide a firm foundation for the repo market in the years to come."

Amongst the revisions to the agreement are:



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- amended methodology in calling an Event of Default;
- expansion of the Act of Insolvency definition;
- increased flexibility as regards the default valuation time;
- introduction of the concept of margin percentage;
- introduction of a cash equivalent amount for margin maintenance where equivalent margin securities are not available; and
- introduction of a set-off clause.

The 2011 GMRA is available to download from ICMA's website www.icmagroup.org

The updated 2011 GMRA legal opinions are also available (to ICMA members only as a benefit of membership) from this link www.icmagroup.org/legal1/GMRA_Legal_opinions.aspx

Citi wins City of Fort Worth securities lending mandate

Citi has been awarded a mandate to provide third-party securities lending to the City of Fort Worth, Texas.

Timothy Douglas, global head, securities finance, Citi Global Transaction Services said, "We are very pleased to deliver our securities lending solutions to the City of Fort Worth. The treasury specialists in the Finance Management Services Department there recognised the market-tested benefits of a structured third party agent securities lending programme to help them improve their portfolio performance, offset their operational expenses and generate liquidity."

Citi offers securities lending through OpenLend, which represents the next generation of securities finance. OpenLend is an open architecture securities lending solution that provides clients with a customised service that is designed to enhance portfolio performance by delivering solutions that leverage Citi's key strengths: innovative services, best-in-class operation model, flexibility, global network and experience.

Specialist class action law firm renames

The law firm known as Barroway Topaz Kessler Meltzer & Check, LLP, effective May 15, 2011, will become Kessler Topaz Meltzer & Check, LLP. The Firm, with over 90 attorneys, represents numerous institutional and individual clients both domestic and international and has been at the forefront of class action litigation for over 20 years.

"I am honoured to be the first name on the masthead of one of the undisputed leading law firms in the class action field," said partner David Kessler. "Our firm has never been stronger and is poised for continued success. We have an exceptional group of partners, attorneys and professional staff in place to meet our clients'

evolving needs and to further establish our leadership position in all of our practice areas, as well as new practice areas we are currently developing." The change in name reflects that Andrew L. Barroway, who shall remain with the firm as senior counsel, is not actively involved in the day-to-day operations or the management of the firm. "I am proud of what we have accomplished over the past twenty years and am comforted by the fact that the firm and its clients are in extremely capable hands and wish everyone the best of luck as I continue to transition to a less active role," said Barroway.

Having earned a reputation for providing the highest quality of service to its clients, the firm remains focused and dedicated to advocating and protecting the rights of its clients, as evidenced by the following recent achievements and cases:

- After securing an historic \$3.2 billion recovery for the class in *In re Tyco International Ltd., Securities Litigation* the firm's Securities Litigation Department is prosecuting numerous high-profile class actions relating to the subprime mortgage scandals at Bank of America, Citigroup, Lehman Brothers, Morgan Stanley, UBS and Wachovia. The firm is also litigating securities class actions brought against Johnson & Johnson, Pfizer, Transocean, and Wyeth. In addition, among other notable recoveries, the firm recently announced settlements totaling \$150.5 million in *In re: Satyam Computer Services, Ltd. Securities Litigation*, which are in the process of being presented to the Court for approval.
- The Derivative Litigation Department, having concluded dozens of successful prosecutions relating to the "backdating" of stock options, including actions brought on behalf of Comverse, Monster Worldwide, McAfee, and Affiliated Computer

Services, has recently achieved several significant financial recoveries and corporate governance improvements in the areas of executive compensation, related-party transactions, regulatory compliance, and accounting transparency.

