SLT SECURITIESLENDINGTIMES

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CIBC Mellon put pedal to the metal

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CIBC Mellon is driving forward their securities lending business with the winning of two new mandates from Concordia University and Nortel Networks.

The company will deliver asset servicing solutions for the Concordia University Pension Plan, the Concordia University Foundation, and Nortel Networks Canadian defined benefit pension plans.

CIBC Mellon will provide Concordia with custody, accounting, benefit payment services, securities lending, performance and risk analytics, and real-time access to investment information via Workbench, CIBC Mellon's online information-delivery portal.

For Nortel Networks, CIBC Mellon will deliver custody services, securities lending, pension accounting, pension benefits payment and reporting, and access to leading-edge information-delivery technology.

"We were very impressed by CIBC Mellon's products and technology, with their ability to deliver efficiencies, and with their capability to support us in mitigating risk across our financial reporting and governance needs," said Marc Gauthier, university treasurer at Concordia University.

The Concordia University Pension Plan and the Concordia University Foundation have combined assets in excess of $825 million.

Morneau Shepell, the administrator overseeing $2.8 billion of assets on behalf of Nortel pensioners for the purposes of winding up the Nortel Networks Canadian pension plans, selected CIBC Mellon as custodian for the Nortel defined benefit plans' assets.

"We identified CIBC Mellon's suite of asset servicing solutions as the best choice for Nortel's 20,000+ members based on the projected additional revenue from CIBC Mellon's strong securities lending program, the flexibility of their benefit payments team and the company's reputation for client service," said Robert Chepelsky, principal of asset consulting at Morneau Shepell.

readmore p3

NEWSINBRIEF

Eurex partners with Pirum for CCP service

Eurex Clearing, and Pirum Systems have entered into a connectivity agreement to facilitate access to Eurex Clearing's upcoming CCP service for securities lending.

The direct connectivity between Eurex Clearing and Pirum's automation platform allows market participants to make use of their existing Pirum interfaces to feed bilaterally agreed transactions to Eurex Clearing for CCP novation and downstream processing.

"We are very pleased to work with Pirum in our effort to bring the safety and efficiency of Eurex Clearing's CCP services to the securities lending market. Leveraging Pirum's existing connectivity will significantly simplify access to our new service and will directly benefit our customers," said Thomas Book, member of the Eurex Executive Board, responsible for clearing.

readmore p3

BME Market Data to offer new products

BME, through its subsidiary BME Market Data, has expanded its range of information products for the Spanish stock market, among which are a new family of analytics products which, in a first stage, incorporate daily data on securities lending and margin buying as well as monthly information on floating capital tranches and liquidity of stocks.

readmore p3

INSIDE SECURITIESLENDINGTIMES

CIBC Mellon put pedal to the metal

Continued from page 1

"We look forward to providing Nortel members and Morneau Shepell with great service, efficiency and performance. CIBC Mellon's reputation as a trusted provider is continually built on the strong results we deliver on a daily basis for pensioners across Canada and their plan sponsors," said Tom Monahan, president and chief executive officer, CIBC Mellon.

Eurex partners with Pirum for CCP service

Continued from page 1

"This partnership will enable our extensive customer base to make use of their connectivity with Pirum to use Eurex Clearing's new and innovative securities lending CCP Service. Pirum's solution will offer seamless integration for CCP transactions using the same business processes and system interfaces that are already used for bilateral transactions," said Rupert Perry, CEO of Pirum Systems.

Eurex Clearing is currently in preparation for the mid-year launch of its new Lending CCP Service and thereby will be the first to offer the safety and efficiency of central clearing to the large bilateral-organised securities lending market. Fully introduced, it will cover European markets for loans in equities, ETFs as well as fixed income securities and aims to provide significant improvements to the current market structure.

The clearing house as single counter-party to all trades hopes to reduce counterparty risk exposure and eliminate the need for multiple credit evaluations. Thus, users can achieve a significant reduction in capital allocation associated with bilateral transactions. In addition, the new service is able to support the existing relationship between agent lenders and beneficial owners by introducing a unique member model for beneficial owners. Eurex Clearing also intends to further expand the range of its Lending CCP Service by leveraging internal solutions.

BME Market Data to offer new products

Continued from page 1

In the index category, the BME Market Data offering has expanded to incorporate index future replicating portfolios on the IBEX 35 based on the index's constituents as well as a replicating portfolio on the IGBM. Replicating portfolios allow the creation of baskets of securities indexed to two major Spanish indices, and track the performance of both indices with the maximum accuracy possible.

Finally with a view to meeting the demands of graphic analysis, BME Market Data has developed ad-hoc files that provide historical series adjusted for price and volume by sensitive corporate action (splits, dividend payments, capital increases, nominal capital decreases, etc), for Equities, ETFs and SICAVs.

With the incorporation of these data products, BME Market Data takes another step forward in its response to the growing and increasingly sophisticated demand for data on the Spanish stock markets.

Russian national charged in $1 million securities fraud

Petr Murmylyuk has been charged over his alleged role in a ring that stole $1 million by hacking into retail brokerage accounts and carrying out false trades.

The Russian national living in New York, who operated under the alias ‘Dmitry Tokar,’ worked with a group who hacked into online trading accounts at Scottrade, Fidelity, and other brokerage firms. Members of the ring first gained unauthorised access to the online accounts and changed the phone numbers and e-mail addresses on file to prevent notice of unauthorised trading.

One version of the fraud involved causing the victims’ accounts to sell options contracts to the profit accounts, then to purchase the same contracts back minutes later for up to nine times the price. The group also used the profit accounts to offer short sales of securities at prices well over market price and to force the victim accounts to make irrational purchases.

Murmylyuk was arrested in Brooklyn on 3 November 2011, in possession of a laptop that prosecutors say contained evidence of the fraud.

MarkitServ and Swift combine forces for FX clearing

MarkitServ has teamed up with Swift to deliver trades from Swift to FX CCPs, via MarkitServ’s FX clearing gateway.

NDF trade messages sent over SWIFT will be automatically routed onwards to the designated FX CCP for clearing. Once the trade is cleared, a notification will be sent from MarkitSERV to the originating party via Swift.

Andres Choussy, global head of FX Clearing at J.P. Morgan, said: “MarkitSERV’s continuing innovation in post trade STP, and in particular its commitment to providing clients with an easy mechanism to access FX CCPs - current and emergent - will greatly facilitate the transition to meet new clearing obligations mandated by Dodd-Frank and associated regulations in Europe and Asia.”

Stephen Ramsden, global head of FX Prime Brokerage and CCP Clearing at RBS, said: “We are delighted to support the collaboration between MarkitSERV FX and SWIFT. It makes absolute sense to bring together existing distribution channels to effectively manage new clearing workflows. This initiative provides an extremely efficient solution for clients to help them navigate successfully through an evolving regulatory landscape and keeps the integration simple and effective.”

Nigerian Stock Exchange on the cusp of short selling

In three weeks, Nigeria’s Stock Exchange will finish its alterations to relax restrictions on price swings, adopt the Nasdaq platform, open into US trading hours and allow short selling.

The bourse will now allow stock prices to move by up to 10 per cent a day, from its current five per cent, and introduce market makers who can borrow stocks for shorting, said Ade Bajomo, executive director of market operations and technology.

“What would we like to be when we grow up? I think Singapore,” he said at the Reuters Africa Investment Summit in Lagos. “A market that rises up from almost zero, a market run in an efficient manner ... a financial hub.”

“One of the key initiatives is market-making, securities lending and short selling,” he added. “We want to build a hybrid market, with market-makers to create liquidity.”

Futures and other derivatives could start trading from 2014.

