SLT
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Greg Wagner forms first Brazilian securities lending association

A Brazilian securities lending association has been launched to enhance the image and understanding of the market for new participants.

Greg Wagner, who is currently head of prime services at Itaú Unibanco, set up the association. In an email interview, he said that the reasons behind its creation were: to foster increased international awareness of Brazilian securities lending; to create a centralised forum where international participants and local exchanges and participants can exchange ideas; to address in an informed manner some of the common challenges facing international participants; and to create constructive dialogue with local and international regulators, as appropriate.

"We noticed a need for leadership and a centralised communication hub to link the international community with local participants and the exchange in Brazil," said Wagner.

"There are several queries that are regularly being brought up on a bilateral basis. Given this—and since the Brazil lending market is bigger than Canada and Australia—we felt it was time to sponsor a credible association to help educate and effect change in an organised manner."

As of January 2013, foreign investors represented 36 percent of the equities lending pool in the country. For the borrowing pool, they had a 19 percent market share.

Stock exchange BM&F Bovespa has been criticised in the past for not opening up to foreign participants, but staff have made recent efforts to educate foreign participants on the policies and procedures of Brazilian securities lending.

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State Bank of India suggests shorting ban

The State Bank of India's chairman, Pratip Chaudhuri, has allegedly said that the bank has recommended to the finance minister in India that short selling should be banned.

Chaudhuri reportedly made the comments while opening a 15,000th branch of the bank in Sooranam, Southern India.

It was only in July that India's insurance regulator allowed insurers to lend a maximum of 10 percent of their securities, in rules hoped to revive the country's market.

The Insurance Regulatory and Development Authority (IRDA) has been seeking comment as of August last year relating to insurers participating in a securities lending and borrowing scheme.

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BCS Prime Brokerage forges London-Russia connection

BCS Prime Brokerage has launched what it calls the fastest ultra low latency data line yet, between London and the Moscow Exchange.

The development allows BCS Prime clients the opportunity to trade equities, derivatives, FX and other financial products between the two financial centres in the most time and cost efficient manner.

It is the first ultra-low latency data line with a sub-39 millisecond connection between Moscow's M1 data-centre and the InterXion in London, ensuring the best available line between the two financial centres.

read**more p2**

Greg Wagner forms first Brazilian securities lending association

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In December last year, representatives from the exchange went on a road show in Europe to educate and encourage foreign custodial banks and other institutions to work toward distributing their Brazil equity assets through the Brazilian Clearing and Depository Company (CBLC), the central counterparty (CCP) of the exchange.

However, the current structure is set up to ensure some domestic participation—a local broker is required to access the settlement system (BTC) to facilitate local and foreign investor trades. Coupled with the CCP design of the Brazilian lending market—whereby the exchange retains control of the collateral posted by borrowers—there are challenges that may cause issues for some foreign lenders.

State Bank of India suggests shorting ban

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Comments were received over the course of a year from the various stakeholders including life insurers, general insurers and other entities, along with suggestions for the controls needed.

"After examination of the comments received, it is observed that insurers can generate extra yield on the securities held in their custody by lending securities through [the] SLB mechanism," said an IRDA statement.

Amongst the rules was the notice that around Rs 50,000 crores of stocks may now be eligible to be lent to short sellers.

BCS Prime Brokerage forges London-Russia connection

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According to a report by advisory firm TABB, every millisecond of latency can result in up to $100 million per annum in lost revenue. BCS believes this lower latency will now result in higher trading profits for its clients.

Michael Barmettler, the managing director at BCS Financial Group, said: "The implementation of this new ultra-low latency connectivity service between London and Moscow establishes once again that BCS is leading the industry by offering our clients the best possible platform to maximise their Russia trading strategies and profits. This ongoing dedication to the latest technology is why BCS Prime is the first choice when it comes to trading Russian markets successfully."

In June 2013, BCS was granted UK regulatory authorisation by the Financial Conduct Authority (FCA) to deal and advise on investments and hold client assets, officially marking the launch of its international brokerage business.

Prime brokerage recruiter sets up in Hong Kong

A new recruitment firm has been launched in Hong Kong that focuses on custody and asset servicing.

Custodian Group is a new executive search firm established in August 2013 by John Byrne.

The firm will focus primarily on custody, asset servicing and prime brokerage related clients throughout the Asia Pacific region.

Byrne said that its key capability would be in sourcing talent both locally and from European markets.

"We aim to use our considerable expertise in this field to deliver recruitment capabilities to this expanding sector across Asia. We will use our extensive network here in Asia as well as our longstanding ties to Europe in order to source both local talent, as well as senior executives from more mature markets," he said.

"As the growth of the asset management industry in Asia continues, asset servicing is facing a whole new raft of challenges and

SLTINBRIEF

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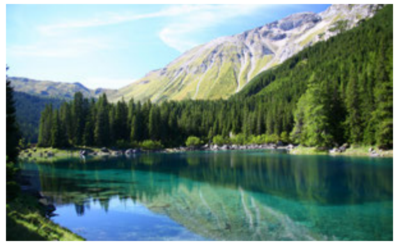

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opportunities in what can be a highly fragmented regional market."

"Increased regulatory pressures combined with potential new entrants in the form of Chinese banks will see a shake-up of the traditional custody and sub-custody networks. Custodian Search will provide clients with a clear picture of the rapidly shifting recruitment market as well as offering tailored search solutions that will allow firms to effect organisational change."