- The ERISA and Fiduciary Litigation Group has secured well over \$300 million for the benefit of pension plan participants and is currently litigating several securities lending actions on behalf of institutional clients brought against JPMorgan Chase Bank, N.A., The Bank of New York Mellon Corporation, American International Group, Inc.; the Group is also prosecuting several fiduciary breach actions, including a direct action against Wells Fargo & Co. involving claims asserted against Wachovia and a former Wachovia subsidiary.
- The Antitrust Litigation Group has been appointed lead or co-lead counsel in a number of actions challenging unlawful monopolization by brand name pharmaceutical companies, including *In re Flonase Antitrust Litigation*; and the firm's Predatory Lending Litigation Practice is at the forefront of challenging abusive or discriminatory mortgage lending practices, including serving as co-lead counsel in *In re Countrywide Financial Corp Mortgage Marketing and Sales Practices Litigation*. Moreover, the firm has recently added an Intellectual Property Litigation practice group whose goal is to assist companies and individuals in protecting intellectual property and achieving their business objectives while minimizing the financial impact of patent litigation, which has become increasingly expensive over the past decade. The firm has experienced trial attorneys who have litigated patent infringement cases involving a wide variety of products and technologies.

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Egypt to launch ETFs and short selling

The Egyptian Stock Exchange is to launch exchange traded funds and allow short selling in an attempt to boost liquidity in the market at a time of political unrest, said the bourse's chairman Mohamed Abd El Salam.

The current ban on intraday trading will be removed later this month, and same day short selling will be introduced, said El Salam. Intraday trading has been banned since the exchange reopened following the uprising that ousted president Hosni Mubarak in February.

The exchange's EGX30 Index has lost 31 per cent of its value since January, with trading volumes falling by a similar amount.

Headstrong to launch collateral management survey

Headstrong has teamed up with TowerGroup to create a benchmarking survey on the collateral management process across all asset classes. The survey is currently open to the public and aims to benchmark the existing collateral management process across asset classes and offer insight into identifying the industry-wide requirements for a collateral management process. The survey will cover the following asset classes: OTC derivatives, repurchase agreements, securities lending and borrowing and institutional listed F&O.

As a thank you for participation, all participants will receive:

- An invitation to be Headstrong's guests at the 2011 Travelers Championship PGA TOUR event at TPC River Highlands in Cromwell, CT the weekend of June 22nd 2011.
- A complimentary copy of the survey report, estimated value at \$10,000.
- An invitation to an industry event to be held in New York to launch the report findings.

Xtrakter and SIX Telekurs agree to expand pricing data

Xtrakter, a provider of capital market data, trade matching and regulatory reporting services, has signed SIX Telekurs as the first data vendor to access Xtrakter's Mark-to-Market valuation service, known as XM2M.

SIX Telekurs clients now have pricing data on over 45,000 domestic and international fixed-in-



come instruments, including illiquid instruments such as asset-backed securities. Bid and offer, as well as high, low and median traded prices, captured and calculated via TRAX – Xtrakter's trade matching service – significantly expands the quality of fixed-income data available to market participants.

Xtrakter, part of the Euroclear group since 2009, launched XM2M in the same year (an expansion of the "Xtrakter Price Service – Quoted and Traded") and has been making data available to its own direct customers ever since. Clients benefit from high levels of data granularity, for example, access to traded and quoted pricing, date of last bid/offer, issuer nationality, quotation price contributors, and so forth, from a database of over 300,000 securities.

Yannic Weber, chief executive officer of Xtrakter, commented: "For the first time, Xtrakter is providing user-friendly, pricing detail from XM2M to a world-class information provider. As a core part of the capital market infrastructure, we strongly advocate the possibility for clients to choose how they receive their data – directly, or indirectly using one of their existing service providers. Together with SIX Telekurs, we are providing a bespoke offering of data for consumption by both the buy- and sell-side, worldwide."

"We are very pleased to participate in this collaboration to build on our strengthening position in the global fixed-income market space," explained Ivo Bieri, head of product management & marketing, SIX Telekurs. The collaboration brings a large volume of dealer-traded and quoted prices, sourced directly from a broad survey of market participants, into SIX Telekurs' data environment. "We can now deliver a unique view of the European fixed-income market in a

format that precisely matches our clients' information landscape," he added.

