ISLA Daily

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33rd Annual Securities Finance and Collateral Management Conference

Tuesday, 16 June

From T+1 to real-time

The future of collateral will not be defined by technology alone but by its utility, says Richard Glen of HQLA^X

Alistithmar Capital joins ISLA

Alistithmar Capital has joined the International Securities Lending Association (ISLA) as a new member.

Headquartered in Riyadh, Alistithmar Capital is a wholly-owned subsidiary of The Saudi Investment Bank and offers a range of services including asset management, brokerage services, investment banking, and real estate investment to a range of clients.

According to the association, Alistithmar's membership highlights ISLA's growing presence in Saudi Arabia to support the growth of the Kingdom's capital market.

ISLA Americas announces co-chairs for conference

The International Securities Lending Association (ISLA) Americas has now confirmed its co-chairs for this year's Annual Securities Finance & Collateral Management Conference.

Taking place in Key Biscayne, Florida from 12–15 October, the event will be co-chaired by Bank of Americas' Lauren Northrop and BNY's Shane Parks.

Northrop is head of stock loan product at Bank of America, responsible for the strategic direction of the global platform.

She has been with Bank of America Merrill

ISLA publishes new Digital Bond Annexes

The International Securities Lending Association (ISLA) has published the Digital Bonds Annex, to accompany the Global Master Securities Lending Agreement (GMSLA) documentation site.

Developed by the Digital Steering and Digital Legal working groups in partnership with the International Capital Market Association (ICMA), and with Clifford Chance as appointed counsel, a number of documents were produced.

These documents include: Digital Bonds Annex — GMSLA 2010, Digital Bonds Annex Guidance Note GMSLA 2010, Digital Bonds Annex — GMSLA 2018 (Pledge), and Digital Bonds Annex Guidance Note — GMSLA 2018 (Pledge).

The publication of the Digital Bonds Annex follows the Digital Assets Annex which was published in 2024 to provide a standard template, framework, and set of terms for any transactions in which the loaned securities consist of, or include, asset-backed digital assets or platform transferred securities.

According to the association, the newly published Digital Bonds Annex enables a broader suite of digital asset classes to be covered by the GMSLA, meeting ISLA member demand and ensuring the GMSLA remains at the leading edge of the evolution of distributed ledger technology (DLT)-based securities.

Tina Baker, head of legal services at ISLA, states: "Providing standard templates and promoting consistency in legal terms that securities financing transaction market participants can use when transacting in digital securities is an important step for the continued growth and adoption of these technologies."

Lynch for 19 years, holding roles across client service, operations, product development, and trading.

Parks works as a director of securities finance business development at BNY, having joined in 2023 after nearly seven years at Morgan Stanley, where he took on a number of roles within their securities finance division.

The conference brings together borrowers, beneficial owners, agent lenders, intermediaries, infrastructure providers, and vendors into one place, and is designed to give participants access to the full ecosystem, and the people driving it.

ISLA welcomes OCBC as new member

The International Securities Lending Association (ISLA) has announced OCBC as its newest member.

Headquartered in Singapore, Oversea-Chinese Banking Corporation (OCBC) is the second largest financial services group in Southeast Asia by assets.

The Group offers a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management, and stockbroking services.

OCBC has expanded its presence in securities finance through its capital markets and treasury activities, including fixed income and derivatives trading, money market operations, and broader financing solutions.

In January 2026, it established a dedicated securities financing unit to deepen the suite of solutions for institutional customers.

The firm also rolled out a securities lending programme for OCBC Securities and Bank of Singapore clients, enabling customers to earn fee income on idle holdings while retaining flexibility over their assets.

ISLA publishes 2026 GMSLA netting opinions

The International Securities Lending Association (ISLA) has published its 2026 netting opinions, providing legal certainty for the title transfer versions of the Global Master Securities Lending Agreement (GMSLA).

According to ISLA, the 2026 suite marks a significant milestone in global reach and counterparty depth, welcoming Iceland and Peru to the suite, increasing the total netting coverage to 71 jurisdictions.

It has also expanded coverage across 15 markets, including Australia, Canada, Japan, Saudi Arabia, and the UAE, in response to subscriber demand.

While all opinions cover companies, banks, and securities dealers, the 2026 update also includes (where possible) pension funds, central counterparties (CCPs), trustees, government bodies, and insurance companies.

Coverage of the Digital Assets Annex (DAA) for the GMSLA has also been expanded — in addition to last year's coverage of Belgium, England, France, Germany, Luxembourg, and Switzerland, the 2026 opinions now include Hong Kong and the US.

According to the association, ISLA's netting opinions provide the certainty that the close-out netting provisions in the title-transfer versions of the GMSLA are legally enforceable, including upon insolvency of a counterparty.

For regulated banks, these opinions are a mandatory pre-condition to: treat multiple transactions as a single net exposure, apply Credit Risk Mitigation (CRM) for regulatory capital calculations, and avoid gross exposure recognition, which would materially inflate capital and leverage requirements.

Tina Baker, head of legal services at ISLA, states: "ISLA netting opinions are not merely legal comfort documents — they are a core capital-efficiency tool.

"At a time when regulatory scrutiny on liquidity and leverage is at an all-time high, providing our members with the legal certainty to net exposures is essential for maintaining market liquidity and robust balance sheet management."

