



## Providing the digital market infrastructure for securities finance

The industry is no longer simply digitising, it is industrialising, says David Raccat of Wematch.live



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## Preparing for a changing world

Welcoming attendees to the 33rd Annual Securities Finance & Collateral Management Conference in Lisbon, Ina Budh-Raja, CEO of the International Securities Lending Association (ISLA), has been steadfast in her current role for the past seven months.

At this flagship conference, Budh-Raja says this event brings a great opportunity for the global securities finance community to connect — a fundamental aspect of ISLA's role.

While the association aims to convene, generate opportunity, and drive further innovation, it also seeks to identify common challenges, advocate, and produce outcomes which will drive the industry forward.

Over the last few years, the ISLA agenda has talked extensively about the evolution of

the market, across a range of topics such as the shift from lending to broader financing, an increased focus on capital efficiency and balance sheet optimisation, the digital transformation of capital markets, as well as new markets and new players.

Budh-Raja is now looking at where the market is today and how theory and anticipation has well advanced to practice and adoption.

Highlighting the industry's move forward, Budh-Raja said she appreciates the move away from the traditional securities lending models — which were predominantly passive programmes generating incremental revenue to offset custody fees — to an active approach to funding and financing.

Across the buy and sell side, she noted that there are a variety of financing needs that are coming into play, and which will generate significant opportunities for those who are “really plugged in”.

New market participants are also playing an ever-important role in the securities finance ecosystem, with new jurisdictional participants scaling up rapidly — Saudi Arabia being a key example. Separately, Budh-Raja suggested that the participation of retail investors, either through neobrokers or through ETFs, is ever-growing, is no longer on the sidelines, and is a key factor in the liquidity equation.

The topic of digital finance is top of house, noted Budh-Raja. Here, the regulatory landscape is now taking shape to properly support and drive this transformation forward to generate liquidity and growth.

Concluding her opening speech, Budh-Raja stated that this year's agenda reflects all of the topics which ISLA has been working on over the past six months, based on the feedback of the association's 280+ global members across 35 countries.

ISLA's approach to serving its membership is to engage the industry, and advocate at the regulatory and policy level for outcomes that ensure the industry can grow in a credible, efficient, and resilient manner to be best placed for a future which will look quite different in a relatively short timescale.

## Europe pushes market integration agenda

Europe is facing its most significant geopolitical and economic challenge since the Cold War, according to speakers during the 'Beyond Borders: The New Frontier of Global Securities Regulation' fireside chat at yesterday's conference.

Bertrand Huet, senior partner, Financial Services & Tech, FleishmanHillard, and Jakub Michalik, chief policy officer and member of the executive committee, Euronext, covered the breadth and depth of securities finance during the session.

Setting the scene, the discussion focused on what one speaker described as Europe's growing drive towards greater independence, following a shift in political thinking that has accelerated since the start of 2025. The conversation centred on the EU's broader strategy to improve competitiveness, strengthen strategic autonomy, and deepen market integration.

A recurring theme throughout the discussion was the need to mobilise greater levels of private capital to support Europe's future priorities, including defence, energy transition, and technological development.

One speaker pointed to estimates suggesting Europe faces an annual investment gap of approximately €1.2 trillion, arguing that public finances alone will not be

sufficient to meet those requirements.

The discussion also highlighted the role retail investors could play in addressing this challenge. Speakers noted that household participation in financial markets remains relatively low across Europe despite large amounts of savings sitting in bank deposits.

Attention then turned to the Market Integration and Supervision Package (MISP), a legislative initiative aimed at reducing fragmentation across European markets. Asking the audience how many had actually heard of the package, a lack of hands spoke volumes and emphasised the speaker's point.

The package represents a significant departure from previous capital markets reforms, according to the discussion, reflecting a growing political consensus around the need for stronger integration and greater competitiveness.

Digital assets and tokenisation formed another major part of the discussion.

The speakers observed that the distinction between traditional finance and digital finance is becoming increasingly blurred, with policymakers now examining how distributed ledger technology (DLT), stablecoins, tokenised deposits, and central bank digital currencies could fit within future market structures.

While Europe has positioned itself at the forefront of digital asset regulation, the speakers suggested, the next challenge is creating frameworks capable of supporting commercial-scale adoption.