CloudMargin offers OTC derivatives collateral management

CloudMargin has created a new cloud-based OTC derivatives collateral management platform for the buy side.

"At a fraction of the cost of traditional technology collateral management platforms, CloudMargin offers a real alternative to the spreadsheets that dominate within OTC derivatives end user firms," said the firm.

"Until now, much of the buy side had been priced out of having a dedicated collateral management platform and had no viable alternative to spreadsheets," said Andy Davies, co-founder and CEO of CloudMargin.

"I am thrilled that CloudMargin's innovative approach and use of the latest cloud-computing technology means we can offer a full featured, full-cycle collateral and margin management platform that's well within the reach of even the smallest buy-side firm."

CloudMargin stores CSA parameters through calculating and issuing margin calls to handling disputes, selecting eligible collateral and instructing market movements.

4sight releases new collateral optimisation whitepaper

4sight Financial Software has released a new whitepaper on collateral optimisation.

The paper, Collateral Optimisation: Beyond Cheapest to Deliver and the Big Red Button, discusses some of the latest advances in collateral optimisation techniques, as well as how optimisation has moved on from 'cheapest to deliver' methodology.

The whitepaper also describes some of the limitations around collateral optimisation and provides a list of questions financial firms should ask when implementing an optimisation project.

Antonio Neri, executive director at 4sight, said: "Collateral optimisation has rapidly become essential for financial firms due to new regulations such as EMIR, Dodd Frank and Basel III."

"The paper describes how optimisation works and seeks to dispel some of the myths around optimisation techniques."

SS&C GlobeOp measures August increase

The SS&C GlobeOp Forward Redemption Indicator for August has shown notifications of 4 percent, up from 2.71 percent in July.

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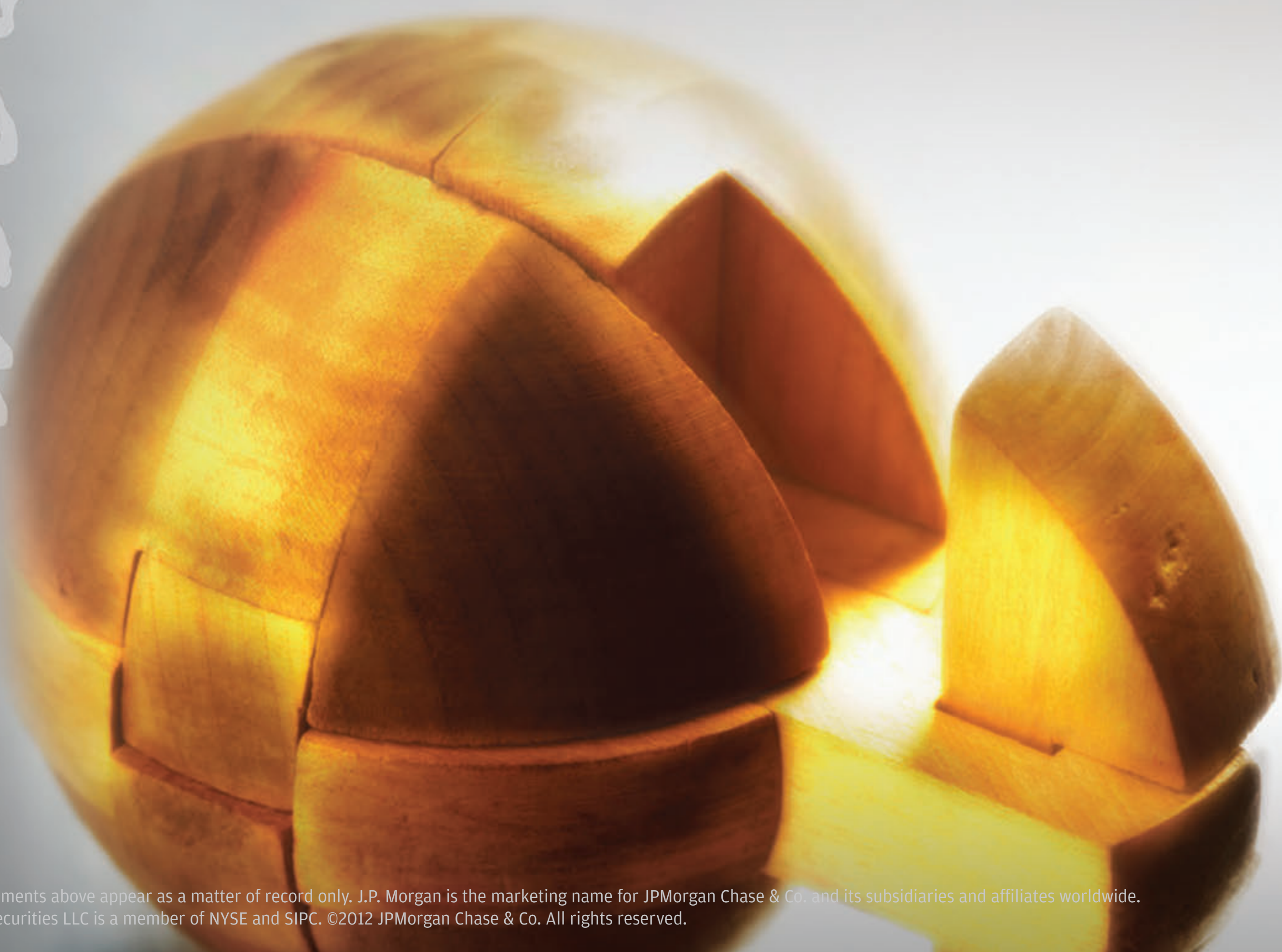

The forward redemption indicator represents the sum of forward redemption notices received from investors in hedge funds administered by SS&C GlobeOp on the GlobeOp platform.