Shifting into a higher gear

ISLA co-chair Keren Halperin, deputy CEO and chief of staff at Sharegain, speaks to Carmella Haswell about the upcoming event in Lisbon and what participants can expect

Heading back to Lisbon, what can delegates expect from this year's ISLA conference?

After more than a decade in this market, 2026 feels different. The conference continues to grow, this year it is running over four days for the first time, with more than 650 delegates, but the real shift is who is in the room.

We are seeing new regions such as MENA and LatAm, and a new type of participant from the retail side of the market that has not traditionally been part of these conversations. Alongside the familiar discussions on efficiency, regulatory change, and operational needs, the topics that used to sit on the side-lines are now central. Innovation, AI, digitisation, and new sources of liquidity are no longer niche, they have moved onto the main stage and are relevant across the whole ecosystem. Delegates can expect a conference that genuinely reflects an industry broadening in participation, geography, and focus.

This year's conference has some great speakers on the agenda. What are you looking forward to most?

The breadth of perspectives, more than anything. So many sessions now centre on the themes shaping the next phase of the market, retail participation, expansion into new regions, and the role of technology in enabling efficiency and scale.

I am particularly looking forward to the keynote from David Rowan, the technology columnist and author, and to the Leaders' Perspectives session, where senior figures get candid about how they are reworking their operating models.

The growing focus on AI across the agenda is timely too: the discussion is shifting from theory to practical application, and understanding how to deploy these capabilities responsibly and at scale is exactly what the industry needs right now.

What have been the biggest challenges for the securities lending industry so far this year?

At its core, the challenge is change. This is an industry with a lot of legacy and, in turn, complexity, in the systems, in the size of some of the players, so the biggest challenge is making the changes needed to cater for what is coming next. Whether that is regulation, new liquidity from new regions or retail participants, embedding AI, and digitisation. It is all converging at once. Change is genuinely welcome, but it is challenging.

What trends do you expect to see in the industry over the next 12 months?

The overarching trend is the continued growth and evolution of the industry, driven by new participants, new regions, but also by how the market operates: digitisation and tokenisation, new sources of liquidity, broader accessibility.

New markets are joining faster than people expect, often leapfrogging older infrastructure. They arrive expecting everything fast, automated, and seamless from day one. That is opportunity and complexity at once: it requires the industry to adjust, to educate on the actual practice and operational needs, and to adapt what we do to serve a real diversity of needs, rather than expecting them to fit the existing mould.

"My take is simple: buckle up and jump in feet first. The industry's ready to move to a higher gear"

At the same time, retail will continue to scale and I expect to see it on both sides of the marketplace. Today, we mostly see retail as a source of supply, but they will increasingly want to borrow and drive demand too, and that is when the market really grows.

And alongside this, technology, particularly AI and digital assets, will continue to move from discussion to deployment, shaping how the industry operates at scale.

My take is simple: buckle up and jump in feet first. The industry's ready to move to a higher gear.

From T+1 to real-time: A practical playbook for collateral utility

The future of collateral will not be defined by technology alone but by its utility, says Richard Glen, solutions architect at HQLA^{X}, who reviews its execution, solutions, and mobility

Across the treasury and collateral desks of banks and broker-dealers, a growing disconnect is emerging between market ambition and operational reality. The industry is accelerating towards a T+1 settlement, increasing the theoretical velocity of collateral within and across markets.

In practice, however, the ability to mobilise collateral across custodians, jurisdictions, and internal silos remains constrained by legacy infrastructure. Settlement cycles still take hours — or, at times, days.

For desks managing intraday liquidity or optimising scarce collateral resources, this is no longer an operational inconvenience. It is a structural inefficiency with direct economic consequences. Trapped assets, excess buffers, missed optimisation opportunities, and higher funding costs.

It's an execution problem

This is fundamentally an execution problem, not a technology constraint. Solutions such as those offered by HQLA^X already enable the transfer of securities without requiring physical cross-custodian movement. The capability exists. The challenge is consistent, production-level execution within the operating conditions under which Tier-1 and Tier-2 financial institutions operate.

A realistic playbook to amplify collateral utility starts with a simple premise — institutions need a practical way to deploy collateral in real time within liquidity, capital, and operational constraints. This requires focusing on how solutions are delivered within real institutional constraints, rather than assuming idealised transformation programmes. Any approach that fails to align with governance, balance sheet limits, and operational priorities simply will not scale.

1. Balance sheet and capital restrictions

Regulatory frameworks, including the Liquidity Coverage Ratio, Leverage Ratio, and intraday liquidity requirements, penalise delays in collateral availability. Where assets cannot be mobilised efficiently across fragmented custody networks, institutions are compelled to hold excess buffers to bridge settlement uncertainty. These buffers are operationally necessary but economically inefficient.

In practice, this translates into material trapped capital. Some institutions have identified opportunities to reduce around €1 billion of buffers through improved collateral mobility, equating to approximately €10 million in annual capital savings.

Crucially, addressing this inefficiency does not require balance sheet expansion. Instead, by enabling precise, point-in-time settlement, collateral can be deployed exactly when required, directly reducing excess buffers while maintaining full alignment with regulatory obligations. This objective is not additional capacity, but better utilisation of existing resources.