One participant noted that the industry faces a delicate balancing act between innovation and fragmentation, warning that different approaches to tokenisation could create interoperability challenges. However, they also suggested that failing to innovate presents an even greater risk.

Moving on to another hot topic, the discussion moved to AI. The speakers acknowledged the significant productivity gains that AI could deliver, with one participant estimating efficiency improvements of approximately 20 per cent within their organisation by 2027. It was also a point worth making, however, that "Europe is also facing criticism for potentially falling behind in the AI race".

As another speaker observed, AI markets tend to become "winner-takes-most" environments, increasing the importance of maintaining resilience and avoiding excessive dependence on a small number of providers.

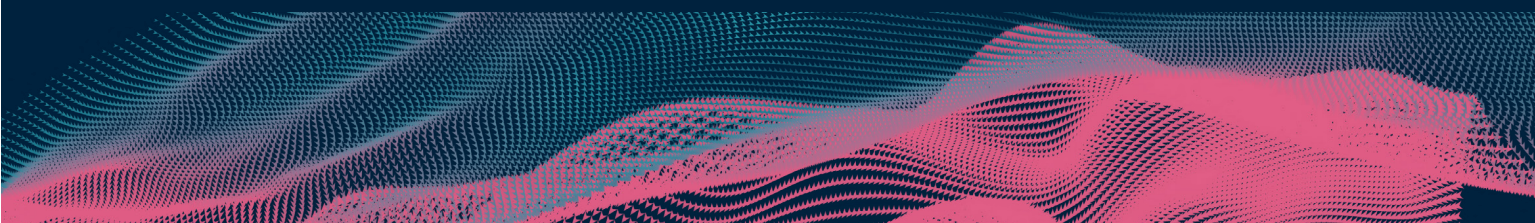
This topic ended with a key point from one of the speakers: "Europe may not have produced global AI champions at the same scale as the US, but the question now is how Europe positions itself in the next phase of development."



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Despite the challenges discussed throughout the session, the conversation concluded on an optimistic note.

It was suggested that while many of the proposed reforms remain ambitious, momentum is building and meaningful progress is beginning to emerge across Europe's financial markets.

## A phenomenal pace of change sets the regulatory agenda

The pace of legislative change over the past couple of months has been phenomenal across EMEA, the US, and APAC, noted speakers on the 'ISLA Global Advocacy, Regulatory & Legal Highlights' session. It is not just regulation for regulation's sake, the panel heard, ISLA is looking to strategically tweak and target rules across all key jurisdictions to help with national competitiveness.

In developing markets, there is a huge focus on growth, such as within the Middle East and Latin America — both of which are working to modernise legislative frameworks and infrastructure to bring national rules in line with international standards.

According to the panel, ISLA has come a long way in terms of establishing new relationships with members of parliament, European Council attachés, and national regulators. As part of this, ISLA launched a dedicated Advocacy

and Public Policy Committee to not only bring these representatives to support the association's advocacy work but to help provide education to policy makers on securities lending, which is still considered a niche product.

At the heart of the panel's discussion was the European Commission's Market Integration and Supervision Package (MISP) — measures designed to remove barriers and unlock the full potential of the EU single market for financial services.

The MISP package is a "huge piece of legislative change" and incorporates revisions to 18 pieces of legislation across Europe. The package is split into three parts: a master directive, which amends UCITS, AIFMD, MiFID; a master regulation which touches on SFTR and CSDR; and a notion to change the settlement finality directive, in relation to the digital asset space, into a regulation which provides broad application across all EU member states.

Moving to the topic of digital, the association is in the early stages of structural change. The industry is already in discussion about the possibilities for tokenisation, DLT, and stablecoins, and coordination across the market is key.

MISP mentions a DLT pilot regime, where a working group will be set up and overseen by the European regulators with an aim to create a set of standards.

The panel highlighted that regulators are catching up. While the market has been discussing various different pilots for some time, and has moved from concept to some level of adoption, legal and regulatory certainty is required in order to build an ecosystem of digital.

Moving the panel forward, one panellist said SFTR has been one of the busiest areas for ISLA over the past five to six years. When first introduced, it was noted that this regulation was not fit for purpose, and the industry has been awaiting SFTR Refit for the last four years.