Pico selects InRush

Redline Trading Solutions has had its InRush Accelerated Ticker Plant selected for Pico Quantitative Trading's (PQT) new managed solution specifically designed for its multi-asset electronic trading clients.

PQT has integrated InRush as part of its service offering to provide clients with the lowest possible latency and highest throughput for their trading applications. PQT's managed trading solution also includes exchange co-location, market data and order routing connectivity, execution, and fully integrated stock loan and clearing services.

Redline's InRush Accelerated Ticker Plant delivers market-leading ticker plant performance with latencies under five microseconds. InRush simultaneously manages direct-connected equities, futures, and options exchange feeds while accelerating full-depth order, price-aggregated, and Composite books.

"We sought to improve market data latency and throughput within our hosting platform, and chose InRush for its proven performance," said Jarrod Yuster, CEO of Pico Quantitative Trading. "Integrating InRush into our extensive low-latency infrastructure provides a powerful combination for our clients."

"We're pleased to be working with PQT in providing ultimate market data performance for their clients," said Mark Skalabrin, CEO of Redline Trading Solutions. "With InRush's flexible API, PQT clients benefit from receiving only the most relevant and current data to execute faster, smarter trading strategies within a high speed network and hosting platform."

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Negative response

In spite of continuing education and promotion, some beneficial owners remain to be convinced about securities lending

Recently, Securities Lending Times contacted over 200 beneficial owners regarding editorial contributions to the newsletter. While many of those contacted were more than happy to help, some of the answers showed there remains a barrier to entry for many funds.

"There isn't anyone as we primarily invest in funds and seldom invest directly in securities."

Swedish pension fund.

"We don't participate in any securities lending programmes, and haven't done so in the last five years. It's something that we have considered but always considered that the risks were not worth it."

CIO, Australian based pension fund.

"We don't do securities lending"

Belgium based beneficial owner.

"We do not involve ourselves in securities lending as a policy decision. I am sorry I am not in a position to help... for internal policy reasons."

Group pensions manager, UK pension fund.

"We stopped all our securities lending activities late in 2008 due to counterparty risk reasons. We since reviewed the decision several times and are still convinced that (tail)risks involved are not enough remunerated."

Swiss based beneficial owner.

"Sorry, our councillors turned down securities lending some years ago."

Head of Exchequer and Investment, local authority, UK.

"Don't do securities lending, whatever it is."

Pension fund controller, UK local authority finance department.

"[We don't participate in securities lending] that I know of directly. Just via BlackRock funds that we may invest in possibly."

UK based beneficial owner.

"We do not lend our securities."

Group pensions executive, UK pension fund.

"As we invest in pooled funds we do not use securities lending"

UK pension fund.

"As we invest in pooled funds we do not use securities lending"

UK pension fund.

We have of course received comments from many beneficial owners who are committed to the securities lending market, but these responses do show that while risk issues do remain, there is still a lack of knowledge amongst beneficial owners about how the securities lending market works.

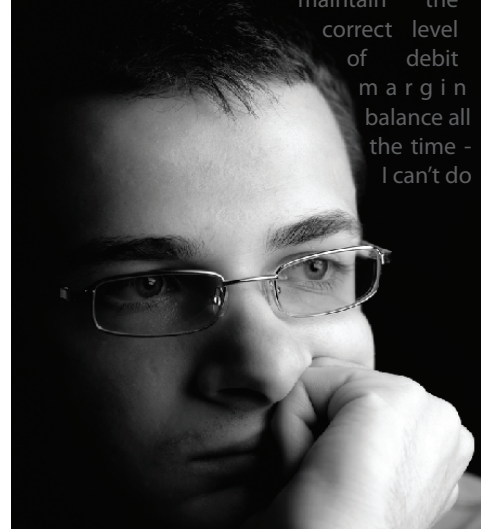
As the market slowly recovers from the credit crisis, those owners that withdrew from the market may slowly return. But it's those that do not have any knowledge or understanding of securities lending that will need to be educated and convinced to enter the market before too long. **SLT**