2. Internal prioritisation

Change capacity within large financial institutions is finite. Technology budgets remain under sustained pressure and enterprise IT backlogs often extend over multiple years. In practice, initiatives are filtered through a simple constraint: if delivery depends on deep rewrites of core systems, it is unlikely to progress.

A viable playbook must therefore be non-invasive. By integrating with existing custody and triparty structures, institutions can introduce a synchronisation layer, such as HQLA^X , that operates alongside legacy infrastructure. This creates an 'express lane' for collateral execution, without requiring changes to core systems while preserving operational continuity. Adoption depends as much on architectural fit as it does on functionality.

3. The myth of the 'slam dunk' business case

The search for a single, decisive cost-saving metric remains persistent and, in most areas, ultimately unrealistic. In modern capital markets, value is rarely delivered through one dominant benefit.

The reduction of excess liquidity buffers is one area where more direct benefits may be observed. For firms with structurally high buffers, improved collateral utility may translate into lower capital consumption and measurable cost savings.

More broadly, however, the business case for real-time collateral utility emerges as a portfolio of marginal gains, such as:

- Reduced settlement fails
- Improved collateral allocation
- Lower cross-border settlement costs
- Reduced counterparty credit exposure
- Lower operational risk

Individually, these benefits may appear modest. Assessed over time, they form a clear and durable return on investment. The commercial case should therefore be evaluated as an aggregated outcome, driven by efficiency, optimisation, and risk reduction, rather than a single headline number.

Accelerating from pilot to production

The critical challenge is no longer proving that digital collateral solutions can work. It is embedding them into live operating models at scale.

This shift requires moving beyond controlled pilots and isolated use cases toward repeatable, production-ready workflows that can operate consistently under real market conditions. Success is defined not by technical validation, but by the ability to execute reliably across counterparties, jurisdictions, and time zones.

“The defining innovation of the HQLA^X model is the separation of legal ownership transfer from custody movement”

Digital collateral workflows — including delivery-versus-payment (DVP) repo, upgrades and downgrades, and margin processes — must be integrated directly into front-to-back operations. They cannot remain parallel processes.

This requires interoperability with incumbent systems, alignment with legal frameworks, and consistency with regulatory expectations. Scale is achieved through integration, not experimentation.

Rethinking collateral mobility

The defining innovation of the HQLA^X model is the separation of legal ownership transfer from custody movement. Historically, cross-border or cross-custodian transfers have required physical movement via bridges or bilateral links, introducing latency, time-zone dependencies, and operational risk.

The HQLA^X model introduces a fundamentally different paradigm. Assets remain immobilised within existing custody accounts, while legal ownership transfers instantly via a distributed ledger. This eliminates the need for physical movement.

In practical terms, collateral can be mobilised precisely when required rather than pre-positioned in anticipation. The result is a shift from delayed processes to synchronised and predictable intraday execution.

Privacy by design, not by exception

A defining characteristic of the HQLA^X solution is that privacy is composable and embedded at the transaction level. This means data is disclosed strictly on a bilateral basis, with visibility limited to the counterparties involved. Sensitive information, such as asset composition, exposures, and pricing, remains tightly controlled.

This structure aligns with regulatory expectations around data minimisation and client confidentiality, while removing a key barrier to adoption — namely the need to expose sensitive data across a shared network. It also means that institutions can also maintain strict control over proprietary information while participating in shared infrastructure.

Traditional distributed models often require these trade-offs. By design, this architecture avoids them. Privacy, in this context, becomes an enabler of scale rather than a constraint on participation.

Enabling commercial volume now

Unlocking meaningful commercial volume does not require immediate large-scale deployment. It depends on establishing repeatable execution through targeted use cases and progressively increasing volume. The objective with $HQLA^X$ is to establish operational confidence through real transactions rather than extended proof-of-concepts. This can be achieved through a focused, sprint-based approach.

Sprint 1: Define the target use case

The first step is to identify a high-impact, low-complexity use case. Rather than attempting enterprise-wide transformation, success depends on isolating a defined operational problem:

- Identify a specific corridor where settlement delays are persistent, often cross-custodian or inter-affiliate flows.
- Define a narrow utility asset pool composed of predictable securities.
- Align a focused execution team across trading, operations, and legal.

Precision, rather than scale, is the objective at this stage.

Sprint 2: Stand up the capability

The second sprint establishes the execution layer while maintaining full continuity with existing infrastructure.

- Map custody links ensuring assets remain in their native environments.
- Ensure privacy parameters are aligned with bilateral agreements.
- Execute controlled transactions to validate that legal transfers occur instantly while underlying assets remain static.

The focus is on proving operational integrity without introducing disruption.

Sprint 3: Execute real volume

The final sprint transitions from validation to commercialisation.

- Execute transactions under existing industry-standard legal frameworks e.g. GMRA, GMSLA, CSA.
- Deploy collateral intraday to capture liquidity opportunities. For example, refinancing US Treasuries swapped for European or Asian equities.
- Begin with modest daily volumes and scale progressively as operational confidence increases.

At this stage, the model moves from capability to full production.

Moving the needle

The clearest measure of success is an increase in collateral utility, observed through the transition from multi-hour or next-day settlement cycles to precise intraday execution windows.