New prime brokerage mandate for Citi

Citigroup has been appointed by Adelante Asset Management, the emerging markets hedge fund manager based in the UK, to provide prime brokerage, fund accounting and transfer agency services for Adelante’s Cayman-domiciled emerging debt and equities funds.

Sanjiv Sawhney, global head of fund services at Citi Transaction Services said: “With a global footprint and a leading platform in emerging markets, Citi can leverage the breadth of its product offering among its Prime Finance and Securities and Fund Services divisions to assist emerging markets hedge fund managers and support their growth strategies across various asset classes and geographies.”

SEC clamps down on naked short selling at optionsXpress

The SEC charged an online brokerage and clearing agency, as well as four of the firm’s officials and a customer, in an alleged naked short selling scheme.

The body alleges that Chicago-based optionsXpress and its customer, Jonathan Feldman, repeatedly engaged in a series of sham ‘reset’ transactions designed to give the impression that the firm had bought certain securities.

Regulation SHO, a package of SEC rules aimed at cracking down on naked short selling, requires a trader to locate shares for borrowing before effecting short sales.

The SEC also named the firm’s former chief financial officer, Thomas Stern, in its administrative proceeding, along with optionsXpress and Feldman. Three other optionsXpress officials were named in a separate administrative proceeding and settled the charges against them for their roles in the scheme, but neither admitted or denied the SEC’s findings.

According to the SEC, the scheme took place from at least October 2008 to March 2010. The SEC said Feldman in 2009 purchased at least $2.9 billion of securities and sold short at least $1.7 billion of options through his account at the firm.

The firm was acquired by Charles Schwab Corp in September 2011. An optionsXpress spokesman was not available for comment.

Thai broker KT ZMICO securities goes live with SunGard solution

Thai brokerage firm KT ZMICO Securities is live with SunGard’s Valdi trading in order to streamline its trading on the Thai Stock Exchange (SET).

Valdi is a connectivity and market making solution suite to help automate trading activities into one integrated trading screen.

KT ZMICO selected SunGard’s Valdi trading and connectivity suite to deal electronically, help reduce operational risk and collect orders from various sources, including the SunGard Global Network, an order routing network.

Chaipatr Srivisarvacha, executive chairman of KT ZMICO Securities, said: “KT ZMICO can electronically issue its derivatives warrants on the SET and automate its trading business with SunGard’s Valdi suite, thus helping bring more liquidity to the exchange. This is a major breakthrough for the SET because many international investors still consider it to be an emerging market. SunGard can help us bring innovation to the Thai financial industry and assist us in generating more revenue.”

LCH.Clearnet broadens range of collateral

LCH.Clearnet will accept Ginnie Mae mortgage-backed securities in an effort to widen their existing collateral range.

LCH.Clearnet’s recently established a Collateral and Liquidity Management (CaLM) service, with the aim of offering efficient, centralised collateral management services to clients.

Approximately $260 billion of these securities will be eligible to be pledged as initial margin.

“We consider Ginnie Mae mortgage-backed securities among the most secure investments in the global capital market, and we’re pleased to be able to offer clients as much flexibility as possible to meet their margin requirements,” said Andrew Howat, head of collateral and liquidity management at LCH.Clearnet.

“This addition to our range of acceptable collateral reinforces our strategy to maintain the highest standards of risk management, whilst demonstrating our ongoing commitment to developing our business offering, both in the US, and for our buy side clients.”

BNY Mellon fined $6 million for misstating collateral

BNY Mellon was fined $6 million by the Federal Reserve Board for misstating the collateral it pledged to a government lending program in 2008.

A share of the collateral the bank vouchsafed to the Boston Reserve Bank was ineligible for the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility, or AMLF, a program set up to help ease the credit squeeze during the financial crisis, the Federal Reserve said.

As a result, BNY Mellon received more in loans than it should have, according to the statement. The bank agreed to submit a plan to the FRB to improve its procedures and to improve training for staff.

“This situation resulted from a failure in our internal reporting and escalation processes related to our use of the program in 2008,” said spokesman Ron Gruendl. “We are pleased to put this matter behind us.”

Spanish government bonds see ultra high SBL fees

Spanish ten-year government bond yields rose above 6 per cent on Monday for the first time since the beginning of December, leading analysts to warn that Madrid could fail to meet deficit targets as the country acknowledged it has probably tipped into its second recession since 2009.

Data Explorers found that in terms of non-cash collaterised securities lending transactions, Spain’s government bonds are the fourth most expensive to borrow amongst major European economies. This puts them behind Portugal, Ireland and Greece, and in front of Norway, France, and the Netherlands.

Shadow banking worth $17 not $60 trillion, say Finadium

Finadium have slammed popular reports that the shadow banking industry is worth $60 trillion, stating the figure is almost 75 per cent less. The securities lending consultant concluded that products that fit the FSB’s definition of shadow banking total $17 trillion in assets outstanding, substantially less than the $60 trillion popularly reported.

The report, ‘Getting Ahead of Shadow Banking Regulation for Securities Lending, Repo and Money Markets’, investigates the FSB’s documentation, public presentations and relationships with national regulators that are driving conversations.

A second conclusion of the report is that money market funds are not shadow banks. Although these funds provide a diversified credit portfolio to investors, argue Finadium, they do not fit the profile of other instruments that fall under the shadow banking label. While regulators may ultimately seek

greater regulation for money market funds, this should not be lumped together with shadow banking proposals.

Bank of Canada buys $1.34 billion of securities for one day

The Bank of Canada bought C$1.34 billion of securities for one day in order to achieve its overnight interest rate target of 1 per cent.

The central bank increased the amount of today's purchases after initially reporting a C$760 million total. In March of this year, the bank announced it is maintaining its target for the overnight rate at 1 per cent.

A release said: "With the target interest rate near historic lows and the financial system functioning well, there is considerable monetary policy stimulus in Canada. The Bank will continue to monitor carefully economic and financial developments in the Canadian and global economies, together with the evolution of risks, and set monetary policy consistent with achieving the 2 per cent inflation target over the medium term."

FSS sells collateral management software to Asian bank

Overseas-Chinese Banking Corporation (OCBC) has licensed the Spectrum MarginTrac System from Financial Software Systems (FSS).

The bank will use Spectrum as its collateralised trading and risk system for treasury clients in foreign exchange, FX over-the-counter (OTC) options, including exotics, and non-deliverable forwards (NDFs).

The software will be used for pre-trade and post-trade risk management purposes, collateral management, and treasury sales desk client margin and commission management ends. Joseph Kubeyka, managing director of FSS' Asia-Pacific region, said: "Spectrum MarginTrac will enable OCBC to deploy our solution on a global basis for both sales and trading, while enabling OCBC to quickly offer new and innovative products to their client base."

Wells Fargo agree to acquire Merlin Securities

Wells Fargo Securities, the capital markets and investment banking business of Wells Fargo, has reached an agreement to acquire Merlin Securities, a San Francisco and New York-based prime brokerage services and technology provider.

Merlin offers integrated solutions with its MerlinPrime and MerlinSHARP products, providing open architecture technology, custody and clearing services, operational support, and securities trading to clients in the asset management industry.

Head of Wells Fargo Securities John Shrewsberry said: "This is a logical extension of our offering to the investment industry, which is increasingly focused on tools to enhance risk management and improve capital efficiency. In addition, it provides new cross-sell opportunities for existing customers of both Wells Fargo and Merlin."

As part of the transaction, Merlin's team members will join Wells Fargo Securities. Managing partners Stephan Vermut and Aaron Vermut will continue to lead the Prime Services Offering.

"With the acquisition of Merlin, we are gaining highly scalable, broker neutral technology with multi-asset and multi-custodian capabilities," said Chris Bartlett, head of Equity Sales and Trading at Wells Fargo Securities.