Bill Stone, chairman and CEO of SS&C Technologies, said: "August redemption requests increased from July by over 1 percent, but remain moderate and in-line with past averages."

Pershing picks SunGard for Canada

Pershing LLC, a BNY Mellon company that provides prime brokerage and broker-dealer solutions, has selected SunGard to provide market connectivity to its newest international broker-dealer in Canada.

SunGard's SaaS-based Valdi Market Access will help Pershing to connect directly to Canadian trading venues, supporting the firm's growth plan to offer its clients enhanced trade execution in North America.

Prior to implementing Valdi Market Access for Canadian trading, Pershing relied on multiple local brokers for execution.

By accessing Canadian trading venues directly, the aim is for the firm to deliver new execution services to its customers, while reducing cost by outsourcing the service to SunGard.

"Offering our clients direct access to Canadian markets was a critical step for Pershing's growth plan. Using SunGard's hosted infrastructure allows us to focus on our core business while better controlling costs," said Derek Penn, managing director of Pershing LLC.

"SunGard is seeing more and more firms looking to Canada as a focus for their North American trading businesses," said James Corrigan, senior managing director, SunGard's Valdi.

"In order to achieve agile growth in this in-demand market, these firms must be equipped with solutions and services that can offer their clients direct access to trading venues and efficient models to help control costs."

SunGard's Valdi Market Access delivers access to more than 110 trading venues worldwide.

Japan fears collateral optimisation will impact on profits

A survey at recent Calypso event in Tokyo highlighted the state of OTC clearing in Japan.

It is expected that OTC client clearing will be mandated within 2014 in Japan. In a survey of attendees, participants shared their concerns and plans to implement an OTC clearing infrastructure and strategy in Japan.

Twenty percent of the survey respondents are currently operationally ready for OTC clearing. More than 50 percent of those firms said that they are actively searching for a new system to help them with operational compliance.

In the survey, over 50 percent of respondents revealed concerns that collateral management/collateral optimisation will impact their business profitability once OTC client clearing becomes a reality.

"The urgency of collateral management is felt more gradually than the need to clear trades, as underlying investors and portfolio managers begin to see the direct cost of collateral impacts to their returns," states Josh Galper, managing principal at Finadium.

Conference attendees were also polled on how they would select clearing brokers. The majority of respondents highlighted that breadth of services was the most important attribute when selecting a CCP partner. A survey at recent Calypso event in Tokyo highlighted the state of OTC clearing in Japan. In terms of the most valuable clearing services, operational support around connectivity and risk and margin management topped the list.

EquiLend and BNY Mellon chain up their RQV

Anticipating demand for timely settlement of collateral, EquiLend has created a new triparty connectivity service helps to expedite the agreement and communication of required value (RQV) figures, while ensuring clients always know the status of their trades.

EquiLend clients can submit values for all of their counterparties in one place. Group instruction functionality enables agent lenders to instruct triparty trades at the underlying principal level and match against a single borrower trade amount.

The service facilitates the pre-matching of trades before they are sent in real time to BNY Mellon. BNY Mellon responds with updates that EquiLend processes, generating individual trade statuses viewable on the EquiLend user interface.

The new service is intended to not only enhance EquiLend's post-trade efficiencies, but also to benefit BNY Mellon's current Auto Deal Matching offering.

Brian Lamb, CEO of EquiLend, said: "Having conducted an extensive build and beta phase with BNY Mellon and our clients, we are confident that EquiLend's offering to communicate and process RQV figures is best in class. We look forward to continuing our work with BNY Mellon for the benefit of the market."

James Slater, global head of securities financing at BNY Mellon, said: "In today's fast-evolving marketplace, clients are increasingly focused on managing risk, complexity and the need for greater transparency. BNY Mellon has a long history of helping our clients in these areas. This new service is further evidence of our commitment to enhancing the connectivity of BNY Mellon's tri-party system for both lenders and borrowers."

Pension funds bite nails over Dodd-Frank demands

Northern Trust has released a paper on capital requirements for pension funds in the wake of the US Dodd-Frank Act that encourages collateral management as a solution to demanding margin requirements.

In an effort to reduce risk and increase transparency, Dodd-Frank imposes mandatory clearing and trade execution of certain derivative products. To help ease the migration of swaps to a central clearinghouse, the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC) have approved a phase-in approach for market participants.

For pension plans subject to the Employee Retirement Income Security Act (ERISA), the mandatory clearing of certain interest rate and credit default swaps begins on 9 September 2013. By mandating interest rate products first, which account for $489 trillion or 77 percent of outstanding notional, the CFTC has encompassed a majority of the swap activity in the OTC market.

"Many pension funds use interest rate swaps to synthetically increase their portfolios' duration while conserving plan capital. These instruments are widely used in liability-driven investment strategies to hedge long- term pension liabilities," said the report.

But Dodd-Frank's central clearing of swap contracts adds new capital requirements of initial margin and variation margin.