The current landscape is fragmented, said one panellist, who warned that a securities lending transaction may be reported under two different regulations. Evidence from ESMA saw some firms are spending up to €5 million a year to maintain SFTR reporting. Other issues with SFTR relate to a lack of clarity and dual-sided reporting. A final report on SFTR Refit is to be released in July.

Another hot topic on the panel was Basel III. ISLA is in the midst of responding to the US Basel III re-proposals, which forms a new set of proposals following Basel III Endgame.

The association is putting forward a number of recommendations, including allowing firms to adopt and revise a collateral haircut approach immediately upon finalisation; revising the single counterparty credit limit framework; recognising that bankruptcy



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with collateral and repo style transactions does not create counterparty credit risk (CCR) and should not attract a CCR charge; and improve the risk sensitivity of a collateral haircut approach. It was anticipated that the final rule will be available at the end of 2026.

With a busy regulatory agenda facing the market, opportunity knocks, and the market seems ready to take it.

## Associations align on global priorities

Collaboration between global securities finance associations is becoming increasingly important as the industry responds to regulatory change, market development, and shifting sources of liquidity, according to speakers on the opening day of the conference.

Opening the discussion, the panel reflected on a range of shared priorities across regions, including T+1 settlement, regulatory reporting, tax reform, digital assets, Islamic finance, market liquidity, and the growth of securities finance in emerging markets.

One speaker noted that South Africa is facing many of the same themes being discussed globally, including the transition from T+3 to T+1, the development of domestic reporting requirements, and growing interest in digital markets. The panel as a whole, noted that SASLA is also

looking beyond South Africa, with increasing engagement across the African continent as markets such as Kenya, Nigeria, Botswana, Ghana, and Uganda, explore securities lending frameworks.

In the US, the panel highlighted advocacy around T+1, the Securities and Exchange Commission (SEC) rule 15c3-3, and Basel, noting that political and regulatory change can alter the pace and tone of engagement. A speaker suggested that arguments linked to market competitiveness are increasingly effective, particularly where regulatory constraints may place one jurisdiction at a disadvantage.

The panel also discussed the importance of sharing experience between associations as newer or developing markets seek to establish securities lending frameworks. Speakers noted that global alliances can help markets avoid repeating mistakes, and costs, already seen elsewhere.

One panellist added that associations can provide practical blueprints for market development, including guidance on which structures may accelerate growth and which may create unnecessary roadblocks.

Regulatory reporting was cited as a clear example of where collaboration can reduce duplication and cost. The panel highlighted that as South Africa's reporting regime is expected to go live around late 2028 or 2029, it will give the market time to draw

lessons from other jurisdictions.

The discussion then turned to talent, inclusion, and wellbeing. Several speakers highlighted recent conference initiatives designed to support emerging leaders, encourage wider participation, and address mental health within the industry.

Speakers warned that the industry faces a knowledge-transfer challenge as senior professionals retire and the middle-management layer becomes less populated. This is creating a greater need for structured education, particularly as new topics such as AI, tokenisation, and digital assets, reshape the skills required in securities finance.

Retail participation was another key theme. The panel noted that fully paid lending, ETFs, app-based neobrokers, and wider retail investor engagement are changing the supply side of the market.

One speaker said the supply dynamic has changed dramatically over the past 20 years, moving beyond traditional pension funds and mutual funds to include a wider range of beneficial owners, retail investors, and broker-to-broker activity.

The panel concluded that global collaboration between associations is already helping the industry respond more effectively to regulatory change, support market development, and build common standards across jurisdictions. ■



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## Wematch.live: Providing the digital market infrastructure for securities finance

The industry is no longer simply digitising, it is industrialising, says David Raccat, chief revenue officer at Wematch.live, who explores the changing market, sponsored access, and turning data into action

Securities finance has quietly undergone one of the most significant structural shifts in financial markets. Not through a single event or regulation, but through a steady accumulation of pressures — capital constraints, operational complexity, and the need for greater transparency — all converging at once. The result is a market that

looks increasingly connected on the surface yet remains fundamentally fragmented beneath it.

Bridging that gap is now the central challenge for trading desks and it is driving a move toward a new kind of infrastructure, one that

brings execution, lifecycle, data, and decision-making into a single, coherent environment.

## From fragmentation to industrialisation

For years, the securities finance industry has operated across fragmented workflows, siloed product lines, and manually intensive processes. That model was sustainable in a different market environment, one defined by higher margins, lower regulatory pressure, and less operational scrutiny.