"Merlin's open architecture platform enables clients to choose the custodian and trading platform that is right for their business. Their team members have extensive experience in this industry and we look forward to adding their expertise to our platform." Terms of the agreement were not disclosed.

Mizuho Trust & Banking fuse European custody and SBL operations

Mizuho Trust & Banking and Mizuho Securities will consolidate their European custody operations and securities lending operations currently provided by Mizuho Trust & Banking (Luxembourg) S.A. (MHTBL) and Mizuho International (MHI).

In a statement from the company, Mizuho said the merge would centralise functions and enhance the quality of client services. The Mizuho Financial Group will consolidate European custody operations through MHTBL and will consolidate European securities lending services through MHI.

“Mizuho is confident that it can achieve its objective of further strengthening its global custody service to its clients through the collaboration of three global custody centres in Tokyo, Europe, and America,” the statement went on to say.

MHTBL, a wholly owned subsidiary of Mizuho Trust & Banking Co., Ltd., provides global custody, fund administration, and securities agency services with a strong focus on European assets.

MHI, the London-based securities and investment banking arm of Mizuho Securities provides financial solutions to institutional investors, including securities lending services, with a strong focus on European assets.

4sight launches new collateral module

4sight Financial Software is seeking to further its collateral management service with the launching of a collateral optimisation module for its Xpose system.

The solution allows financial firms to run automated availability checks based on a counterparty’s acceptability and concentration schedules. The system will then propose the cheapest to deliver collateral within schedule.

The collateral optimization system can also run collateral allocations across all of a firm’s counterparts and across business lines, including securities lending, repo, and OTC/listed derivatives.

This allows the system to show the discrepancy between the firm’s actual collateral cost and optimum collateral cost. The system bases actual collateral cost on current allocations and optimum collateral cost on the best possible allocations.

The module also allows users to run ‘what if’ scenarios to allocate collateral against underlying clients in the collateral pool without booking any collateral movements.

Deutsche Börse buys Eurex Zurich for €295 million

Deutsche Börse Group has fully acquired Eurex Zürich AG. Representatives of SIX Swiss Exchange/SIX Group AG and Deutsche Börse AG jointly finalized the transaction in Zurich, with Deutsche to pay €295 million and transfer approximately 5.3 million of its shares to the SIX Group. This gives the SIX Group a stake of around 2.7% in Deutsche Börse AG.

In return, Deutsche Börse has acquired the SIX Group’s share in the Eurex Group, the derivatives market provider that was previously under joint operation. Deutsche Börse Group previously received 85% of Eurex Group’s profits.

Deutsche Börse Group is fully acquiring all subsidiaries and shareholdings of Eurex Group, including International Securities Exchange Holdings (ISE), Inc., as well as the stakes in Direct Edge Holdings, LLC and the European Energy Exchange AG. It will also hold all Eurex software and trademark rights. Eurex’s Swiss markets will continue to be operated by Eurex Zürich AG

Conversations with...

Reeve Serman of RBC Dexia, talks us through the RBC buyout, Zurich vs. Canada, and his unique take on equity collateral

GEORGINA LAVERS REPORTS

Could you describe your career path, from school to your current position at RBC Dexia?

I'm originally from South Africa, and did my Bachelors of Commerce in Johannesburg. As a family, we moved to New York in 1989 and I did my Masters in Business Administration at Fordham University, majoring in accounting and economics. My first job out of school was Morgan Stanley, and I worked in their prime brokerage unit and securities lending group for about eight years. Morgan Stanley Trust Company was bought out by J.P. Morgan Chase Trust in the late nineties, and at that point I moved onto Zurich Capital and started a securities lending program from scratch. They had a number of assets they wanted to leverage and lend out to the market and two other colleagues and me started a program from the ground up.

After three years at Zurich, in 2001 regulation in Canada changed allowing mutual funds to lend their assets. So I cold called industry veteran, Fred Francis and said, this is what I am and this is what I know. Do you have an interest in speaking with me? Eight weeks later, I was in Canada. I did have an ulterior motive as I have a brother here, but it was a good business opportunity as well as personal.

Now I'm coming onto my 11th year. I started up as heading the North American desk, and now am the global head of trading, reporting to Guy d'Albrand, head of securities lending. In terms of the cultural differences between Canada and Zurich, Canada is very conservative and has a European mindset. I found it easy to adapt

What does an average day involve for you at RBC Dexia?

One thing I like very much about my job is there's no routine. We're constantly looking for

ways to maximize value, in a risk adjusted manner of course, for our clients. I have four trading desks which report to me, and we are well co-ordinated with our activities across our global network of borrowers. I'm constantly communicating with many different global financial institutions around idea generation, business opportunity, market trends, and I also get involved in many of our beneficial owner opportunities; existing clients as well as prospective new clients. Risk management is a constant part of my role, but most importantly I think is strategic planning and vision of where the market is going, making sure we are aligned with that in context of our clients' interests. Ensuring we remain well positioned to adapt and to capture as much value as possible.

Do you think there is still demand for purchasing government debt?

Yes, definitely. With the onset of Basell III, financial institutions have capital requirements and liquidity requirements so there is the need for financial institutions to be able to demonstrate long term liquidity on their balance sheets, and that presents an opportunity to lend high quality government debt in Canada and globally.

What challenges are beneficial owners expecting this year?

In context of a securities lending program, risk continues to be a significant factor. But I believe there will always be an element of transaction risk and one should not be afraid of risk. Beneficial owners should understand comprehensively what the risks are and how they are managed and the related strategy behind dynamic risk management. I believe that if these owners engage with their securities lending provider in a meaningful way, and make an effort to understand the opportunities that this market presents, they would be surprised to see how lucrative it actually can be.

While beneficial owners have come a long way in understanding the SL market, they still have a long way to go…with some more so than with others. We do have quarterly newsletters that go out explaining the current flavour of the markets and the activity, and it's clearly well received. We do take a lot of time and effort to be as comprehensive as possible and give as much colour as we can.

We also have what we call a dedicated technical sales team, which are specialised in sec lending and work with the relationship management on the custody side. In any case, clients that are participating in our program get educated and brought opportunities to them on a one-to-one basis, and we try to get them comfortable with opportunities like term structures and alternative collateral opportunities. We also try to give them a couple of simulated examples as to how we manage the risk. Overall, it's up to the beneficial owners and their risk reward appetite on whether or not they'll want to engage the opportunity. Some do and some shy away, but it's our job to engage them on what the market is doing.

Are you seeing changes in collateral type?

Canada in general sticks to what it knows best. We have a healthy market here. Specific to collateral. I see very clearly a tug of war between the risk appetite of the borrowers who clearly want to give us the lowest grade and cheapest collateral possible, and then we see the other side of the spectrum, the beneficial owners, who want the most conservative, safe collateral taken in for their securities.

Liquidity of collateral is of course a major issue, and we've seen from the past that it is vital to be able to exit your position quickly. Collateral equals the cost of the trade to the borrower as well as balance sheet usage …..it's all about collateral.

The market has started to take up equity collateral in a serious way. About two years ago I said that at a conference in New York, I was unique in that position, and was challenged very openly in that debate, but today we see a transition towards equity as collateral. Equities are a very cheap form of collateral. When you're taking in and lending equities as collateral, it significantly reduces your correlation risk. We've done comprehensive research and analysis proving this point as has the Risk Management Association of America. We do see now beneficial owners starting to understand it more.

The natural reaction to taking equities as collateral is, 'oh, that's not very prudent from a risk perspective', but dive into it and you will see equities are very easy to exit. If you take index equities and you have to sell them, you can do that very fast without impacting the price of those securities. We are seeing some traction from this on beneficial owners' side, and it's very opportunistic. Borrowers will also give a higher margin level if we accept equities as collateral providing additional comfort from a risk perspective.