The initial margin is intended to cover the fluctuation in a contract's value over a fixed period. The variation margin functions as a mitigation to credit exposure arising from daily fluctuations of a contract's market value.

Northern Trust has expressed concern over these new requirements, saying that they can be seen as imposing to plan managers. The amount of initial margin required is as yet unknown; with estimates ranging from $800 billion to $10 trillion dollars.

A recent report from the Bank of International Settlements estimated a growth of $4 trillion in initial margin demand. These figures have begun causing concern that there could be a shortfall in available high quality assets to meet the requirements for plans.

To determine the impact of Dodd-Frank's initial margin requirements on pension funds, the custodian identified the initial margin requirements across hundreds of pension fund accounts, all of which held eligible interest-rate swap products.

Among the accounts in its sample, the average initial margin requirement was $5.3 million, which is only 1.53 percent of gross notional. Only 18 percent had initial margin requirements larger than $10 million.

"Our analysis shows that most funds in our sample group with margin requirements of more than $1 million have ample eligible collateral, in the form of high-grade government or corporate bonds, to meet their initial margin requirements," said the report.

While the clients have sufficient collateral to cover the initial margin required for interest rate swaps, pension funds use other OTC products as well, it added.

Across the sample set of data, 57.4 percent of the trades in the pension accounts were interest rate products. The next most prevalent swap type was credit products, which consisted of 34.5 percent of all trades, leaving 7.9 percent to be distributed across remaining swap categories.

Dodd-Frank imposes initial and variation margin for uncleared swaps as well.

"Due to the phasing in of product categories under the Dodd-Frank regulations, pension funds may discover they eventually will be required to post collateral to multiple sources for these non-interest- rate products," said Northern Trust, adding that distributing collateral to counterparties on non-cleared derivatives will require sophisticated collateral management to track and ensure proper collateral is available to cover all margin requirements.

"For the accounts sampled in our data set supplying initial margin should prove no immediate challenge. However, pension plans must also be mindful that margin will also be required for uncleared swaps. Having cash on hand to meet variation margin needs may pose a challenge for some plan managers, especially those with longer duration swaps, which can have large market value swings. The real test will be ensuring that plans are engaging in the more efficient use of their collateral."

The Fed addresses reverse repo

The US Federal Reserve has suggested establishing a fixed-rate, full-allotment overnight reverse repurchase agreement facility as an additional tool for managing money market interest rates.

In the minutes of a Federal Open Market committee, which was attended by chairmen Ben Bernanke and William Dudley, among others, it was declared that the Manager of the System Open Market Account reported on developments in domestic and foreign financial markets as well as the system open market operations during the period since the committee met on 18 June 2013.

By unanimous vote, the committee ratified the Open Market desk's domestic transactions over the inter-meeting period.

There were no intervention operations in foreign currencies for the system's account over the intermeeting period. In support of the committee's longer-run planning for improvements in the implementation of monetary policy, the desk report also included a briefing on the potential for establishing a fixed-rate, full-allotment overnight reverse repurchase agreement facility as an additional tool for managing money market interest rates.

The presentation suggested that such a facility would allow the committee to offer an overnight, risk-free instrument directly to a relatively wide range of market participants, perhaps complementing the payment of interest on excess reserves held by banks and thereby improving the committee's ability to keep short-term market rates at levels that it deems appropriate to achieve its macroeconomic objectives.

The staff also identified several key issues that would require consideration in the design of such a facility, including the choice of the appropriate facility interest rate and possible additions to the range of eligible counterparties.

In general, meeting participants indicated that they thought such a facility could prove helpful; they asked the staff to undertake further work to examine how it might operate and how it might affect short-term funding markets. A number of them emphasised that their interest in having the staff conduct additional research reflected an ongoing effort to improve the technical execution of policy and did not signal any change in the committee's views about policy going forward.

BlackRock is victorious in lending lawsuit

A judge has dismissed a lawsuit against BlackRock that accused the asset management firm of setting up an excessive fee structure "designed to loot securities lending returns properly due to iShares investors."

The original complaint was filed on 18 January 2013, and claimed that a number of BlackRock's US-listed iShares exchange-traded funds (ETFs) "systematically violated their

fiduciary duties, setting up an excessive fee structure designed to loot securities lending returns properly due to iShares investors".

The Laborers' Local 265 Pension Fund of Cincinnati and the Plumbers and Pipefitters Local No. 572 Pension Fund of Nashville filed the suit in Tennesseee's Middle District Court.

BlackRock president Robert Kapito and iShares chairman Michael Latham are named as defendants in the suit, which alleges that they, alongside the ETFs, ran a scheme to take at least 40 percent of lending revenue.

A BlackRock statement said at the time that the complaint was without merit, adding that they would "contest it vigorously".

The firm has been working to expand its ETF business in the last year. In January 2013, BlackRock entered into a definitive agreement to acquire the ETF business of Credit Suisse, complimenting its existing iShares ETF range, and expanding iShares' local product range in Switzerland, enabling Swiss-based clients to access the largest European ETF offering across equities, fixed income and gold.

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Return of the supers

Superannuation funds have been a bright spot in Australian securities lending. SLT takes a look

GEORGINA LAVERS REPORTS

One only has to look at the longevity of Christy Turlington, Linda Evangelista, Kate Moss or Naomi Campbell to see that the 1990s supermodels still have a place on the catwalks today. The same can be said of superannuation funds: initiatives made compulsory by the government in 1992 to ensure that Australian citizens would have funds available when they retired.