Once legal ownership transfer is decoupled from custody movement:

- Settlement becomes near real-time and predictable.
- Excess buffers are reduced and recycled.
- Cross-custodian movements are reduced or eliminated.
- Manual interventions are replaced by automated, atomic processes.

These outcomes are not theoretical. They represent measurable improvements in how collateral is deployed and managed, improving efficiency across liquidity, capital, and operations.

Amplifying collateral utility

The transition from T+1 to real-time execution is already underway.

Success will favour institutions that execute pragmatically within existing constraints, rather than those pursuing large-scale transformation programmes or waiting for a definitive business case.

By adopting this focused playbook aligned with existing constraints, realities, and expectations, treasury and collateral teams can deploy technology solutions such as $HQLA^X$ to solve immediate, high-value problems.

The future of collateral will not be defined by technology alone but by its utility.

Markets in transition

Eurex's Carsten Hiller, D2D sales lead Europe, and Frank Gast, global head of Business and Product Development D2D, sit down with Karl Loomes to discuss sovereign issuance, demand-driven liquidity, and the macro outlook are impacting the repo market

The European repo market is becoming more important, not less. As liquidity normalises, sovereign issuance rises and collateral demand grows, repo is moving further into the centre of the financial system. The priority now is to deepen the market, broaden access and improve efficiency — and central clearing will play a decisive role in that evolution.

Eurex Repo has reported a strong start to 2026. What factors are driving this momentum, and how much of it reflects structural changes in the European repo market?

We have seen a very strong start to 2026, and we would say this reflects both cyclical momentum and deeper structural shifts in European secured funding markets.

Overall term-adjusted volumes for the first five months rose by more than 60 per cent year-on-year (YoY), with GC Pooling (about +50 per cent) and the single-ISIN market (+74 per cent) both contributing significantly to this expansion.

This reflects not only favourable market conditions after a relatively smooth year-end, but a fundamental transformation of liquidity patterns across the eurozone.

A key driver is the continued normalisation of the European Central Bank (ECB) balance sheet — or “quantitative normalisation”, as Isabel Schnabel describes it — which has shifted the market from collateral scarcity to relative abundance.

As excess liquidity declines, banks naturally rely more on market-based liquidity, particularly secured funding, rather than on central bank reserves. This has structurally increased the relevance of cleared repo and strengthened interbank market depth, with GC Pooling and our Repo market reaching record levels in 2025 and carrying that momentum into 2026.

In parallel, banks continue rotating into high-quality liquid assets (HQLA) for regulatory and liquidity-management purposes, while investors are financing a growing stock of European government bonds. All of this feeds directly into stronger and more sustained repo demand.

Participation has also broadened significantly. Alongside commercial banks, we now see central banks, supranationals, pension funds, insurers, and corporates actively providing or taking liquidity. This diversification enhances resilience and reinforces the growth observed over the first five months of the year.

In short, this is more than a strong first half of the year — it reflects a broader re-intermediation of liquidity through the market, which is highly supportive for cleared repo and for the role of Eurex within that ecosystem.

The ECB is transitioning from a supply-driven to a demand-driven liquidity framework. How is this shift already changing behaviour in the European repo market, and what does it mean for the role of cleared repo?

The ECB’s shift to a demand-driven liquidity framework is one of the most significant structural changes for European money markets in recent years.

Under this framework, banks are expected to obtain liquidity first through market-based instruments — primarily repo — and use ECB facilities only for marginal needs.

This is already visible in trading behaviour: greater use of secured markets, more emphasis on term funding, and wider mobilisation of collateral across baskets and maturities.

This environment clearly strengthens the role of centrally-cleared repo. When liquidity becomes more market-driven, participants seek reliable access to funding, efficient balance sheet netting, robust risk management, and operational continuity. Central clearing delivers precisely that.

“Looking ahead, we expect overnight rates to edge somewhat higher as excess central bank liquidity declines and sovereign issuance continues to rise”

The ECB’s own decision to join Eurex’s cleared repo market in 2025 further underscores the importance of central clearing and reflects the institution’s recognition that resilient, transparent market infrastructure is essential for a well-functioning liquidity ecosystem.

With interest rates and inflation still shaping the macro outlook, how are funding conditions evolving in the repo market, and what impact do you expect on volumes and collateral demand through 2026?

Funding conditions in the repo market have remained relatively orderly so far, despite a macro and geopolitical environment that is still characterised by uncertainty around rates, inflation, and growth. We continue to see general collateral (GC) pricing close to — or slightly above — the deposit facility rate, overnight spreads remain stable, and term activity is healthy across standard tenors.

Looking ahead, we expect overnight rates to edge somewhat higher as excess central bank liquidity declines and sovereign issuance continues to rise. In that environment, repo becomes even more important as a tool to finance this collateral, manage balance sheets, and maintain liquidity buffers.

“Our priorities for expanding GC Pooling in 2026 focus on three areas: broader access, operational efficiency, and deeper liquidity”

As a result, we expect robust repo volumes to continue across maturities, especially in the term segment where activity is already elevated. The ongoing rotation of banks from cash into government bonds for Liquidity Coverage Ratio (LCR) purposes reinforces the structural demand for repo as a funding and optimisation instrument.