Are you seeing downgrades in cash reinvestment?

We are very selective in how we transact on a cash basis. We are looking to get more active and ramp up this service to our clients. It's unfortunate that cash reinvestment has received press due to the negative experience of other participants.

We do strongly believe there are a lot of opportunities in the cash space, without the need to downgrade the risk. In a very conservative program transacting with high quality counterparts and instruments and with a highly liquid and marketable collateral is definitely the motto.

How much of an impact do you think the US has on Canada?

We are continually watching the regulatory environment in the US and how it impacts cross border activity. For the most part US counterparties are on top of their game, and they continue to engage us very actively. We see all the regulation that they have to deal with from FATCA to Dodd Frank and the Volker Rule, to short sale regulations, etc., but we continue to experience healthy cross border flows.

It's obvious to everyone that there is a tsunami of regulation, which I just rattled off, but regulation also creates opportunity for sec lending, because financial institutions have to demonstrate balance sheet stability with regard to liquidity, and that presents an opportunity for us to lend. However, it is very costly for financial institutions to adapt to especially in a narrow spread trading environment.

Specific to Canada, I think the regulators in Canada have done a very good job in their prudency. They've been very careful not to react in such a way as to jeopardise the proper functioning of the market here, and they make sure all their proposals are based on sound factual evidence based on industry consultation. To my knowledge, there have been no unintended market consequences.

Even though we are very conservative, we do try and go the extra step, but it all comes down to the risk reward appetite of our client. Our job is to bring them the opportunity and try and show them how it can be managed from a risk perspective. It's up to them to say if they're interested.

Any upcoming projects at RBC?

One that sticks out is the ownership structure. (On April 3 RBC purchased back their 50 per cent ownership from Dexia) While we continue to be committed to the joint venture until closing, it is an exciting development that we look forward to the growth opportunities it presents, RBC being a strong bank with an equally strong balance sheet. **SLT**

Reeve Serman
Director, trading and market execution
RBC Dexia Investor Services


645 billion EUR collateral management outstanding
460 participants in Global Liquidity Hub
322 billion EUR securities available for lending
20 years' security financing expertise
24 hours' real-time processing
52 domestic market links across the world
1 Clearstream
clearstream
DEUTSCHE BÖRSE GROUP
Our Global Liquidity Hub enables efficient collateral management across timezones, currencies and asset classes
Shaping the future for you
clearstream.com

Collateral crunch

Rule Financial's Jonathan Philp and Chris DeBrusk explore how firms are coping with a chronic shortage of high-quality liquid assets

INDUSTRY OPINION

A consistent theme in the regulatory response to the global crisis has been the strengthening of the financial system by requiring banks and other financial institutions to hold more and higher quality capital and reinforcing counterparty credit risk management practices by prescribing more conservative collateral requirements. This reflects the prevailing view that the defining feature of the crisis was the speed with which credit losses propagated into the wider financial system and the real economy. Capital and collateral are the financial firebreaks that will prevent future systemic crises - or at least buy time for the central bank fire brigade to dowse the flames with liquidity.

The scope of new regulation is broad. Basel III capital adequacy framework imposes additional capital requirements to protect against counterparty credit losses and specifies minimum requirements for unencumbered liquid assets that must be held on banks' balance sheets. Broadly equivalent risk-based capital rules are being extended to non-bank financial institutions as well, such as the Solvency II regime for European insurers.

In parallel with regulatory capital measures, the Dodd-Frank Act in the US and the European Market Infrastructure Regulation (EMIR) address the management of OTC derivatives exposures. The key measure is the requirement for clearing, breaking the opaque web of bilateral OTC derivative exposures and concentrating counterparty credit risk in tightly regulated central counterparty (CCP) institutions. The principal responsibility of a CCP is the management of counterparty credit risk, and its primary tool for achieving this is collateral. OTC derivatives contracts that cannot be cleared are also subject to stringent collateral requirements, at least equivalent to those for cleared trades. Finally, new rules dramatically restrict the ability of banks to re-use or re-hypothecate collateral assets, cutting off a lucrative source of funding.

The rules are highly prescriptive over what exactly constitutes eligible collateral; the emphasis is on cash and highly liquid securities that have, to quote the CPSS-IOSCO standards for Financial Infrastructures, '…low credit, liquidity, and market risks.' In practice, OTC derivatives clearing houses are setting extremely conservative collateral eligibility parameters, emphasising cash and a narrow universe of government and agency bonds. At the same time, the Basel III Liquidity Coverage and Net Stable Funding ratios will drive demand for the same narrow universe of highly liquid assets… assets that are already intensively used in the secured lending markets for funding and liquidity management purposes.

This is the so-called 'collateral crunch'; the intensity of demand for the highest quality collateral-eligible securities is starkly illustrated by their historically low yields. Estimates for the incremental value of liquid assets required extend into the trillions of dollars, and the efficient sourcing and deployment of these assets therefore becomes critical if anything like current levels of activity and returns are to be sustained.

How to optimise?

Facing these pressures, institutions that can systematically source and deploy collateral at minimum cost will reap the benefit of lower funding costs and, potentially, generate returns from active collateral trading. In an environment where banks in particular must focus on profitability to bolster core equity, there is a clear incentive to address the collateral optimisation challenge.

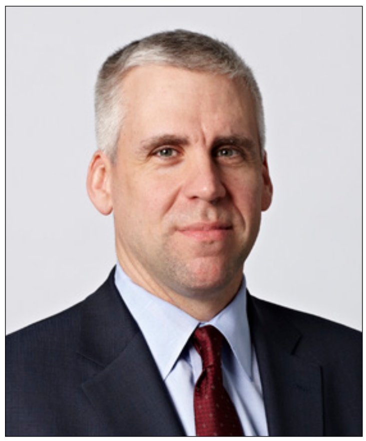
While optimisation is a concept familiar to repo and securities lending market participants, the overhaul of the OTC derivatives markets has become the catalyst for the mobilisation and transformation of available assets into the cash and highly liquid securities that are needed to support capital, liquidity and trading objectives. This creates opportunities; the 2012 Rule Financial Clearing and Collateral Management survey highlighted the focus of banks in developing compelling advanced services such as collateral upgrade to help clients overcome the challenges posed by the collateral crunch. Meanwhile, many buy-side institutions who are the natural holders of sought-after collateral assets, but shied away from secured lending markets at the height of the crisis in 2008, are cautiously reappearing in search of incremental returns.

From a liability perspective, banks are aligning and integrating product-specific collateral capabilities with the target of creating a coherent firm-wide view of collateral obligations, increasing the ability to identify and exploit cross-netting opportunities. On the asset side, the ability to aggregate proprietary positions, collateral received from counterparties (where re-use is possible), and collateral allocated to counterparties, is an essential foundation for the subsequent optimisation process in which assets are allocated and substituted to realise the ideal collateral profile.

There is no simple answer to the optimisation challenge. Optimisation can be a simple set of rules that categorise assets and establish a preferred order in which they will be deployed to cover liabilities, or it can be a sophisticated algorithm that generates the most efficient possible allocation that minimises funding opportunity cost. Simple or complex models are further complicated by the need to change the rules daily or intra-day, to meet the up-to-the-minute needs of the bank. Of course a practical solution will reflect the technological and operational constraints which impose diminishing returns to sophistication. In our experience, the quality and consistency of reference and market data on which the optimisation process operates is key, and is the foundation on which a successful and active collateral managament capability rests.

Banks are electing to build and buy functional components in roughly equal measure; we see system vendors bringing solutions to market that address the key challenges of inventory management and the implementation of the optimisation process itself. For institutions that cannot contemplate the substantial investment required to achieve a fully specified optimisation capability, tri-party collateral agents offer a flexible alternative way to reap the benefits of proactive collateral inventory management.