But that environment no longer exists.

Today, fragmentation is not just inefficient; it is a constraint on capital, risk management, and growth. Desks are under increasing pressure to optimise balance sheet usage, operate across products, and manage lifecycle complexity in real time.

The industry is no longer simply digitising, it is industrialising, moving toward standardised, scalable infrastructure that enables real-time optimisation across the full trading lifecycle.

Since 2017, Wematch.live has been building the infrastructure for this transition. What began as a bridge between total return swaps (TRS) and securities borrowing and lending (SBL) has evolved into a global ecosystem managing over US\$1.64 trillion in ongoing notional, supporting 1,500 users and 135 legal entities globally.

Here at Wematch, we believe that this scale reflects a simple reality: the market is moving toward a model where liquidity, lifecycle management, and data are managed within a single, integrated environment.

## Liquidity without silos

At the heart of this shift is a fundamental change in how liquidity is accessed.

Historically, trading desks operated within product boundaries — SBL,

TRS, repo — each with its own workflows, counterparties, and operational constraints. This structure limited flexibility and made it difficult to optimise across positions.

Wematch was built to remove those constraints.

From day one, our platform was designed to be both product and counterparty agnostic, allowing firms to manage positions rather than isolated trades. Today, this model is reflected in a global liquidity network spanning Europe, North America, and APAC, where demand for digitised workflows is accelerating.

And as network participation grows, so too does accessibility. Liquidity is no longer fragmented across relationships; it is becoming centralised, visible, and actionable.

For the sell side, this means the ability to manage the entire book in one place, reducing operational friction and improving pricing consistency. For the buy side, it provides simpler, more direct access to liquidity, removing reliance on manual processes and enabling participation at greater scale.

## Structure matters: The role of regulation

As liquidity becomes more centralised, the importance of operating within a regulated framework becomes critical.

Wematch's infrastructure is built on this foundation, combining its UK-regulated multilateral trading facility, US alternative trading system, security-based swap execution facility, and regulated positions across France and APAC to provide a compliant and transparent execution environment globally. In an era of increasing regulatory scrutiny — particularly around non-bank participation — this is not simply a requirement; it is an enabler.

In essence, scale without structure creates risk, and structure enables scale.

By combining flexibility with regulatory rigour across jurisdictions, the platform allows firms to consolidate activity with confidence, ensuring governance, auditability, and consistency wherever they operate.

## **From trades to positions: Solving the lifecycle challenge**

If liquidity fragmentation has historically constrained execution, lifecycle complexity has constrained efficiency. This is particularly evident in TRS markets, where ongoing management — from basket updates and substitutions to collateral modifications and rebalancing — introduces significant operational friction and cost.

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*“Sponsored access is emerging as one of the most important structural developments in securities finance”*

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Wematch addresses this by extending digitisation beyond execution into the full lifecycle. Today, the platform supports more than US\$1.18 trillion in TRS ongoing notional and over US\$668 billion in managed cash flows.

Over the last 12 months alone, Wematch has processed more than US\$7 trillion in lifecycle events, including substitutions and collateral modifications, helping unlock an estimated US\$100 million in operational and efficiency savings for platform users.

This shift has fundamentally changed the role of the platform: it is no longer simply a matching venue, but an engine for continuous lifecycle optimisation, operational scalability, and capital efficiency.

By integrating execution and lifecycle workflows, firms can move faster, reduce operational complexity, manage risk more effectively, and

optimise capital across their entire book.

## **Opening the market: The rise of sponsored access**

As infrastructure evolves, so too does market participation.

Sponsored access is emerging as one of the most important structural developments in securities finance, fundamentally reshaping the relationship between the buy side and sell side.

For the sell side, it enables:

- full centralisation of trading activity
- reduction of lifecycle risk from manual, off-platform trades
- the ability to operate as fully digital market makers

For the buy side, it represents a step-change:

- direct access to Tier-1 liquidity
- streamlined, front-to-back workflows
- the ability to scale trading without being constrained by operational capacity

Put simply, sponsored access does not just improve efficiency, it expands the market. And by lowering barriers to participation, Wematch is creating a more open, standardised, and competitive ecosystem — one where growth is no longer limited by infrastructure.