GC Pooling continues to be the largest European liquidity pool for secured funding. What are Eurex’s priorities for expanding participation in this segment, particularly among new cash providers such as central banks, corporates, and institutional investors?

Our priorities for expanding GC Pooling in 2026 focus on three areas: broader access, operational efficiency, and deeper liquidity.

First, we aim to further broaden the ecosystem of cash providers, including central banks, public institutions, corporates, pension funds, insurers, and asset managers. A more diverse liquidity base creates a more resilient market.

Second, access models matter. We continue to support dealer-to-client channels and scalable entry models such as Select Invest, Select Finance, and custodian-facilitated access for buy side clients. These reduce operational barriers and allow firms to enter cleared repo without building a full infrastructure from the start.

Third, we are focused on product and operational efficiency. That includes further basket development, strong settlement efficiency, reliable intraday liquidity management, and a structure that supports standard as well as term funding needs.

GC Pooling already plays a central role in European secured funding; and our objective is to make it even more accessible and relevant for a broader range of both liquidity providers and cash takers.

Margin efficiencies for CCP cleared repos are an important topic as we can observe, in particular, in the context of the US treasury clearing mandate. What is Eurex’s view and strategy?

After several years of preparation, Eurex Clearing successfully migrated on 1 June its bond margin methodology to its portfolio risk margin methodology (PRISMA), which had been previously employed across Eurex futures and options as well as OTC interest rate derivatives (IRD) only.

The impact was two-fold, a reduction of approximately 25 per cent in outright bond margin parameters (haircuts) and delivery of substantial portfolio offsets across long/shorts in our most traded single ISIN repo markets. Some members will benefit from savings of more than 80 per cent in their repo initial margin. This is a first step in our plans to offer cross product margin offsets across the entire euro yield curve, i.e. repo, futures, and OTC IRD, and we have already started the regulatory approval process accordingly.

We believe recognising these margin efficiencies across these complementing products is a key pillar in making Eurex and European capital markets more attractive and competitive.

Non-bank financial institutions are expected to play a larger role in funding markets. What progress is Eurex seeing in bringing buy side firms into cleared repo, and what still needs to happen to accelerate broader adoption?

We are definitely seeing progress. Buy side participation in cleared repo has broadened meaningfully over recent years, including pension funds, insurers, asset managers, corporates, and new distribution channels such as so called aggregators. So the trend is clearly moving in the right direction.

That said, there is still more to do if we want adoption to accelerate materially.

One important area is regulation. Some buy side firms still face constraints in how exposures to central counterparties (CCPs) are treated, and there are also limitations around the use or reuse of cash and collateral for margin purposes. These issues can reduce the economic attractiveness of clearing, even where the risk management case is strong.

A second point is the alignment of economics between bilateral and cleared markets. As long as haircut, margin, and balance sheet treatment differ significantly, participants may still see incentives to stay in bilateral structures.

And third, ease of access remains critical. Simpler onboarding, efficient client clearing models and margin methodologies that reflect actual risk can all help accelerate adoption.

So the opportunity is very real, and we are already seeing traction — but broader buy side participation will require the right combination of access, economics, and regulation.

Following the US move to mandate central clearing in parts of the Treasury market, regulators globally are examining similar questions. What would a balanced regulatory approach look like for Europe, and what policy changes would most help cleared repo markets develop further?

A balanced European approach should start from the reality that Europe is structurally different from the US. We have multiple sovereign issuers, multiple central securities depositories (CSDs), different collateral ecosystems, and a more fragmented market structure. So a simple 'copy-and-paste' of the US model would not be the right answer.

In Europe, the more practical and effective approach would be to remove barriers and create incentives for broader voluntary clearing, rather than moving immediately to a mandatory model.

That means, first, reducing regulatory frictions for non-bank participants such as undertakings for collective investment in transferable securities (UCITS) funds, money market funds, and insurers. Second, it means better alignment between bilateral and cleared market standards, especially around margins and haircuts, to avoid regulatory arbitrage. Third, prudential rules such as Net Stable Funding Ratio (NSFR) should better recognise the stability and resilience that centrally-cleared repo can provide.

It would also help to encourage greater public sector participation, because central banks and official institutions can play an important anchoring role in market development and resilience.

So, from our perspective, Europe should focus on building a stronger clearing ecosystem through proportionate policy support, better access, and more consistent regulatory treatment. That would deepen liquidity and strengthen financial stability without forcing the market into a one-size-fits-all solution. ■


Don’t mind the gap
Our repo markets bridge liquidity gaps. More than 160 European financial institutions are currently active on our Repo, GC Pooling, HQLA^x and eTriParty markets. They benefit from trading opportunities with fully integrated clearing and settlement.
Architects of trusted markets
EUREX

The next phase for securities financing

Dan Long, global head of securities lending product at GLMX, delves into the balance between standardisation and nuanced engagement to drive liquidity across market segments

Throughout securities financing markets, firms are working in a more connected ecosystem across securities borrowing and lending (SBL), repo, and total return swap (TRS) workflows. The strategic drivers behind these market segments often overlap: balance sheet optimisation, liquidity management, capital efficiency, collateral mobility, and access to inventory or exposure to meet client demands.

Market participants that take advantage of the connections among these market segments can improve efficiency, enhance liquidity access, reduce operational complexity and risks, and optimise financing decisions more holistically across products.