Whatever the approach, these are demanding projects that combine organisational and business process reorientation with substantial investment in data and systems infrastructure. As the industry responds in turn to the post-crisis regulatory overhaul of the financial markets, we nevertheless see a powerful business case for true collateral optimisation. SLT



Chris DeBrusk
MD (USA) and specialist in capital markets
Rule Financial

Jonathan Philp
Specialist in collateral management (UK)
Rule Financial

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Canadian securities lending

Securities Lending Times speaks to some of the leading market participants and shares their views on the current state of the industry

Brian Lamb
CEO
EquiLend

Rob Ferguson
Senior vice president, capital markets
CIBC Mellon

Sean Healey
Managing Director
Equity Derivatives
National Bank of Canada Financial Markets

Don D'Eramo
Senior managing director, securities finance, EMEA & Canada
State Street Securities Finance

Dave Sedman
SVP and head of securities lending Canada
Northern Trust

Meeting you....
We look forward to meeting many of you at the upcoming CASLA event
Justin Lawson, publisher

How much have levels of securities lending returned to pre-crisis levels?

Don D'Eramo: Demand has not yet returned, and risk appetite continues to change. On the supply side, clients have re-engaged with some clients changing the style of their program mandates and new clients entering our lending program. Clients are tending to take a more conservative view towards what and how they choose to lend but the signs are positive. Clients are choosing to look at 'value' lending; moving away from a volume lending approach.

Brian Lamb: Based on the trading flows that we see at EquiLend, there has been an ebb and a flow over the past 24 months but it would appear that the number of transactions executed over our platform is equal to or greater than what we saw pre-crisis.

Rob Ferguson: Across the market in general, I would say that lending volumes are steady. With much of the market disruption that 2008 caused we haven't seen balances return to levels of that year. Overall returns remain strong but much of the specials and deal-related activity is muted. Given the strength of the Canadian economy, the bright spot in lending remains Canadian fixed income.

Sean Healey: Purpose lending still hasn't returned fully to pre-crisis levels, we don't expect that to happen until the new deal / special situation calendar comes back to life. However, non-purpose or financing activity has increased greatly and continues to draw in new participants, more then offsetting the decrease in volumes.

Are the returns from securities lending improving, or is the low interest rate environment keeping business fairly flat?

Dave Sedman: Much like the rest of the world, Canada has experienced reductions in hedge fund activity. The outlook of many hedge funds has grown more cautious due to ongoing market volatility and uncertainty around the impact of recent financial markets regulations. In addition, the Canadian market remains somewhat subdued. This should indicate that volumes would be somewhat stable, but demand for securities and our on-loan balances have increased in recent years despite the industry-wide concerns over ongoing European sovereign debt issues.

D'Eramo: The primarily flat yield curve has certainly had an impact on cash collateral returns but we are seeing an increase in clients' acceptance of different types of non-cash collateral, although traditionally Canada has been a non cash market. What was once a predominantly general collateral driven market backed by cash collateral has moved towards more of a specials-driven market and other value added trades such as the dividend reinvestment trade.

Healey: Overall levels are still compressed and will likely remain so in the current environment. As a result we have been widening our product mix. We have brought Agency assets - both Fixed Income and Equity - to the market, we have worked more closely with our prime brokerage clients to access their inventory and we have taken an active roll in managing the overall cash position of the firm.

Sedman: At Northern Trust, we have experienced a significant increase in securities lending activity and borrower loan balances since 2009. Although trading conditions remain tough, the average Canadian on-loan balance and fee spread continues to climb. Most of this increase can be attributed to an increase in demand for Canadian equity and fixed income securities, with some due to market appreciation. Additionally, as in previous years, we have experienced strong demand from borrowers for low dividend inventory through the European dividend season with pricing levels remaining consistent with 2011.

Ferguson: The low interest rate challenges globally haven't affected us as much as other countries I'm sure, given our propensity to non-cash collateral. Returns continue to improve on a relative basis, though I think the lack of material specials activity will weigh on returns generally.

What is holding back further growth?

Healey: The deal market has been weak, particularly in the States, once that comes back around hedge fund activity will follow. Regulatory uncertainty and global credit concerns haven't helped but the lower new deal activity is the primary concern.

Ferguson: Global credit conditions, surely. Much of the uncertainty in the Eurozone continues to weigh on the supply/demand equation, as well as deals related activity. M&A activity in Canada remains extremely low on a historical basis, and there were no material deals in the first quarter in 2012; as M&A is a leading driver of equity returns in Canada, this continues to constrain returns.

Sedman: Ongoing uncertainty in global markets is likely to continue to weigh on investors and affect the level of securities borrowed.

> Lamb: The proliferation of regulation and overly politicised negative influences has had a detrimental effect on the flow of business.

Another major variable impacting growth is the amount of liquidity held by hedge funds, which remains high relative to historic levels. With hedge funds holding relatively high levels of liquidity out of the market, demand is lower. As hedge funds eventually put this cash back into the market, we would expect to see an uptick in borrower demand and potentially an increase in spreads.

Lamb: The proliferation of regulation and overly politicised negative influences has had a detrimental effect on the flow of business.

D'Eramo: Concerns surrounding regulatory uncertainty with respect to future regulation implementation (Volker, Dodd Frank), increased capital standards under Basel 3, as well as attrition and overall lower risk appetite from the demand side may impact growth. We continue to keep a close eye on regulations and ensure we can assist where possible with regulators such that all stakeholder views are represented.

How much more important is the type and quality of collateral?

D'Eramo: Collateral has always been an important part of the equation, and more specifically, ensuring reflective pricing of collateral types and transparency. an example, the growing trend of the acceptance of equities as collateral. With equities there is transparency in pricing as well as the correlation of the collateral to the underlying loans as well as liquidity in these securities. As evidence, tri-party balances (mainly equity and corporate debt) have grown substantially in recent years, which show that beneficial

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owners as well as their custodians have comfort with the transparency in pricing and the liquidity of this asset class as collateral for their loans. Some beneficial owners are willing to accept alternative collateral because they are receiving a return commensurate with accepting that risk.

> Ferguson: Our lenders prefer to take the highest quality collateral, and counterparties favour flexibility on that front

Lamb: Quality of collateral has always been important, and remains important. Types of collateral shift over time.

Ferguson: Collateral acceptability has been a hot topic. Our lenders prefer to take the highest quality collateral, and counterparties favour flexibility on that front. There is currently significant focus on collateral by lenders, agents and regulators, and what's happening in European markets has resulted in fewer acceptable issuers that can be taken as collateral. With much uncertainty still to shake out, we are tending to stay conservative with our collateral choices.

It's our belief that providing choice to borrowers and lenders is in their mutual interest. We will continue to stay flexible in that regard, but I don't expect any sudden shifts in collateral composition.

Healey: After 2008 the importance of type and quality of collateral can not be overstated. The combination of balance sheet limitations, differences in the cost of the collateral and collateral shortage in Europe often results in collateral being the driver of the trade. We have seen people taking opportunities by custom tailoring collateral to a specific trade and specific counterparties without creating additional risk. We have also seen greater acceptance of increased haircuts as the market has moved from a one-size fits all model on to a counterparty and trade specific model.

Sedman: The types of collateral that a lender may accept will vary depending on each client's collateral guidelines. In recent years, some Canadian collateral parameters expanded to include cash, equities and a broader range of debt assets. Clients with broader collateral guidelines tend to experience an increase in lending revenues and utilization. Collateral flexibility is a key driver of revenue and will probably remain so in the future.