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HazelTree Treasury Suite: Selected Hedge Fund Profiles					
Fund Size	\$500m	\$1b	\$1.5b	\$3b	\$6b
Long Exposure	90%	100%	100%	95%	110%
Short Exposure	80%	75%	110%	100%	85%
Avg. Credit Cash Balance	15%	10%	10%	10%	5%
Avg. Debit Cash Balance	10%	5%	15%	15%	12%
% Longs Hard to Borrow	10%	5%	7%	7%	5%
% Shorts Hard to Borrow	30%	30%	25%	20%	15%
Typical Treasury Impact on a Fund					
Cash Management	\$125,000	\$125,000	\$375,000	\$750,000	\$750,000
Stock Loan Management	\$900,000	\$1,000,000	\$2,100,000	\$3,990,000	\$19,800,000
Stock Borrow Management	\$1,180,000	\$2,212,500	\$4,331,250	\$6,900,000	\$8,415,000
Total Performance Increase	\$2,205,000	\$3,337,500	\$6,806,250	\$11,640,000	\$28,965,000
Impact in Basis Points	44.10	33.38	45.38	38.80	48.28

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South Korea

It's one of the most active markets in the world, and a key region for securities lending in Asia

BEN WILKIE REPORTS

For a country still technically at war, South Korea is doing pretty well. Following the occupation of the whole of Korea during the World War II, the peninsula became the focus of the new Cold War in the 1950s, with American and Australian troops fighting communists. Although there has been a ceasefire and an uneasy truce since 1953, hostilities have never formally ended and the border between North and South remains the most fortified in the world.

Perhaps the North Koreans should take a look over the border to see how a country can succeed. From a rural, peasant nation a couple of generations ago, South Korea is now one of the most technologically advanced nations in the world, with the highest standards of healthcare, education and lifestyle anywhere.

And this educated population is intensely interested in financial markets, perhaps more so than anywhere else on earth. The KOSPI index is one of the most successful indices for retail investors, as millions of Koreans make their own investment decisions, not only buying stocks and shares, but investing in futures and options, as well as other key financial instruments.

Korea's biggest companies are known worldwide - the likes of Dae Woo, LG, Hyundai and Sam-

sung are leaders in their fields - the electronics firms especially have grown from cheap versions of Japanese market leaders to innovators and players in their own right. The recognition factor of many of these players is attracting more and more international investors to enter the market.

There remain some restrictions - whether formal or not - on international ownership of some Korean companies. Rules relating to ownership of some media and utility companies have led some firms to steer clear. HSBC's aborted takeover of a Korean bank some years ago was said to be the result of the Government's reluctance to sell to a Western organisation.

However, foreign investors may participate in securities borrowing/lending transactions using the KSD, Korea Securities Finance Corp (KSFC), or a securities company as the intermediary.

Foreign investors can freely borrow up to KRW 30 billion worth of securities from local residents, increased from the previous limit of KRW 10 billion. For amounts between KRW 30 billion and KRW 50 billion, only a one-off report within three days of exceeding KRW 30 billion will be required to be reported to the BOK and subsequent changes will be required to be submitted on a monthly basis by the tenth of the following

month. Pre-reporting will be required for proposed borrowing in excess of KRW 50 billion.

Foreign investors are allowed to use foreign securities (T-Bills, T-Notes, T-Bonds) and foreign currency (US dollars) as collateral when borrowing Korean securities. This became effective February 4, 2009.

There are no Korean won (KRW) amount limits if the stock lending and borrowing is between non-residents and also if the stock lender is a non-resident whereas the borrower is a resident.

Foreign investors are required to open dedicated stock lending and borrowing accounts at the KSD, KSFC or securities companies in the same name that is inscribed in the IRC and place cash collateral or securities collateral to support the transaction.

Both the lender and the borrower can request for return of securities at any time before the maturity date.

The possible loan period has been extended from six months to one year, in order to reduce the common rollover requests.