With financing business models shifting, successful tech platforms will serve clients and solve funding needs across tradeflows and workflows. Market technology innovators will need to understand which tools are most valuable to market leaders, not just today but also in the future. What was once theory is now turning into execution. From our observations, one thing is clear: nuance matters.

While securities lending, repo, and TRS increasingly sit alongside one another within firms' secured funding businesses, each market retains distinct characteristics across liquidity profiles, participant behaviours, and execution requirements. The opportunity for modern solutions platforms is no longer simply automating workflows and digitising executions in silos. It is enabling firms to operate at scale across products while preserving the nuances that make each market function effectively.

The value of convergence

Historically, different secured funding business units operated through separate workflows despite supporting related objectives, servicing overlapping clients, and deploying the same scarce financial resources. Today, participants are looking across products and markets more holistically to maximise efficiencies.

For a hedge fund seeking to establish or maintain a short position, the decision is not always limited to a single financing product. Depending on the security, availability, economics, and trading objective, firms may turn to physical securities borrowing, synthetic exposure, or a combination of both. Prime brokers/dealers similarly evaluate inventory, financing opportunities, balance sheet, and capital considerations across multiple market segments. Prime brokers and dealer financing desks should be able to quickly identify availability from a collective of securities lenders and long holders of inventory, to seamlessly execute the borrowing within a unified platform.
The ability to view and access financing opportunities across different market segments with ease is becoming increasingly valuable.

The tools most needed by market participants are those which enable users to move with fluidity across the value chain while preserving market-specific workflows and nuances each product and firm requires.

Securities lending dynamics

The securities lending market segment has its own drivers, and equity and fixed income lending are further differentiated. Equity lending dynamics are often driven by short selling demand, corporate actions trading, hedging requirements, and rapidly changing availability, particularly in specials. In fixed income lending, participants must solve for collateral sourcing, settlement coverage, market making activity, and implications around funding and balance sheet.

SBL as a whole has made progress towards a form of electronic trading, particularly around general collateral (GC). GC flow is highly standardised and well suited to automated execution. For these transactions, machine-to-machine interaction can deliver meaningful efficiency gains, reduce operational risk, and enable participants to manage large volumes of activity at scale. In this lower-margin but higher volume area, low latency is paramount. Especially here, full end-to-end automation remains a critical component of modern securities lending.

However, a meaningful portion of securities lending activity is still analog and transacted through voice negotiation and manual processes. This reflects the need for context and nuance to find and engage with liquidity in warms, specials, and hard-to-borrow securities. That dynamic also presents an opportunity for participants to streamline negotiation, increase visibility, and reduce settlement friction via straight-through processing.

Hard to borrow securities, exclusive inventory, rerates, and recalls frequently introduce considerations that cannot be easily captured through fully automated workflows. These require a high-touch and hybrid approach.

As bank balance sheets and the macro environment have evolved, transactions have become more sensitive to inventory, market events, and availability. Financing is more strategically important than ever. Traders require greater flexibility and seek solutions to negotiate terms and structures (for example evergreens and extendables), source pocket liquidity, and optimise outcomes.

They routinely evaluate factors beyond the headline fee/rate. Borrowers may focus on financing cost, inventory certainty, risk-weighted asset, and execution flexibility. Lenders may prioritise revenue optimisation, both from lending fees and in the case of cash collateral, the reinvestment yield, utilisation rates, collateral requirements, and recall certainty. The value of a loan depends not only on the security itself but on who needs it, why they need it, and for how long.

Because these priorities vary by participant and transaction, securities lending cannot always be reduced to a simple price and size decision. Liquidity discovery and execution often require a more nuanced approach that reflects the objectives of both borrowers and lenders.

Supporting multiple paths to liquidity in securities lending

In financing markets, interaction is part of the liquidity discovery process. However, that does not mean every transaction requires negotiation. The best path to liquidity discovery, access, and execution depends on the situation.

In high pressure, illiquid, or complicated situations, request for quotes, auctions, and instant pricing provide powerful avenues to find and execute on liquidity. Clear evidence of the best execution option available under any given circumstance provides critically needed certainty.

Standardisation has a role to play in supporting automation. A highly liquid general collateral trade may be suitable for straight-through automation. A warm and hard-to-borrow equity special may require more sophisticated interaction around availability, pricing, rerates, or term.

The challenge for market participants is not choosing between automation and bespoke interaction. The challenge is accessing both effectively and efficiently. That requires solutions capable of supporting multiple execution and workflow protocols simultaneously.

Trading firms are looking for solutions that allow them to manage more sophisticated interactions at scale with efficient balance sheet usage. We hear every day from clients that they want streamlined liquidity discovery and the ability to negotiate and execute without sacrificing the nuances that many securities lending transactions require.

The most effective technology platforms will support all of these workflows within a unified environment. This flexibility is becoming increasingly important as firms seek to optimise financing decisions holistically across converging products.

Supporting sophisticated financing workflows

Standardisation and specialisation are not mutually exclusive.

As the broader financing market becomes increasingly interconnected, firms require technology that enables participants to access securities lending, repo, and TRS workflows within a common ecosystem while preserving the unique dynamics that drive liquidity formation within each market segment.