An agent lender should be able to offer its clients a wide variety of collateral options, such as cash, tri-party arrangements, cross–currency arrangements, equities and corporate debt. Northern Trust provides flexibility for our clients' programs to meet their specific needs. As available collateral types continue to expand, we expect that our collateral profile will continue to develop through conversations with clients and market developments.

Lamb: Clearly collateral management is as important today as it has ever been before.

How far has the debate around CCPs come in Canada? What are your views?

Ferguson: Presuming it receives the relevant regulators' blessings, the TMX/Maple merger will be positive for the custody industry. One efficiency is the opportunity to consolidate clearing houses for securities and derivatives, which would bring a number of benefits such as increased trading volumes through cross-margining, a simplified interface between custodians and the consolidated clearinghouse, and opportunities to post a wider variety of collateral for derivatives trades.

From a securities lending perspective, the outlook for CCPs is much less clear. In a perfect world, a CCP would increase efficiency and transparency while reducing risk. Unfortunately, most of the current proposals for a CCP for securities lending point to a system which would not materially reduce risk or increase transparency. Furthermore, moving to a CCP system takes away choice and control from lenders, who lose the ability to select counterparties they know and trust. A CCP would potentially also materially increase the cost of doing business – a particular concern for clients who view lending as an opportunity to generate stable risk-adjusted returns.

Healey: The Fixed Income side has a working framework but we think a full blown CCP is a year or two away at this point. On the equity side of things we utilize the OCC hedge program for DTC eligible securities; we think this should be utilized more. Creating a Canadian based program similar to the OCC hedge program would increase SBL activity greatly and should be considered. One possibility is to integrate it with collateral management for international CCP being requires by G20.

D'Eramo: As of February 2012, Canadian Repo has the ability to be cleared by CCP. Currently the participants in CCPs are limited to the major banks and large broker-dealers. The securities traded through this system are also quite limited with just a few issues of Government of Canada debt flowing through the system. We continue to keep a close eye on developments in the securities lending space, but to date we have not seen a model that would lend itself to the agency securities lending construct.

CASLA has now been in existence for three years. How has the organisation affected the securities lending industry in Canada?

Sedman: CASLA works directly with Canadian regulators, self-regulatory organisations, stakeholders and other market participants to ensure the long-term viability of the Canadian securities lending industry and the adoption of best practices. CASLA also works with these parties to address various other issues that are relevant to its members.

> Healey: The Fixed Income side has a working framework but we think a full blown CCP is a year or two away at this point

In short order, CASLA has been successful in lobbying for the change in prescribed market rules in Canada, as well as for changes in the treatment of withholding tax on cross border rebates. These changes have led to increased opportunities to generate revenue and on-loan balances. Overall, through CASLA, market participants in Canada have found a unified voice that speaks specifically to the issues faced in the Canadian legal and regulatory environment.

Healey: It definitely has raised the profile of the Canadian stock loan community in the international community, in particular, the annual conference. We find that market participants are anxious to be active in Canada both in terms of Canadian assets and Canadian counterparts; the emergence of CASLA in the past couple of years has aided in meeting those expectations.

D'Eramo: The formation of CASLA three years ago is a clear sign of the maturity of the Canadian securities lending market, CASLA has successfully lobbied to expand the prescribed markets rule which has allowed Canadian institutions to participate in securities lending transactions in a broader range of markets. CASLA was also successful in lobbying to expand the definition of a qualified security, which allowed the Canadian marketplace to expand the lending and borrowing of new and different types of securities.

CASLA is currently working with the regulator of the Canadian Mutual Fund industry to expand the acceptable collateral parameters to align them more with the Pension Fund guidelines. This expansion is for both non-cash collateral as well as the allowable assets that cash from securities lending can be invested in. CASLA also works to educate the financial community on what securities lending is and how it benefits industry participants. And finally, CASLA is lobbying for revised treatment of withholding tax on cross border rebates.

Lamb: It has enabled the market to focus on Canadian specific issues and has drawn attention to solutions and a discussion or debate around these issues. Canada is a significant market in our business and it needs a dedicated industry body to focus on issues specific to Canada.

Ferguson: We are a proud founding member of the organization, and it continues to be great for our industry. CASLA continues to provide a forum for the industry to exchange information with regulators, encourage best practices across the industry and educate the broader public about the value of securities lending to Canada's capital markets. CASLA held its first conference on securities lending in Canada earlier in 2011, which was very successful, will be holding a second conference in May 2012.

Is regulation still a major issue? What are the key new regulations that you are focusing on?

Healey: Regulation is always a major aspect of the finance industry- that is not new. The lack of clarity from the regulators, particular in the US, in recent years is new. The Basel III interpretations are of particular interest, in particular, how it will affect balance sheet availability and funding requirements for financial institutions.

Sedman: It is fair to say that there is a global focus on impending regulations across the financial industry. However, it is important to recognize that the regulatory framework is different in Canada as each Province has its own securities regulator. Securities lending participants must comply with applicable lending guidelines (i.e. OFSI Guidelines, National Instrument 81-102) that provide guidance for collateral eligibility, controls and records, and the use of an agent. Borrowers typically must comply with IIROC regulations. Additionally, mutual funds must also comply with disclosure requirements regarding securities lending activities.

While the full effects of Basel III remain to be seen, the changes in capital and liquidity requirements will likely impact both lenders and borrows in the industry. The new capital requirements may create stronger counterparties, and firms with collateral flexibility will likely benefit the most. Many firms have begun to implement some of the changes required under Basel III and anticipate additional requirements from local regulatory agencies.

D'Eramo: The impacts of Dodd-Frank and Basel III are of particular focus for lenders and borrowers alike

There have been some regulatory and tax changes in the past few years that have allowed the Canadian market to continue to expand and grow. For example, there was the broadening of the "qualified security" definition in the Tax Act which allowed for securities lending in markets where previously Canadian participants were not allowed. Significant industry lobbying efforts contributed to the eventual broadening of the "qualified security" definition to include any security traded on any exchange globally. Until then, Canadian market participants were at a distinct disadvantage by not being able to lend in certain markets. Another change positively impacting the Canadian market was elimination of the withholding tax on fees and interest on cross-border transactions.

Lamb: Regulation is absolutely a major issue. The issues of the day are coming from ESMA regulations, potential FSB regulations, as well as Dodd Frank regulations - just to name a few.

Ferguson: Canadian regulators have earned their reputation for prudence and conservatism – an approach which has brought them quite a bit of acclaim internationally over the last few years. One of the consistent challenges - for us as a provider and for our clients as asset owners and investment managers - is that regulatory change continues to be fast and furious. We're dealing not only with various national and provincial regulations, but also regulations like Dodd-Frank which have cross-boarder impacts. Part of the challenge for market participants, and even regulators themselves, is to understand how emerging regulations impact markets and market participants. All of the stakeholders want to prevent unforeseen impacts, so there is a great deal of dialogue between the various stakeholders about how to best move forward. CASLA has been particularly valuable for providing a shared forum for market participants to provide a shared voice for comment to the regulators.

Sedman: Broadly, it seems that many industry participants are remaining cautious while awaiting finalized rules. For example, borrowers are monitoring developments related to the issuance of final rules regarding the disclosure of short selling activity. Some of these rules may impact hedge funds that borrow. Additionally, many lending agents have begun to anticipate additional requirements from Canadian regulators.

D'Eramo: Regulation is an important focus going forward for our industry. The impacts of Dodd-Frank and Basel III are of particular focus for lenders and borrowers alike. How will these changes affect the ability of both lenders and borrowers to accept various types of collateral from a margin and capital perspective is an example.

Where do you see the industry developing in the future?