Lenders and borrowers are able to change the loan conditions upon mutual agreement without

the need to terminate the existing transaction.

Eligible securities for stock lending and borrowing are:

- Stocks: all stocks listed on the KRX KOSPI Market and KRX KOSDAQ Market of the KRX.
- Bonds: all listed bonds listed on the KRX. Exchange Traded Funds.

Short selling

Korea hasn't suffered as much from the downturn as other modern economies, and it has not needed to seesaw between different rules.

No one should sell listed securities that the person/entity does not own. In addition no one may borrow listed securities and then sell them. However, a short sale is exceptionally possible if it complies with following process:

- investor to notify the selling broker, who is a Korea Exchange member, of whether such sale is a short sale
- the selling broker will check whether the sale is a short sale or not and whether the settlement of the short sale trade is possible (it remains to be clarified how the check will be conducted) the selling broker must not accept the short sale order or shall not place the order to the exchange if the broker recognises that the short sale is unlikely to be

settled the selling broker must notify the exchange of the fact that the sale is short sale.

Effective February 4, 2009 when placing sales trade order based on borrowed shares with a local broker, investors (including both foreign and domestic investors) are required to provide evidence of settlement capability of the sales trade to their local broker.

Effective from March 16, 2009 clients are required to notify brokers when they engage in a short sale with a borrowed position. However, please note that the covered short selling of trades with a borrowed position has been prohibited since October 1, 2008 and continues to be so.

Effective from June 1, 2009 covered short selling is permitted on all listed stocks with the exception of financial stocks, for which the ban remains in place. From this date all borrowers are required to provide intermediaries such as the KSD, KSF or local brokers with the original time and date and of when they have contracted to borrow the shares from a counterparty lender.

The KSD has provided further clarification regarding the requirement that effective June 1, 2009 borrowers are required to provide intermediaries such as the KSD, KSF or local brokers with the original time and date and of when they have contracted to. [SLT](#)

Eurex KOSPI Product surpasses milestone of 1 million traded contracts

The Eurex KOSPI Product exceeded the 1 million traded contracts threshold on Thursday, 12 May, for the first time since its launch on 30 August 2010.

Monthly trading volume has been increasing steadily, reaching more than 147,000 contracts in the current month (as of 13 May). Average daily volume is at record levels and totals more than 21,000 contracts in the current month.

The current daily record of more than 29,000 order book traded contracts was achieved on 11 May 2011.

Eurex and KRX expect that volumes continue to grow in conjunction with the rising number of active end-customers as well as Eurex and KRX members using the Eurex KOSPI Product.

Currently, five out of the 10 most active Korean member firms trade the Eurex KOSPI Product. Altogether, 13 KRX and Eurex participants are active, among them two market makers. Further, there are five additional KRX and seven Eurex members who are preparing to participate in the Eurex/KRX Link in due course.



Opportunities in Asia

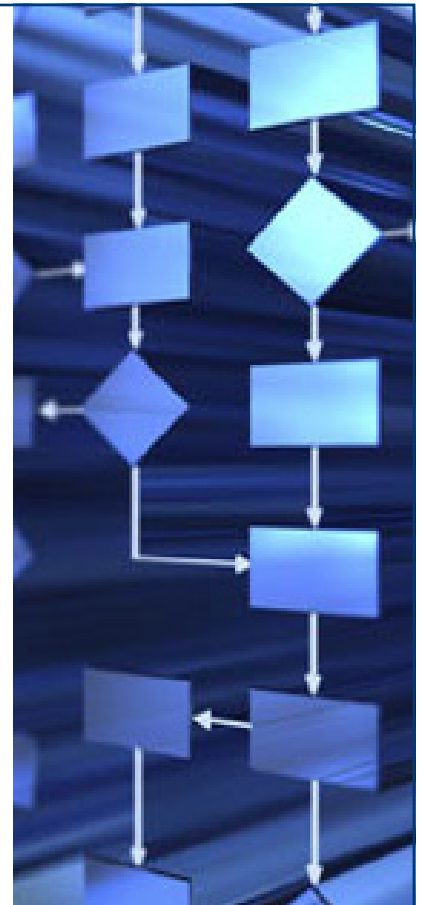
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Aim high