## **From data to decision**

As execution and lifecycle become integrated, data moves from the periphery to the centre of the market.

Through our Data & Contribution (D&C) sessions, Wematch is transforming traditionally opaque signals into high-quality, actionable datasets. Since going live in 2023, the service has scaled rapidly, with 26 contributing banks, over 430 sessions delivered, and more than 50,000 executable prices contributed, generating 5,000+ market mid-points across 27 structures.

These datasets are now embedded across organisations: trading desks use them to identify opportunities; risk teams benchmark exposures; and valuation teams support fair value determination.

This marks a fundamental shift: data is no longer a by-product of trading; it is a driver of decision-making.

As participation increases, so too does the quality and depth of the data, creating a continuous cycle in which greater engagement generates richer insight, and richer insight, in turn, drives more informed activity.

### **Introducing Oz: Intelligence within the workflow**

The final step in this evolution is turning data into action.

Oz by Wematch.live represents this next phase: an embedded supervised intelligence layer, designed to operate directly within the trading workflow. Rather than adding another interface or dashboard, Oz sits alongside the user, surfacing relevant insights in real time.

It enables:

- identification of refinancing opportunities
- detection of pricing inefficiencies across TRS and SBL
- monitoring of concentration and risk exposures

All within a controlled, real-time environment.

However, the structural reality of deploying AI in regulated markets is not about potential, it is about boundaries.

Trust in Oz is not built on outputs alone, but on the principles governing how those outputs are created. As a supervised intelligence layer, Oz is built on four non-negotiable pillars:

- Isolated data architecture: proprietary client data is never used to train shared models.

- Strict privacy silos: insights are fully segregated; no cross-firm influence.
- Full auditability: every output is traceable and reviewable for compliance.
- Deterministic lineage: every recommendation is grounded in verified, explainable data.

These guardrails ensure that intelligence is not only powerful, but trusted, compliant, and deployable at scale.

Importantly, Oz does not replace the trader. It enhances decision-making, keeping the user firmly in control while transforming a firm's own activity and permitted market signals into actionable insight — all within a strictly segregated, fully auditable environment.

### **The industrialised market**

Across liquidity, regulation, lifecycle, access, data, and intelligence, a clear picture emerges: securities finance is becoming fully integrated, scalable, and intelligence-driven.

This is not a future state — it is already happening.