Though some critics thought that citizens would be better off with a bundled mortgage/investment product—giving more flexibility to determine where savings are directed—overall the arrangements were a success. And it is not just the local population who have benefitted.

Figures from independent data provider SuperRatings showed that funds began the 2013/14 financial year with a bang.

Growth assets were once again the strongest drivers of returns in July, with domestic and international equity markets in particular performing well. The median superannuation Australian Shares option returned 4.8 percent, compared to a 5.2 percent gain in the S&P/ASX 200 Accumulation Index.

Further falls in the Australian dollar also buoyed returns from international markets, with the median superannuation International Shares option returning 5.8 percent for the month.

Returns across all other asset classes were also positive for the month, with superannuation fund's diversified fixed interest options up 0.6 percent.

Although some funds stopped securities lending during the crisis, large funds like AustralianSuper kept up the practice.

A report from the chairman of the Australian Securities Lending Association (ASLA), Peter Martin, said: "The local asset pool continues to grow with the mandatory contribution into superannuation funds set to eventually rise to 12 percent from 9 percent by 2019, meaning there is plenty to be optimistic about for securities lending in Australia."

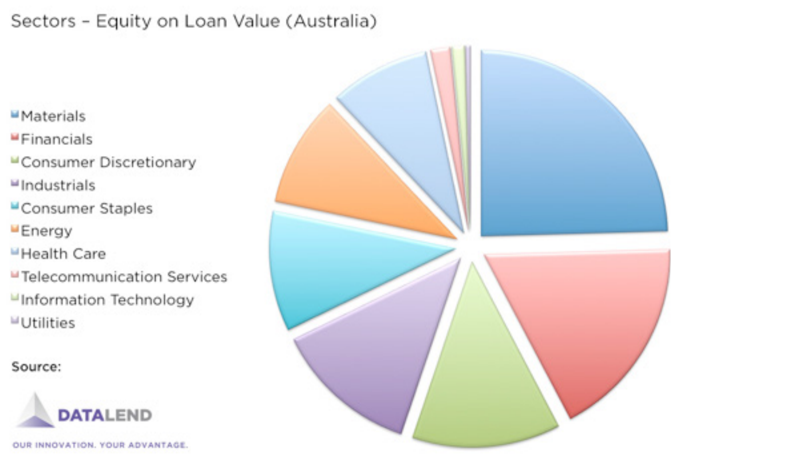
In a July interview, Martin said that greater understanding of securities lending among market participants, including lending clients like the superannuation funds, was the biggest positive to have come from the events of the past four years.

Giselle Awad, the senior vice president of eSecLending, said that she was seeing increased consolidation of superannuation funds.

"The introduction of certain tax relief for merging funds, coupled with the introduction of MySuper has lead many funds to consider and in fact choose to merge. Some recent examples include First State Super and Health Super and Westscheme with AustralianSuper."

There has been seismic changes in the securities borrowing and lending market in Australia in the past few years since the credit squeeze. Traditional stock borrow and loan platforms were dismissed in favour of synthetic access products, and regulatory changes were abound.

But the superannuation funds are continuing to be a major supplier to the market, and this strength will only be cemented as funds consolidate and grow organically due to government interjection. SLT



Case study

EquiLend's Andrew McCardle discusses the hurdles to offering trading products in the country

Andrew McCardle, head of EquiLend in Asia, says that since opening its office in Hong Kong, EquiLend has been working closely with Australian clients to see when the time would be right to look to gain regulatory approval to offer trading products domestically.

"Over the past year, the increase in participation of the superannuation funds in Australia has brought EquiLend to the point where it is now working with the regulator to gain that status."

"With the upcoming increase in mandatory contributions into superannuation funds, now is the right time to make sure that the market is able to take advantage of the efficiency and risk mitigation that EquiLend has been providing to clients in other areas of the world to their domestic books of business."

McCardle comments that with the increase in fund contribution, married to the fact that more funds are looking to reengage in securities lending, it will be key to his clients that they are able to transact this growing sector in the most efficient and cost-effective manner possible.

"I believe that the work in recent years by the agent lenders to help show the benefits of participating in securities lending and highlighting the new tools that are used to mitigate risk has been the biggest reason for the increase in funds participating. Increased contributions are also certainly playing a part for funds as they think about how they can produce growth of the funds."

And though regulatory approval for any trading suites may be forthcoming, McCardle remarks that the use of EquiLend's post-trade services has already taken off in Australia in the past two years as firms see the risk mitigation and efficiencies that they bring.

"EquiLend, with its trading, post-trade and data services, sits in a unique position to assist our clients in every aspect of the securities lending process … [we] see Australia as a market in which we can offer a great deal to the domestic community."

A worthy cause

David Lewis, senior vice president of Astec Analytics, SunGard's capital markets business, discusses value generation in a complex market

It has been many years since securities lending was treated as a back-office settlement coverage process. Now much more in the mainstream, the business is firmly in the front office as a risk-taking and revenue-generating activity, and more recently has become a central part of some firms' liquidity and collateral functions. This brings benefits and drawbacks, of course, including much greater scrutiny and much greater attention from regulators around the globe.