Sedman: Recently, the M&A space has shown signs of increased activity. Historically, there is a strong correlation between M&A activity and borrower demand, as investors look to capitalize on arbitrage opportunities. If we see a material rise in M&A activity, it may correlate to borrower demand and loan volumes. Additionally, for some time borrowers have borrowers have mentioned the high liquidity levels that their hedge fund clients maintain. As hedge funds eventually put that cash back into the market, we expect to see an uptick in borrower demand and a potential increase in spreads.

D'Eramo: There are certainly many questions still out there that will be answered in due course. There are many positive developments happening in our industry, some of which we have touched on in the previous questions. Some other interesting developments are occurring. Technology will continue to play an important role in the future, specifically around transparency and any potential changing reporting requirements which may result from regulatory changes. Increased efficiencies in pre-trade and post trade environment in the Canadian securities lending space will also be a focus in the future.

From a product perspective, we continue to see a growing demand for bespoke cash collateral options for clients, specifically as the Canadian Money markets continue to develop. Also as new developments in the market, continue to evolve, such as Canadian Mutual Funds gaining exemptions to implement active strategies, we should see more demand for product solutions, for our customer base.

Lamb: I see continued evolution of automation, efficiencies, and an improved use of capital.

Sedman: Market volatility will likely persist with uncertainty around the European markets remaining; interest rates will likely remain at historic lows; and we will likely see continued focus and diligence around evolving regulatory developments.

Opportunities which may help to enhance returns in the future are advancements in technology, as well as collateral expansion and flexibility. Similar to other markets, Canadian borrowers are typically driven to better manage their long inventories and reduce their financing costs. Collateral flexibility is a key driver of this today and we expect it to remain so in the future.

Sedman: M&A space has shown signs of increased activity. Historically, there is a strong correlation between M&A activity and borrower demand

Ferguson: People are looking more and more at alternative collateral. I think we will see a premium placed on collateral flexibility, as borrowers seek to maximize the value of their available collateral. I would also expect a continuing increase in electronic trading, and that we will see ongoing regulatory changes impacting the market.

Healey: Automation and technology will continue to have tremendous impact as we all strive to do more with the same resources. We see the automation of the GC aspect of the business to be an important part of meeting those needs. This will have the added benefit bringing more price transparency. Credit risk will continue to be on the forefront for everyone. We see some form of CCP, be it similar to the OCC Hedge program or a stand alone CPP, being developed. We expect continued growth in non-purpose financing via stock loan. Finally, participants who have integrated equities and fixed income will be at an advantage. **SLT**

Releasing Asian supply

Data Explorers' Will Duff Gordon takes a look at short selling trends in Asian markets

MARKET PERSPECTIVE

Short selling in some parts of Asia is as expensive as renting an apartment in Hong Kong. Yet this hasn't prevented the number of Asian based Hedge Funds increasing over the past few years. As we will see, custodians have been doing their bit to bring new asset managers into lending programmes with the total number of lending funds rising by 44% since before the credit crunch. In theory this should help bring down the cost of shorting. However, this has not happened in markets such as Hong Kong, where demand outstrips supply.

Just prior to the collapse of Lehman in 2008, around 2,500 funds were reported to Data Explorers as belonging to Asian domiciled asset owners. Fast forward to today and it is now closer to 3,500 funds. This rise is a combination of our Hong Kong office bringing on board more customers alongside a genuine rise in those funds in Asia that have made their securities available for borrowing.

How much of a difference is attributable to the success of our sales force versus our client's sales force is a very difficult question to answer. Another way of proving that supply is easing is to use a Herfindahl-esque index.

Through this we can see that Australian, Hong Kong and Japanese supply is less concentrated amongst agent lenders with the biggest easing taking place in HK names as can be seen from the Inventory Concentration Ratio chart below. A lower percentage figure on the left hand scale means that supply is less concentrated. As fees to borrow HK names are continuing to rise, this means that demand has increased faster than the pace or rising supply.

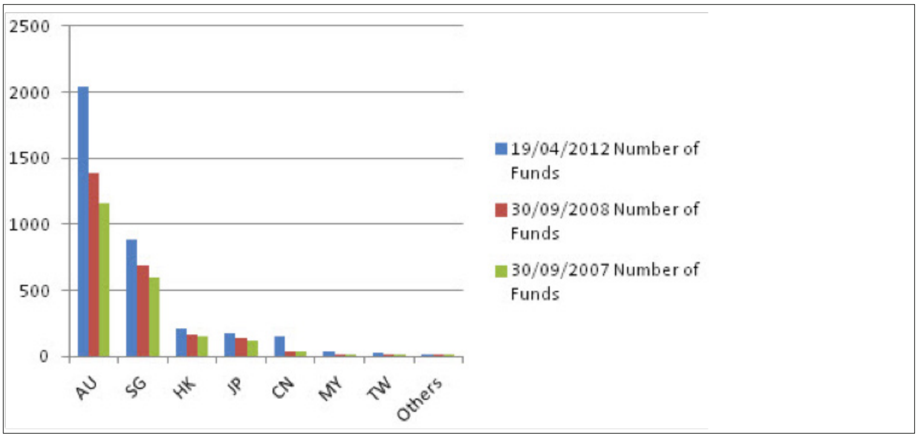
The rapid rise in activity in the Chinese onshore securities lending market bears testament to the pent up demand to short sell in this massive market place. According to research by CITIC Securities, an extra 188 (on top of the original 90) stocks became borrowable via the newly formed securities lending market and the stock on loan increased 10% in March.

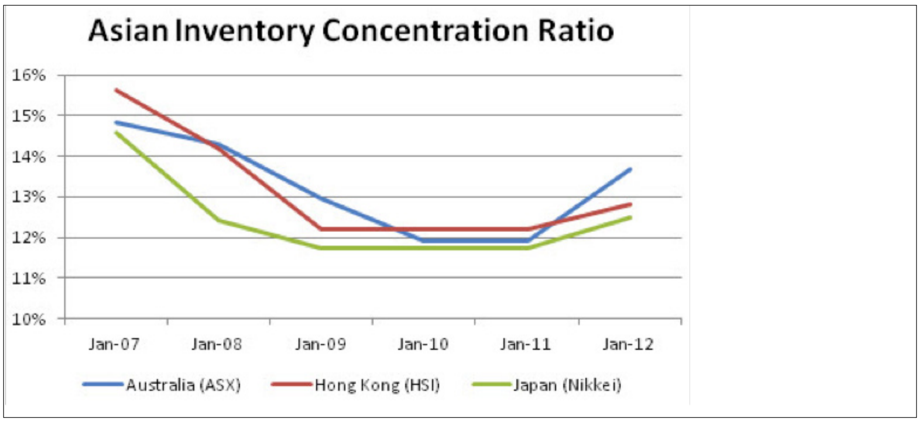
Annual high in short interest

Asian companies seeing new annual highs regarding borrowed shares are the following:

Broader context

There is a wider point to make here. Supply is not the issue in the US and Europe. Demand is a long way off challenging the absolute level of supply by at least seven times. Instead, profitability of securities finance hinges upon the types of collateral that funds are willing to take given the prevalent type of regulatory driven borrowing demand (read more on this topic in the upcoming Quarterly Review) and a limited number of specials. By contrast, Asia remains a market more driven by buy side demand and, outside of Japan and Australia, demand is very strong. **SLT**





Ticker	Instrument Name	% Stock on loan	% Stock on loan 52 Week Range
	Asia		
4043	Tokuyama Corp.	14.5	0.2 -- 14.5
6773	Pioneer Corp.	14.0	1.2 -- 14.0
SOHU	Sohu.com Inc.	13.3	1.7 -- 13.4
WHC	Whitehaven Coal Ltd.	13.3	0.0 -- 13.3
3632	Gree Inc.	11.5	1.1 -- 11.5
2371	Kakaku.com Inc.	10.6	0.9 -- 10.6
3092	Start Today Co. Ltd.	7.7	0.8 -- 7.8
3800	GCL-Poly Energy Holdings Ltd.	7.7	0.1 -- 7.8
GBG	Gindalbie Metals Ltd.	6.6	0.9 -- 6.6