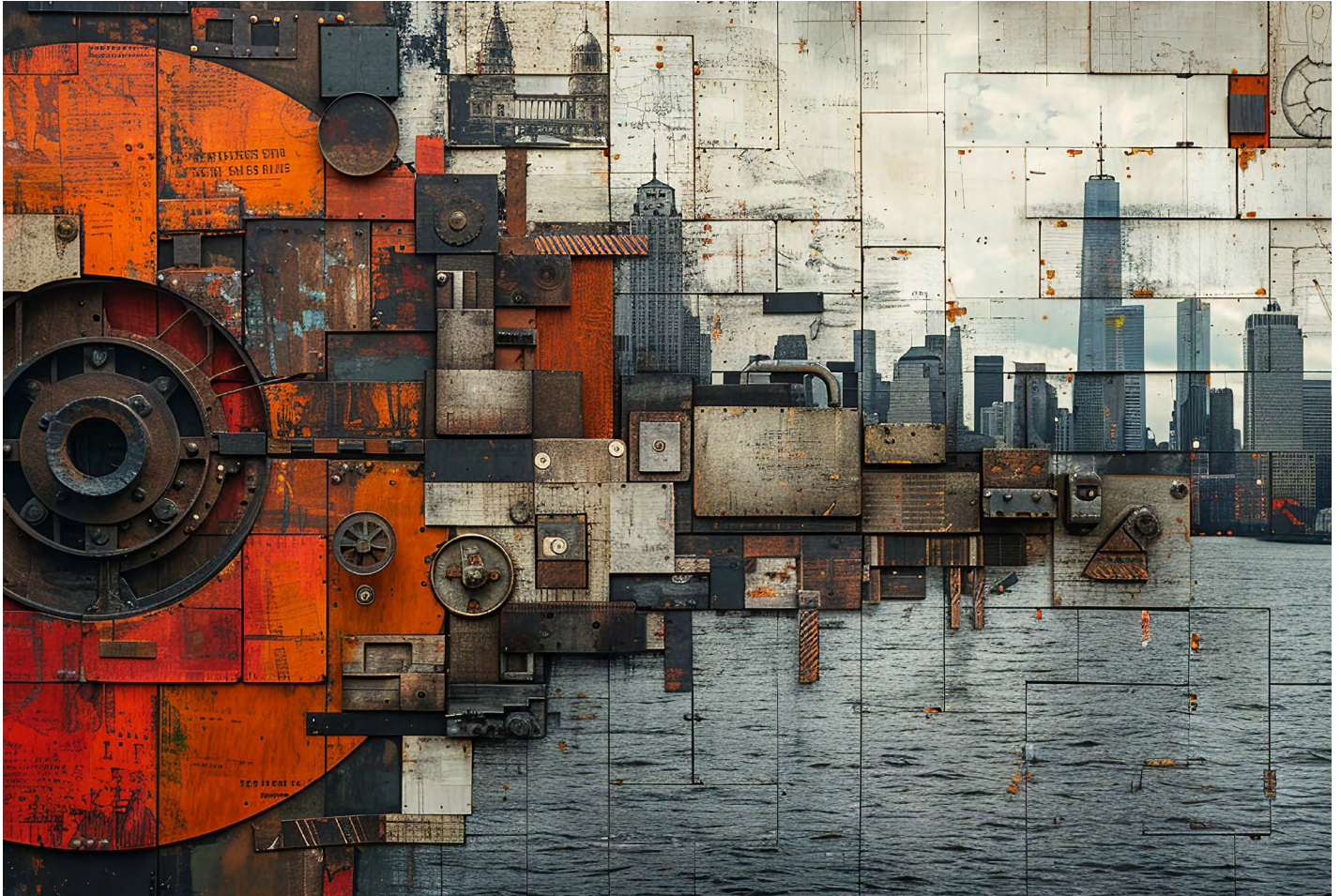
Firms that succeed will not simply trade more efficiently; they will operate within an infrastructure that allows them to: access liquidity seamlessly; manage positions dynamically; and act on insight in real time.

The bridge from fragmentation to industrialised, integrated markets is already built.

The question is no longer whether to cross it — but how quickly.

### **Let's talk**

If you are attending ISLA Lisbon and would like to explore how Wematch.live can support your desk, speak to the team on-site. ■



## An industrial revolution in funding and financing

Clearstream's Banu Apers and James Cherry underline the centrality of collateral management, lending solutions and liquidity to financial market stability, and discuss how a technology revolution is reshaping financial services

After several years of geopolitical uncertainty, major central bank liquidity interventions and questions about the future direction of monetary policy, one lesson has become clear. Efficient collateral management has become more important than ever in safeguarding the stability of financial markets.

Liquidity and collateral truly sit at the heart of financial markets, says James Cherry, head of business development for collateral, lending,

and liquidity solutions at Clearstream. This is integral to the smooth functioning of a financial ecosystem designed to provide a secure and efficient framework through which companies can raise capital, innovate, and promote economic growth.

Faced with growing uncertainty, a focus for many financial sector firms has been on business resilience. While continuing to strive for efficiency gains and opportunities to boost revenue and profit margins,

firms are fundamentally committed to the need for resilience in volatile and uncertain markets. Efficient management of liquidity and collateral is fundamental to delivering this resilience.

A parallel strand that permeates nearly every business conversation is a focus on technological change. We are in the midst of a new industrial revolution, one that is transforming information management and reshaping how companies produce and deliver goods and services. Financial services firms like Clearstream, part of Deutsche Börse Group, are embracing this change and are at the forefront of harnessing the opportunities that this creates.

By that fact, Deutsche Börse Group positions itself as being the engineers of the capital markets, applying technology, AI, data, and market expertise to deliver efficiency, stability, and innovation.

Banu Apers, head of securities lending and borrowing at Clearstream, explains that, as a leading provider of global financial market infrastructure, Clearstream continues to innovate and drive product enhancements that help clients to negotiate a constantly-evolving regulatory environment, including a smooth transition to T+1 settlement in the EU and UK. It is also helping clients to take advantage of this technology revolution through AI-driven and digital solutions.