Opportunities abound despite regulatory hurdles, says Data Explorers' Will Duff Gordon

NEW YOUR FORUM

The challenge when discussing how regulation like Dodd Frank will affect this industry is to avoid leaving the impression that these changes will make business more difficult full stop. Of course, the sheer number of proposed changes are daunting but no one should underestimate the ability banks have to adapt and move on to make money in a different way. Thursday May 26th is our New York Securities Financing Forum, where the region's leading professionals and thought leaders will gather to discuss regulation and the tensions within the securities finance industry, along with some ground breaking new academic research on the effects of short selling public disclosure. We have 200 registered attendees with representation from the buy side, sell side and agent lenders.

Rochester 'Rocky' Cahan from Deutsche Bank will explain how to turn the exhaust from securities lending trade flows into money. The results of his study are robust and provide independent evidence that there are profitable trading signals in this information.

There will be genuinely new insight coming out of the academic presentation by Adam Reed of the University of North Carolina. Together with Professor Charles Jones of Columbia University, they were challenged to uncover the true impact of public short selling disclosures. Their research is based on the UK disclosure regime and we are pleased that Adam has chosen to present his findings for the first time at our Forum. The market impact study is particularly pertinent ahead of crucial legislation being considered by the European Union and now up for consultation by the SEC. An impartial study on this topic should serve the industry well especially if it shows adverse consequences from naming and shaming short sellers.

The SEC investigations into insider trading and the Galleon case are clearly emboldening compliance departments to put the brakes on public engagement – a challenge in trying to build a panel aimed at understanding what the hedge funds want from their prime brokers. I do worry that an industry with no voice will struggle to defend itself. Fortunately there will be masses of top tier hedge funds in the audience who will no doubt express their views through our anonymous interactive voting handsets.

Agent lenders are braced for the twin threats of demanding beneficial owners on the one side and the balance sheet challenged brokers on

the other. It will be interesting to see whether funds who lend have unrealistic expectations at present. The rampant growth of ETFs are central to the securities lending debate. It will be interesting to see if the arrows aimed by the FSB/BIS/IMF reports at the securities lending

components of the ETF industry will have a lasting impact.

Securities Lending Times is pleased to be Media Partner. For more information, please visit: www.dataexplorers.com/newyork. **SLT**



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Industry Appointments

Emmanuelle Charriere has been named business development associate at EquiLend, based in London, where she is responsible for working with existing and prospective clients.

Charriere joins the company from Bank of America Merrill Lynch (BAML) where she spent two years conducting business analysis for global equity derivatives traders. Her responsibilities included training equity cash and derivatives traders on the FIDESSA platform, the Merrill Lynch order management system, and the risk analysis & management applications. During her tenure at BAML, she also worked for over two years as an equity systems trainer for front office traders and sales person.

ParAccel has appointed **Minder Cheng** to its strategic advisory board. Cheng brings more than two decades of experience with several of the world's leading financial services organisations to ParAccel and will work directly with the company's executive team to help expand its value within this critical industry.

Cheng has spent his career in strategic management roles at the world's leading financial institutions. Until July 2010, Cheng was with BlackRock in San Francisco as chief investment officer for index equity and capital markets as well as a member of the firm's operating committee. Cheng joined BlackRock following its 2009 acquisition of Barclays Global Investors (BGI), where he was a member of the firm's executive committee and worked in a variety of positions for 10 years, including as chief investment officer of BGI's equity and capital markets worldwide.

Brown Brothers Harriman (BBH) has hired **Scott McLaren** as head of relationship management and sales for Asia to strengthen its services and business development in the region. In his new position, McLaren reports to Bill Rosensweig, managing director for Brown Brothers Harriman (Hong Kong) Limited.