Now seemingly under attack from all angles, the industry has to defend itself on many fronts. For example, short selling rules are arguably part of the cause behind dampened demand levels, whilst new regulations are increasing costs and adding friction to the market, potentially deterring the supply from remaining involved. The latest risk of assault has come in the form of the Financial Stability Board's papers on oversight and regulation of shadow banking, released on 29 August.

Looking at these latest draft regulations has brought few surprises but has reignited some concerns over just what the effect on market liquidity will be. With the objective of reducing systemic risk, the fear of 'runs' and spiralling asset valuations if (when?) a market shock hits, the regulations seek to set minimum haircuts and limit the re-use of collateral, otherwise known as re-hypothecation; a term surely headed to join shadow banking and short selling on the financial markets naughty step.

With all these headwinds, is there sufficient interest and engagement from the beneficial owners to ensure the business remains alive? Whilst it is fair to say that you cannot force demand to borrow securities, without the willingness of enough funds to lend there will be insufficient supply and the market will wither.

August saw Finadium publish its 2013 annual survey of asset managers' views on securities lending and collateral management. Notably, the tone of responses was more than positive with regard to asset managers' views of the securities lending market and its importance to their businesses. Revenues may be below the peaks of five years ago, but valuable levels of income continue to be generated and, thus far, additional costs of doing business seem to have been absorbed as the industry continues to find a way forward.

Commonly, the costs of managing lending programmes is met through the fee split, but these have also come under scrutiny both through regulation (albeit indirectly through the ESMA view of how much of the lending revenues generated should be returned to the beneficial owner) and through a small number of legal actions alleging unfair splits. Such actions have largely failed it has to be said, but their existence would suggest that there is some level of dissatisfaction regarding how much revenue the market participants retain for providing their services.

What is clear in some quarters is that split may well need to change; just perhaps not yet. But as the costs of running a securities lending business rise, particularly for the agent lender, then these costs will need to be met from somewhere. Pricing in an indemnity is one such cost that may well have to be recognised in a fee split arrangement—one price with indemnity, a cheaper split without. According to Finadium, only 9 percent of respondents have already had such a conversation with their agents, although it was not disclosed as to whether any fee change resulted. This may be a direct result of the remaining uncertainty of some regulatory costs, but also an indication of the level of competition in the market keeping splits static and forcing agents to quietly absorb the costs.

Another important trend in the market is for increasingly engaged beneficial owners taking ever more active roles in the management of their programmes, including counterparty approval, more closely defined collateral schedules and dynamic restrictions on the securities they are prepared to lend. Ever greater transparency, through enhanced reporting from their agents, alongside third-party data from providers such as SunGard's Astec Analytics, has allowed beneficial owners to make more informed decisions about their programs. One large asset manager that used the Astec Analytics reporting and benchmarking services identified that 85 percent of their income comes from only 100 lines of assets—all equities. More than 90 percent comes from less than 300 lines and, armed with this information, they can finely tune their programme for maximum revenues for the least exposures.

This new found dynamism from the asset owners has forced the market to change; now there are smaller pools of homogenous lendable assets. These have been replaced by more specific and individual programmes with their own actively managed collateral requirements, permissions and limits. This has driven behavioural and systems changes at both the lenders and borrowers managing the business.

The evidence and data indicates that the supply side of our market remains healthy, at least for now, with more beneficial owners placing greater importance on the revenues that are available as well as increasingly integrating their lending programmes into more sophisticated liquidity and collateral management functions. With the gradual reduction of yield enhancement revenues expected to continue, the industry has had to realign itself with the new trading environment, fit in with new regulatory regimes and seek out new revenue sources. **SLT**

IMN's 18th Annual European Beneficial Owners' Securities Lending Conference

Date: 19-20 September 2013
Location: London
www.imn.org

Dedicated to meeting the information and networking needs of the beneficial owner community for nearly 20 years, IMN's European beneficial owners' securities lending conference attracts over 250 attendees annually, including more than 65 beneficial owners.

Fleming's 7th Annual Collateral Management Forum

Date: 9-10 October 2013
Location: Amsterdam,
www.finance.flemingeurope.com

Europe's oldest, best known and most anticipated conference focused purely on collateral is back. The most prominent and the market leader, now more focused and innovative than ever.

RMA's 30th Annual Conference on Securities Lending

Date: 14–17 October 2013
Location: Boca Raton, Florida
rmahq.org/securities-lending

Come out and join other industry executives, managers and experts at the RMA Conference on Securities Lending in October. The conference commences on Monday, October 14 with the Welcome to Boca Networking Reception.

GFMI's 2nd Annual Collateral Management Conference

Date: 4-6 November 2013
Location: USA
www.global-fmi.com/CM2013_SLTlisting

SLT and Citi invite beneficial owners and consultants to a seminar looking at navigating securities lending in exceptional times.

Post-trade made easy

Get on the Collateral Highway

Whatever your collateral destination

The right securities – at the right place – at the right time

...Chelsea Potvin

SLT and Chelsea Potvin, a business analyst at Anetics, talks about her start in the industry, lack of standardisation and why she is an "artist at heart".

How did you get into the securities finance industry?

If you had asked me a year ago where I would be now, the answer would certainly not have been in securities finance. I really didn't know much about the industry except that it existed!

I graduated from college with a degree in Mechanical Engineering but had decided engineering was not my ideal career. After graduation I worked for a materials engineering and environmental testing company for over four years where my job was in administration and I really enjoyed the work. When I moved to western Massachusetts earlier this year it didn't cross my mind to look for a job in stock loan or software application development. I was lucky enough, though, to be offered a position at Anetics, which I really enjoy and am excited to grow into. I am able to use my skills and experience here and, even better, they have been patient enough to teach me all about securities finance.