Projecting these strategic messages to the funding and financing markets, Apers concludes that in the face of heightened volatility and geopolitical uncertainty, the securities lending market has demonstrated robust performance, fuelled by stronger loan demand for specific asset classes, particularly exchange traded funds (ETFs) and Asia Pacific fixed income securities.

The relatively abundant liquidity and fears of potential collateral shortages that prevailed three to four years ago — subsequent to central bank liquidity support during the Covid pandemic — have given way to relative collateral abundance and liquidity markets where cash is both fragmented and in limited supply. This shift has prompted

cash takers to seek alternative sources of liquidity and to become increasingly creative in how they access their cash requirements.

### **Expanding the pool of lendable assets**

In securities lending markets, pressure on spreads, and pressure on banks to optimise every unit of balance sheet, is pushing lending intermediaries to look for new ways that they can generate value. Clearstream has continued to expand the pool of lendable assets available through its securities lending programme, bringing on board new lender and borrower counterparties, extending coverage across new locations, and supporting rising activity from firms already active in the programme with new asset classes.

This has included the extension of ETF lending across all of its lending solutions and continued outreach to buy side clients, such as collective investment funds, pension funds, and insurance firms.

More generally, a convergence of market forces — including margin pressures, shifting interest rate environments, and the move towards accelerated settlement cycles in the EU and UK — is increasing the demand for sophisticated intraday funding and liquidity tools.

### **Platform solutions across the value chain**

Clearstream has expanded buy side access to funding and secured financing markets through platform solutions. Clients of Clearstream and SimCorp, the investment management platform solutions provider acquired by Deutsche Börse Group in 2023, can now manage their cleared and uncleared repo activity and instruct their triparty repo lifecycle positions via the SimCorp One front end. This integration enables joint clients to execute GC Pooling transactions on the Eurex F7 platform and to manage the lifecycle within Clearstream's triparty platform.

The solution delivers automated, fully straight-through processing

(STP) support across the triparty repo transaction lifecycle, offering users a consolidated view of the collateral in one place while removing the need for multiple bilateral legal agreements with each lender or borrower counterparty.

The SimCorp front end is being implemented through a phased approach, starting with cleared and uncleared repo. Clearstream's strategic lending solution is scheduled to be integrated into the SimCorp environment during 2027.

In Europe, this solution is attracting interest from asset owners and asset managers, including large pension funds. In Canada, Clearstream has partnered with TMX Group to implement a full-service domestic triparty environment for the Canadian market. The Canadian Central Bank is scheduled to join this programme in early 2027 such that all of the central bank's securities finance, repo, and central bank pledge programmes will be managed through this Canadian Collateral Management System (CCMS).



## **T+1 accelerated settlement cycle**

With the EU and UK transition to T+1 settlement scheduled to take place on 11 October 2027, and with market-wide testing due to commence in early 2027, Clearstream has recently published its T+1 implementation guide, offering step-by-step guidance on how to manage the transition and where clients need to give particular attention.

As a provider of settlement liquidity through our fails coverage programme across the international central securities depository (ICSD) and CSD/T2S, Clearstream plays an important role in mitigating systemic fails risks through timely delivery of securities in demand and management of the trading chain lifecycle.

Clearstream already supports T+0 settlement for a major share of interdealer financing activity executed through triparty repo. This may provide an incentive for more firms to migrate financing activity from bilateral relationships to triparty repo as they prepare for T+1 transition.

*“Clearstream continues to innovate and drive product enhancements that help clients to negotiate a constantly-evolving regulatory environment”*

### **Banu Apers**

**Head of securities lending and borrowing  
Clearstream**

For cross-border customers, a key challenge in next-day settlement adoption lies in the potential settlement gap between securities settlement (settling T+1) and FX settlement (settling T+2 for many spot FX transactions).

“The industry is managing the transition to T+1 well, but a reliance on processes still designed for T+2 introduces structural friction points,” says Cherry. The impact of misalignment becomes particularly acute during periods of high market volatility. FX spreads tend to widen during stress periods, liquidity becomes less predictable, and execution timing becomes more critical. The underlying issue is not new, but it is accentuated within the tighter time schedule imposed by T+1 settlement.

Consequently, global FX liquidity patterns are evolving in preparation for T+1. FX execution is moving to earlier in the lifecycle and becoming more closely tied to settlement events. There is a drive toward more real-time, automated, and integrated processing. However, the broader ecosystem, including infrastructure and market practices, still operates according to batch-based models.