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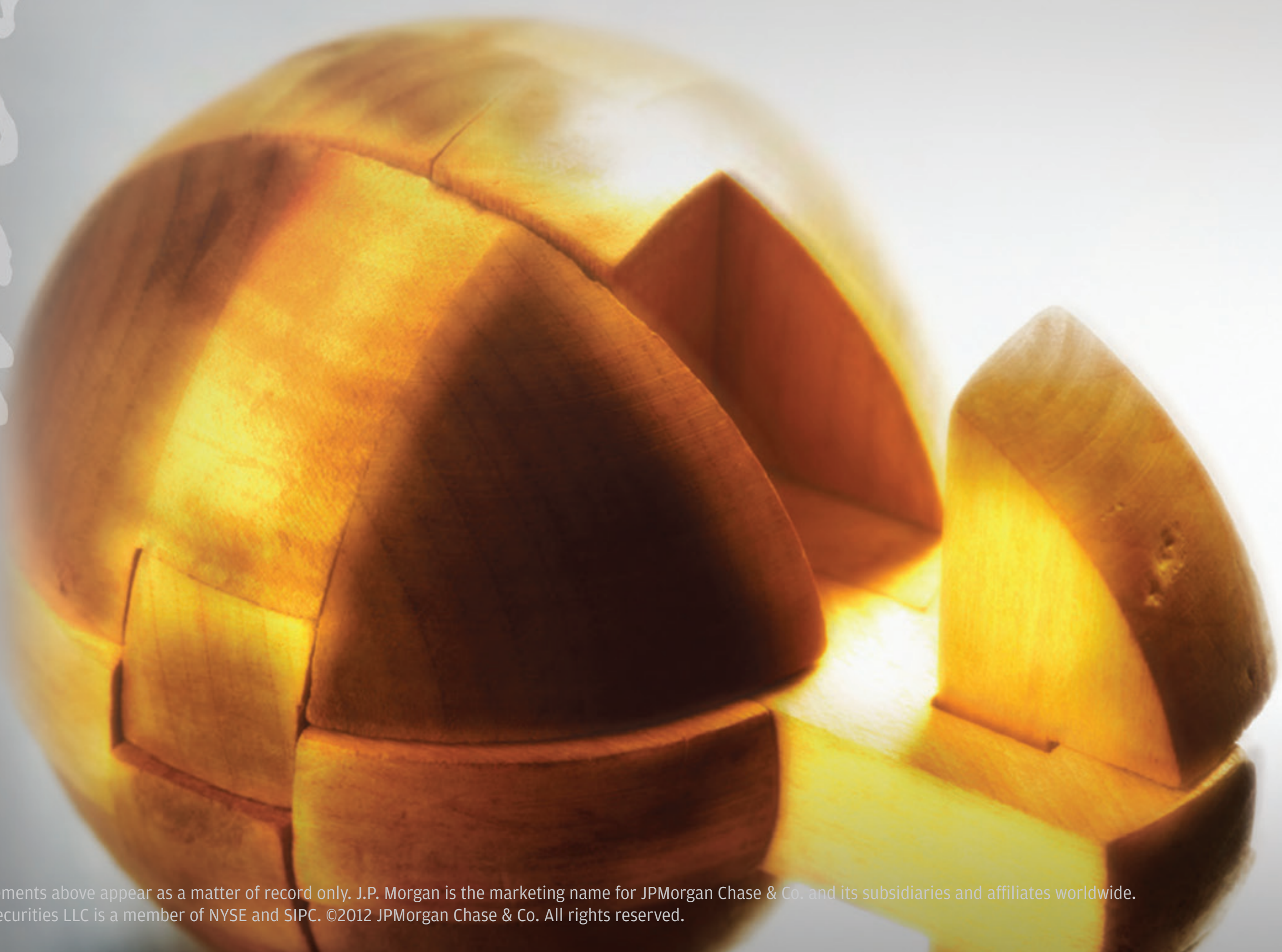

Training and Education

14-15 May	**London**	**Repo and Securities Lending Market & Documentation** Review in detail the provisions of both the GMRA 2011 and the GMSLA 2010: understand how and why they differ from their previous versions	**Marcus Evans**
17-18 May	**London**	**International Securities Settlements & Custodial Services** This training program is designed to provide delegates with practical knowledge about the key concepts, systems, processes and procedures in international securities settlement and custodial services as well as operational risks involved. Participants will have a chance to gain skills necessary to facilitate day-to-day transactions and communication processes between all parties involved.	**Eureka Financial**
18-19 June	**London**	**Operational Risk Management** This 2 day practical course explores the best practice in operational risk management, at all stages, from assessment to implementation. You will gain tools to manage risk and to create environment where this function is perceived as a value added proposition increasing profitability and structural strength of an orgnisation.	**Eureka Financial**
18-19 June	**London**	**Syndicated Lending and Documentation** This 2-day course will provide delegates with a detailed understanding of the syndicated loan product, its uses and market practices.	**Marcus Evans**
21 June	**London**	**The Repo Market** This 1 day course is designed for delegates who are new to the business of bond repurchase agreements (repos) and aims to explain how repos are priced, settled and why they are transacted by different participants in the market, including pension funds, hedge funds, market makers and derivatives users.	**Eureka Financial**
28-29 Jun	**Hong Kong**	**Repos and Securities Lending** Repos and Securities Lending provides a comprehensive and practical programme explaining the legal, regulatory and documentary issues involved in repo and securities lending transactions.	**Euromoney Training**
6-8 Aug	**New York**	**Repos and Securities Lending** This course will offer a start to finish discussion of the key terms of the Global Master Repurchase Agreement and the Global Master Securities Lending Agreement, as well as the agreements used in the U.S. domestic market.	**Euromoney Training**
22-23 Oct	**London**	**Risks & Controls in Securities Operations** The current environment and recent history has shown the dangers of ineffective or defective Operational Risk Control. Consequences can be massive in terms of financial losses, reputation besides personal career prospects.	**Investment Education**

Industry vacancies

Business Analyst

Recruiter: 4sight Financial Software
Location: Edinburgh
Salary: Competitive
Date: 25 April 2012

4sight Financial Software is looking for two individuals to join our professional services team based in Edinburgh.
Contact: 4sight Financial Software
Email: jobs@4sight.com

C# Developer - Investment Banking Consultancy

Recruiter: Rule Financial
Location: London
Salary: Competitive
Date: 25 April 2012

As a C# Developer you will be responsible for developing a mixture of different systems - desktop applications in E-commerce trading applications. The projects are varied, and will expose you to many different asset classes and areas of the bank.
Contact: Priti Patel
Email: recruitment@rulefinancial.com

Senior Developer

Recruiter: HazelTree
Location: New York
Salary: Competitive
Date: 25 April 2012

HazelTree Fund Services, one of New York's fastest growing hedge fund technology companies seeks a strong, motivated Software Developer to join our team as a Senior Software Developer to maintain and create applications for HazelTree's growing product line.
Contact: Samantha Scoutelas
Email: sscoutelas@hazeltree.com

Pre-Sales Business Analyst

Recruiter: 4sight Financial Software
Location: London/Amsterdam
Salary: Competitive
Date: 25 April 2012

Due to high demand for its software products, 4sight Financial Software is looking to recruit an experienced Pre-Sales Business Analyst (PSBA) for its Collateral Management software solution.
Contact: 4sight Financial Software
Email: jobs@4sight.com

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