To what extent has working in the industry met your expectations?

When I started at Anetics I knew there would be a lot to learn and that has certainly held true. I have enjoyed the challenge of starting fresh in a new field and it has been great working with such a talented group of people, especially our customers and application users. I was surprised to find that while my background is not in securities or programming, I could really apply my engineering skills to the position. I have had experience writing technical documents, learning and using computer programs, and speaking professionally with clients and peers which all seemed to fit nicely with my role here.

What do you see as the biggest challenge facing the industry right now and why?

One of the biggest issues we encounter is the lack of standardisation. With so much of the industry dependent on email and file transfer for daily activity, this is a challenge for many desks. When a file changes formats suddenly or a spreadsheet is received in a format that our clients can't access on their workstations it creates real problems. While most file changes can be remedied, any delay in getting the information loaded can mean missed opportunities. I think that addressing this issue would be beneficial across the industry.

Who are your role models in the industry?

During the short time that I have been in this industry I have found nothing but helpful people with good ideas. Our customers have been incredibly gracious—allowing me to tag along on visits and sit in so I can absorb and gain first-hand experience which has been more than helpful. I am also thankful for my co-workers who have given me insight and knowledge that I would be lost without. I feel like I have been warmly welcomed and for that I am incredibly grateful.

If you were not in securities finance what would be your dream job?

Anything that allows me to be creative—especially with fabrics and textiles. I guess I'm really an artist at heart. I love designing and creating new things.

What are your ambitions?

Being new to this industry, I feel like there is still much to learn. I would like to expand both my knowledge and skills in securities lending to better meet the needs of our customers. Since starting at Anetics, I have become proficient with Twill. As the Twill administrator I have developed new ideas for better management of supply and demand information exchange between lenders and borrowers. Implementing these ideas and creating practical solutions is now the challenge.

If you could go back in time, what would you change or do differently in your career?

I have been asked more than once about why I am not in engineering and received many confused looks. Even so, I wouldn't change it. After going through school and a co-op experience, I decided a career in engineering just wasn't the right fit for me. I am still drawn to the technical side of things, though, which has driven all of my later career choices. I am happy with where I am now and I know I wouldn't be here without it. I have been able to take something away from all of my previous work and used it to better myself. I think that is most important.

What are your hobbies and interests?

I love to sew and be creative. I own a small business where I sew and share my work. It's relaxing and I really enjoy the process of going from idea to design to finished product. I'm always interested in trying new mediums and hope to soon get into screen printing and fabric design. I just need more studio space! We live in a beautiful area of New England with so much to see and do. The biking and hiking trails are excellent and it's so much fun to explore and try new things. **SLT**

Chelsea Potvin
Business analyst
Anetics

Industry appointments

SL-x Group, an electronic trading marketplace for stock lending transactions, has appointed a chief financial officer, general counsel, and strategy director.

Richard Dellabarca, formerly CFO of Chi-X Global Holdings, which owns and operates stock exchanges in Canada, Japan, Australia, and Singapore, has been hired as CFO. He will be based in the London office.

The role of general counsel will be taken by **Nancy Gardner** (pictured below), formerly general counsel and executive vice president of Thomson Reuters' markets division. She will be based in SL-x's New York office.

SL-x has also appointed **Marc Gerstein** (pictured left) as its strategy director. Gerstein is a consultant, author and speaker. He was formerly executive vice president of strategy at Instinet Corporation, an electronic trading firm.

The firm's patent pending electronic trading platform for the borrowing and lending markets has been under development for over two years.

It is aiming to provide the markets with a clearing system for stock lending transactions between investment banks representing stock borrowers, and custodian banks representing stock lenders.

Subject to pending regulatory approval, the SL-x platform will launch commercially in European capital markets during the final quarter of 2013, prior to global rollout in 2014.

The firm also recently announced that it had appointed the former co-head of global equities at Citigroup, **Robert DiFazio** (pictured left), as its first chairman, and that it has also completed its pre-launch funding with a substantial investment by Palamon Capital Partners, a mid-market private equity firm.

SL-x was founded in 2011 by its chief executive, Peter Fenichel, together with Nazaar Molokhia, now the company's chief technology officer and chief architect of the SL-x platform, and Hank Mlynarski, its chief operating officer.

Michael Collins has joined TradeStation Prime Services as head of prime brokerage sales.

Rob Sackett, head of TradeStation Prime Services, said: "[Collins'] expertise will benefit both new and existing customers. Small to mid-sized hedge funds are often seen to be at a disadvantage to larger funds when comparing prime services. Our goal is to level that playing field."

As head of prime brokerage sales, Collins will be responsible for continuing to build TradeStation's offering, with a focus on emerging managers and small to mid-sized established hedge funds.

He will be based in New York and reports to Sackett.

Collins comes to TradeStation from Citigroup, where he was most recently a director of prime finance sales within Citi Global Markets.

He spent 10 years at Citi within prime finance and previously worked on the institutional equity sales desk at Morgan Stanley.

J.P. Morgan has named **Chris Barber** as managing director and head of prime brokerage account management for the Asia Pacific region.

Based in Hong Kong, Barber will lead the regional account management team in providing day-to-day coverage for prime brokerage clients.