For securities lending in particular, the objective is not simply to automate existing workflows. It is to make liquidity easier to discover, inventory easier to access and deploy, financing decisions easier to evaluate, and market interaction more efficient for both borrowers and lenders, thereby fostering scalability.

As the financing market continues to evolve, it will require combined automation, connectivity, and flexible interaction within a single environment. GLMX helps market participants manage the complexity of global securities lending workflows, across both equity and fixed income, more efficiently while preserving the nuances which drive liquidity.

A single source of trade and agreement data

London Stock Exchange Group recently launched TradeAgent, designed to replace the industry's duplicative processes with a single source of trade and agreement data. Annabel Harrison speaks with Hansa Tote to discuss the platform — from collaboration to cutting costs

In March 2026, the London Stock Exchange Group (LSEG) launched TradeAgent — a centralised post-trade processing platform for OTC derivatives, built to eliminate fragmentation, standardise data, and streamline workflows across the trade lifecycle.

The platform was designed in collaboration with buy and sell side institutions, and is powered by LSEG's market infrastructure expertise, working to replace the industry's disparate, duplicative processes with a single source of trade and agreement data.

Annabel Harrison, head of agent services, Post Trade Solutions at LSEG, discusses the platform, diving into what spurred its invention, how it reduces costs and risks by leveraging technology, and what differentiates the platform from other post-trade workflows.

Teamwork makes the dream work

"TradeAgent was developed in close collaboration with a consortium of 10 leading banks and buy side firms," Harrison notes before highlighting that the range of firms ensured the solution would be practical, scalable, and aligned with ever-evolving market needs. These firms include: Barclays, J.P. Morgan, BNP Paribas, and Citi. According to Harrison, the development of TradeAgent was directly informed by client experience and feedback, ensuring its effectiveness.

When asked about the impact she anticipates the platform will have on the market, Harrison described it as a “genuine alternative” to the typical confirmation process, providing access to centralised, authoritative data that works to drive standardisation and automation across workflows while removing fragmentation as the market moves towards greater efficiency and resiliency across the post-trade lifecycle.

Setting it apart from existing post-trade workflows, TradeAgent enables greater consistency, automation, and resilience, providing an end-to-end processing solution that replaces traditionally fragmented, point-to-point systems with a single, standardised workflow and an authoritative source of trade and agreement data.

Harrison details that the platform includes an alternative confirmation process that removes duplicative and manual steps. By standardising confirmations, automating processes, and bringing the efficiencies of cleared workflows into the bilateral derivatives space, TradeAgent is designed to significantly reduces breaks, disputes, and operational risk while lowering processing costs across the lifecycle of equity and interest rate swaps.

Cutting costs in interest rate swaps

As Plato famously said “necessity is the mother of invention”, and with firms needing to reduce costs and risks associated with cleared and bilateral derivative processing, as well as for equity and interest rate swaps, platforms such as TradeAgent are being born.

Harrison states that TradeAgent is built around a centralised, authoritative data store, replacing usually fragmented systems, and significantly reducing manual processing, error rates, breaks, and valuation disputes. By bringing the efficiencies and risk controls typically associated with cleared workflows into the bilateral space, the accuracy of cashflow calculations improves and mitigates counterparty and funding risk through more consistent margin and settlement processes.

She also highlights that the platform’s open, end-to-end architecture removes duplicative workflows, supports automation at scale, and lowers both operational and long-term technology costs as volumes, products, and regulatory demands evolve.

Fitting in

TradeAgent is the newest tool in LSEG’s broader post-trade, data, and analytics toolbox, joining platforms such as Acadia, Quantile, and SwapAgent — all of which work together to enable greater standardisation, automation, and connectivity across margin, optimisation, and risk management. According to Harrison, this advances the firm’s ambition to simplify workflows, centralise data, and drive efficiency across derivatives markets.

“Together, these services create a foundation that supports more efficient processing, improved capital efficiency, and future innovation across LSEG’s market infrastructure and analytics ecosystem.”

She also highlights that in October 2025, LSEG announced an aggregate £170 million investment in the Post Trade Solutions business from 11 global banks, underscoring the opportunity to bring material efficiencies across capital, risk, and operations to the bilateral OTC derivatives market, and continued collaboration with the market to deliver this.

The future of TradeAgent

As the market becomes more AI driven and automated, Harrison expects the service to continue to expand and be multi-asset beyond rates and equities. She says this is due to TradeAgent operating using an open, scalable platform that will enable current and future products and services to operate directly off a central, authoritative data store.

Harrison concludes that LSEG will continue to respond to client demand as well as market changes: “We will continue to see how the market evolves and work with our clients to see where they want us to go next.”