McLaren joins BBH from RBC Dexia Investor Services where he spent 13 years in the firm's Luxembourg, Singapore and Hong Kong offices. He has extensive sales, relationship management, and client service experience, including overseeing the relationship management and sales team across Asia Pacific. During his time with RBC Dexia in Asia, McLaren held various senior positions including head of sales and distribution for Asia Pacific, managing director of trust services in Hong Kong, responsible officer of the Hong Kong branch, and deputy managing director of Singapore. In Luxembourg, McLaren was responsible for spearheading the business development and client relationship activities across Europe, the USA and Asia.

Jonathan Hitchon, co-head of Deutsche Bank's Global Prime Finance business, has been elected to the Board of Directors of The Depository Trust & Clearing Corporation (DTCC).

Hitchon was elected to the board replacing Robert Kaplan of State Street Bank and Trust, whose term had expired. All other members of the board were reelected, except for William Aimetti, DTCC's president, who retired.

Hitchon has been co-head of Deutsche Bank's Global Prime Finance business since 2005. The business encompasses all of Deutsche Bank's prime brokerage, synthetic finance, structure equity finance, hedge fund consulting and securities lending. Hitchon is also responsible for all global listed derivatives. Hitchon has also taken on the recent responsibility of running the DB global listed derivatives platform.

Before that, Hitchon was chief operating officer of equity proprietary trading and DB Advisors, and was co-head of Equity Prime Services from its creation in 2001, until 2003. Prior to that, Hitchon held a number of senior roles in the equities area of Deutsche Bank, including equities derivatives chief operating officer and equities chief administrative officer.

The International Securities Exchange (ISE) has elected **Stanley Choung** to its Board of Directors, effective immediately. Choung, managing director of the Institutional Equity Division for Morgan Stanley, will serve as an industry director representing ISE's Primary Market Makers (PMMs). He replaces Sean Flynn of Timber Hill LLC, who is retiring due to term limits.

In addition, **Mark Dehnert**, a partner at Goldman Sachs & Co. responsible for the Quantitative Equities Trading businesses in their Securities Division and previously an ISE industry director representing Electronic Access Members (EAMs), was re-elected to the ISE Board as a Competitive Market Maker (CMM) representative. Slade Winchester, head of US and international business development, technology and operations for the Citigroup Derivatives Markets, options market makers and previously an ISE industry director representing CMMs, was re-elected to ISE's Board as an EAM representative.

Choung is the managing director of the Institutional Equity Division for Morgan Stanley where he has been the head of the automated market maker group since 2007.

James Slater will become global head of securities lending at BNY Mellon following the retirement of Kathy Rulong on July 1, 2011.

Slater was previously chief operating officer for BNY Mellon's securities lending business with responsibility for providing strategic direction for core functions, including trading and product development within that business.

Bill Kelly is named as deputy head of securities lending in addition to his current responsibilities as head of new business and client service.

With over 20 years' experience in the financial services industry, Slater joined BNY Mellon in 2009 from CIBC Mellon, the Canadian joint ven-



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ture between CIBC and BNY Mellon, where he was senior vice president and head of capital markets. He provided leadership for the joint venture's capital markets sector, which included global securities lending, treasury and cash management. He was also a member of the company's executive management committee and chaired the asset/liability committee.

During his career, Slater has had responsibility for coordinating securities lending operations, supporting risk identification and compliance initiatives, improving best practices, enhancing operating efficiency and leveraging the department's extensive global presence and product capabilities. Prior to his tenure with CIBC Mellon, he served with CIBC World Markets where he was a key contributor to the team that was responsible for the formation of CIBC Mellon.

Rulong joined BNY Mellon over 30 years ago, initially working in the capital markets and money managers sales groups before moving to the securities lending division in 1998. **SLT**



Jonathan Lombardo



Securities Lending Times speaks with Jonathan Lombardo, head of sales and relationship management at SecFinex about how his career has developed in an ever-evolving industry.