Barber joins J.P. Morgan from UBS where he was head of prime brokerage account management across Asia Pacific.

Prior to UBS, he held roles at Morgan Stanley and Accenture.

BNY Mellon has appointed **Gesa Benda** as global collateral services product segment manager for clearing houses. Based in Frankfurt, Benda will manage key clearing house relationships and drive the development of BNY Mellon's global collateral services business in Europe.

Benda joins BNY Mellon from Eurex where she was head of derivatives clearing business development. She has also previously held roles at KPMG and Deutsche Bank.

She will report to Staffan Ahlner, managing director of global collateral services.

It has been reported that **Chris Hagstrom** has taken on a newly-created role at Swiss bank UBS AG. Hagstrom will now be head of prime brokerage for the US, and will oversee hedge fund services.

He joined UBS in 2004, and had previously led US prime brokerage sales, for the firm.

Industry appointments

The Conifer Group, a provider of fund administration, middle office, trading and prime brokerage services to the hedge fund industry, announced several new hires in the firm's New York office.

It has added **Drew Burggraf** as vice president and team leader for the New York prime brokerage team and hired **Jarod Riley** as vice president and **Kyle Vedder** as client services representative for their middle- and back-office services business.

Conifer has also brought in **Pamela Fong** as a shareholder services professional on the fund administration team in New York.

Conifer signed 22 new clients in the first half of 2013, and opened an office in Halifax, Nova Scotia to complement its existing San Francisco, New York, and Tortola locations.

The fund administration group took on several large clients from other administrators, including a complex mandate from a credit manager emerging from the Lehman estate, and implemented the firm's Form PF solution tool.

Before joining Conifer, Burggraf was an executive director of prime brokerage services at UBS and a senior collateral manager at Morgan Stanley.

Riley formerly served as assistant controller for Protege Partners, while Vedder was an account operations manager at Brown Brothers Harriman.

Previously, Fong was an investor relations associate for Morgan Stanley's private equity funds.

Lombard Risk Management has shaken up its board with two new directorships.

Brian Crowe, who had been a non-executive director since the company went public in 2004, retired from the board immediately before the company's annual general meeting on 12 July 2013.

John McCormick will now be joining the board no later than the end of October 2013, and joining him will be **Steve Roger**s, currently head of sales for EMEA/LatAm at Microsoft Business Solutions based in the UK.

Prior to this, he was previously general manager, EMEA-North for Salesforce.com and general manager, EMEA for SAP's business objects division, as well as earlier positions at Oracle UK and IBM.

Rogers has held one other directorship, at SAP.

David Tenney has been hired to Citi's prime brokerage business as a managing director and regional head of sales for the Americas.

In this role, he will manage the firm's unified hedge fund sales efforts across prime brokerage, securities lending and delta one.

Tenney will be based in New York and report to Alan Pace, global head of sales and client experience, David Murphy, head of prime finance for the Americas and John Gallo, head of North American sales.

Most recently, Tenney was a managing director and head of client relations at Forester Capital.

Last month, Citi announced the hire of Matthew Clark as a managing director of global head of client solutions for its prime brokerage business.

Former Kellner Capital securities lending senior vice president **Bob Egan** is consulting with EquiLend.

He has been consulting with the product strategy teams of EquiLend, BondLend and DataLend since June.

Egan spent two decades working on the securities lending desks of various hedge funds, including HBK Capital Management and Citadel Investment Group.

ConvergEx Group, a provider of global brokerage and trading-related services, is expanding its institutional clearing business.

As a first phase of growing the business, ConvergEx has recently completed the build out of its equities finance desk.

Its additional capabilities now include a more robust conduit book; collateral optimisation through more extensive securities lending; and offering third-party and in-house locates.

The build out of the institutional clearing business is being overseen by new hire **Carmen Sturm** (pictured left), the managing director of sell-side services.

Sturm comes to ConvergEx from SunGard where she spent the last 13 years. Most recently, she was SunGard Brokerage & Securities Services chief operating officer with responsibility for the institutional clearing business, including operations, sales and stock loan.

Sturm reports to Barclay Frey, managing director and co-head of sell-Side Services at ConvergEx Group.

To manage the day-to-day operations of the new services, the following individuals have joined the equities finance desk. All will report to Sturm.

John Nacincik (pictured below) is the new senior vice president and head of the ConvergEx equities finance desk.

Nacincik comes to ConvergEx from Knight Capital. Prior to that, he spent 24 years at UBS and five years at SunGard where he set up their equities finance solution, including a locates business.

Karen deStefani has been appointed as vice president. For five years at SunGard, deStefani ran their large conduit book and supported the locates business. She was also with UBS for 20 years running their conduit book and American depository receipt/exchange-traded fund securities lending businesses.

Darryl Cooke is another vice president. Cooke's experience includes more than 15 years at firms such as Charles Schwab and UBS in securities lending operations as well as Knight and SunGard where he spent four years at the latter in equities finance sales. **SLT**

SECURITIESLENDINGTIMES

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

Deputy editor: Georgina Lavers
georginalavers@securitieslendingtimes.com
Tel: +44 (0)20 8663 9629

Reporter: Jenna Jones
jennajones@securitieslendingtimes.com
Tel: +44 (0)20 8663 9622

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

Marketing director: Steven Lafferty
design@securitieslendingtimes.com

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Beckenham, BR3 1AT, UK

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