AGENDA DAY 1

09:00 – 12:30
Beneficial Owner Briefing (Closed-Door)

12:00 – 13:15
ISLA Connects Networking Lunch (By Invitation Only)

13:30 – 13:40
Welcome Remarks & ISLA Strategic Priorities 2026

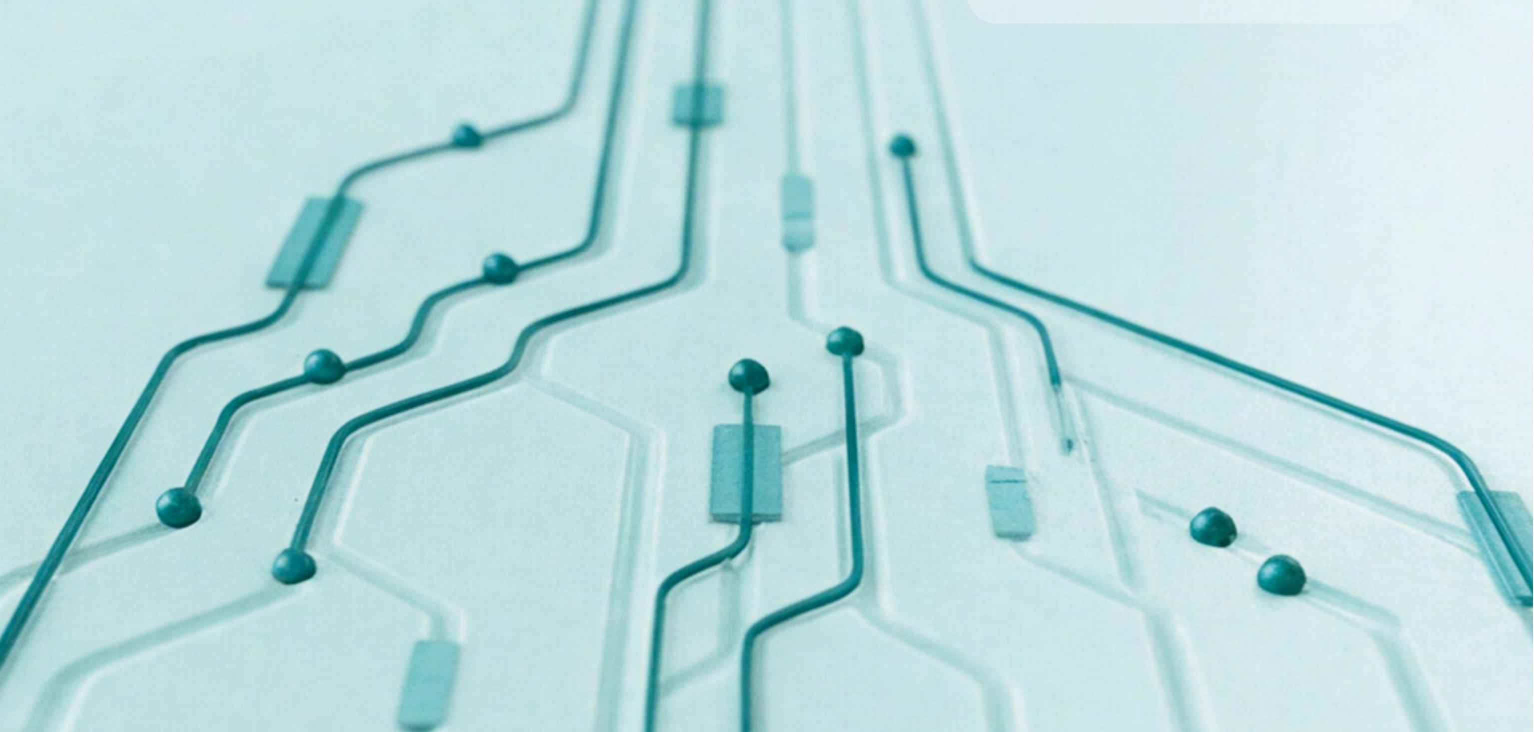
Speaker
Ina Budh-Raja, Chief Executive Officer, ISLA

13:40 – 14:10
Geo-Political Outlook

Speaker
Geoffrey Yu, Senior Macro Strategist, BNY

14:10 – 14:40
Beyond Borders: The New Frontier of Global Securities Regulation

Speakers
Bertrand Huet, Senior Partner, Financial Services & Tech, FleishmanHillard
Jakub Michalik, Chief Policy Officer & Member of the Executive Committee, Euronext



AGENDA DAY 1

15:20 – 16:05

ISLA Global Advocacy, Regulatory & Legal Highlights

Moderator

Ina Budh-Raja, Chief Executive Officer, ISLA

Speakers

Tina Baker, Head of Legal Services, ISLA Connects Lead, ISLA
Adrian Dale, Head of Market Structure, Digital & RegTech, ISLA
Fran Garritt, Chief Executive Officer & President, ISLA Americas
Farrah Mahmood, Head of Advocacy, Public Policy & Regulatory Strategy, ISLA

16:15 – 17:00

The Importance of Global Alliance: Aligning Priorities & Making Collaborative Progress

Moderator

Ed Oliver, Managing Director, Product Development, eSecLending

Speakers

Ina Budh-Raja, Chief Executive Officer, ISLA
Fran Garritt, Chief Executive Officer & President, ISLA Americas
Hitesh Harduth, Chairman, SASLA
Roanna Kim, President, CASLA

17:00 – 18:00

Thematic Discussion - Trading in a T+1 World

Facilitator

Alessandro Cozzani, ISLA Board Chair, Head of Equity Funding, Bank of America

Speakers

Ben Davies, Equity Finance Trader, HSBC
Adrian Dale, Head of Market Structure, Digital & RegTech, ISLA
Matthew Neville, Managing Director, Head of Agency Lending Trading, EMEA, State Street
Dan Sofianos, Director, Head of EMEA Prime Services Supply, BNP Paribas