Tell us about your career to date?

My career began at Smith Barney in March 1987. Within a few months of taking my job as a trainee in the short term money market processing unit, the world was gripped by Black Monday. So as a freshman in the industry I came face to face with an event that few had rarely seen. My unit looked for ways to improve service and efficiency for the trading desks with the thought that additional value above expectation would deter job reductions. The efforts were well received and I was given a supervisory role within the next year.

The early nineties gave way to further opportunities within Smith Barney as I was given the role as the manager of the receive and deliver unit for DTC transactions. As this was the early stages of dematerialisation in the industry, Smith Bar-

ney was playing a lead role in the coordination process with DTCC. Whilst I was a member of various project and developmental teams during this period, day to day transaction processing, physical and book entry, were our core businesses. Focus and attention always revolved around automation and innovative thinking enabling the various trading desks benefits from a more robust processing/settlement system. This interaction with various trading entities led me to my next assignment within the organisation.

How did you get into securities lending?

My first role with the securities lending team at Smith Barney was as a junior sales trader. With a steep learning curve and a new team to adapt to there were times when I questioned my judgment of leaving the inner sanctum of settlements. Being mentored by two industry stalwarts allowed me to realise the units potential and the growing possibilities of revenue generation with products as prime brokerage, repo, and financing coming to surface.

A slew of mergers saw my business cards change almost monthly it seemed. And through those mergers came various roles. A US matched book sales trader role turned into a specials sales trader role, which led to running the specials stock unit and ultimately gave me the opportunity to relocate to the UK and start up the sales trading desk aligning potential hedge fund candidates with our prime brokerage offering.

The team and management continued to metamorphous into the entity that is in existence today but during that last phase I moved into the Global Transaction Services unit to assist in building a stronger presence in the agent lender community. Within that time Citi was able to win the most improved lender award from ISF and relationships were strengthened that continue today.

The redundancy wave had begun in 2008 and I like many was caught in the undertow. The opportunity to pursue a career with SecFinex arose and with its NYSE affiliation and outlook on innovation and market reshaping I knew it was the right fit. And here I stand head of sales and relationship management, with the thought that I am looking out to a market about to evolve yet again and I yet again will be part of it.

Was it different to what you expected, if so how?

As in any new endeavour self-expectations never met reality. In my early years I had assumed it was more about the fundamentals and economics of trading and quickly realised it was driven more on relationships. In time, that inverted itself whilst still keeping relationships essential in the overall process but not the key driver.

Has anyone helped or inspired you during your career?

My earliest managers, John Hacker and Alan Vizzi, helped build my foundations and changed the way I looked at finance in general. The general knowledge of operations and settlements are core to any successful trading unit and without that basic understanding I would not have as successful career path as I have.

How did you find working through the industry's biggest ever crisis?

Exciting, upsetting, demoralising, exhilarating. A plethora of emotions that changed daily and reshaped people's attitudes forever.

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

A move towards market standardisation and further alignment with the financial community. Securities lending can no longer be an outlier - we need to adapt and change.

What are your ambitions?

To succeed in having the market adapt to trading via a central cleared platform for securities lending

Outside of work what are your interests and pursuits?

My family is my first priority. The responsibility as a parent is daunting and I can only hope that I do as good a job as my parents have done with me and my siblings. Ensuring that both of my children have compassion, ethics, and solid morals is all that I can basically ask for.

If you weren't working in securities lending what would you be doing?

I would have to say that my love of food would have led me down the path to becoming a restaurateur. Sharing housing in the late 80s with some of the most innovative chefs in lower Manhattan sealed my fate. **SLT**

Favourites

Food: All....but as an Italian descendant I am partial

Sport: Only as a spectator....although a daily run helps clear your thoughts and gets you ready for the day's challenges

Music: Radiohead. But recently have been tuning into Sigur Ros

Movie: Ordinary People

Book: Catcher in the Rye

Holiday: Corsica

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