*“We do see some interest in cryptoassets, with stablecoins potentially playing a more significant role in collateral markets”*

**James Cherry**

Head of business development for collateral,  
lending and liquidity solutions  
**Clearstream**

### **Toolkit of solutions**

To facilitate this transition, Clearstream offers a toolkit of solutions that will add value in a T+1 environment. In March 2026, Clearstream launched an intraday repo product that brings intraday liquidity to the market. For FX, its Automated FX service mitigates the potential FX exposure resulting from this settlement gap. This is complemented by its suite of predictive analytics tools — namely CollateralNext, LiquidityNext, SettlementNext, and LendingNext — designed to mitigate risk and to speed up decision making through ex-ante predictive insights.

This integrated package of solutions, dovetailing with user dashboards and reporting tools, enables users to monitor the probability of trade fails and to take pre-emptive action. If it identifies a potential inventory shortfall, for example, a firm may source the required securities via Clearstream’s strategic securities lending desk. If a shortage of securities is identified close to the settlement deadline, it may draw on emergency liquidity on settlement day through the ASL and ASLplus Autoborrow facilities.



“Beyond this, we already provide a wide range of tools that facilitate accelerated settlement, including partial settlement and hold-and-release,” says Apers. For securities financing transactions (SFTs), the market has worked together to develop an SFT gating settlement solution designed to minimise potential loss of netting efficiency in overnight batch settlement, where rolling off repo transactions are waiting for the netting benefits of new repo transactions which will only be traded early the following morning.

On balance, Clearstream believes that T+1 settlement in the EU and UK should be seen as a transitional step, not the end state. This illustrates the direction of travel and the complexity of moving fully to real-time settlement.

Inevitably, the EU is not a single jurisdiction — it has multiple infrastructure entities, complex actors, a disparity of practices across settlement platforms. Consequently, there is additional complexity that must be negotiated in delivering accelerated settlement in Europe when compared with the May 2024 transition to T+1 in three North American single markets, namely the US, Canada, and Mexico.

## Where innovation meets trust

Digital innovations, such as those around crypto-assets, stablecoins, and investment in distributed ledger technology (DLT), are key in shaping the future strategy of the funding and financing division at Clearstream. As central banks continue to remove liquidity from the market, firms will need to review their liquidity management strategies and be clear about how they source liquidity through traditional finance and digital channels.

Deutsche Börse Group’s digital post-trade platform D7 currently supports close to €80 billion in natively-issued digital securities. Clearstream recently added a solution for tokenised securities (D7 DLT) to this platform, offering choice to the client regarding whether they opt for digital or tokenised issuance.

“A wide range of initiatives are ongoing to incorporate new world assets into traditional ecosystems,” says Cherry. “We do see some interest in cryptoassets, with stablecoins potentially playing a more significant role in collateral markets. Tokenisation is not about replacing things, it’s about improving the way markets function.”

Clients increasingly need infrastructure that can connect conventional and digital markets without disrupting existing operations, while preserving trust, scale, and regulatory robustness. Clearstream’s trusted position as a regulated entity with a robust infrastructure provides a unique foundation to drive digital innovation, delivering secure, scalable, and future-ready solutions.

Steps to improve interoperability between DLT-networks will be important to this process. However, institutional investors are in many cases agnostic to whether an asset is held on permissioned blockchain, permissionless, or in a TradFi network.

Rather, they care first and foremost, for example, about whether the legal agreement is legally enforceable, whether this structure delivers effective asset segregation, whether there is adequate secondary liquidity, and whether they can re-use the asset.

The fundamental principles of secured lending and financing do not change when digitally-issued or tokenised securities are considered for collateralisation. Alongside rigorous checks on the credit quality of the counterparty, these long-standing preconditions will continue to apply in defining what a collateral taker will accept as collateral and on what contractual terms.

Adopting new technology is likely to offer huge opportunities in moving the industry towards real-time settlement, to enhancing operational efficiency and reducing cost, to integrating predictive analytics, and to delivering many other benefits. However, these fundamental questions of safety, legal certainty, and resilience remain inviolable. ■

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## The devil is in the technical details

Transcend CEO Bimal Kadikar discusses the changing nature of conversations around tokenisation and the move to a hybrid market structure



## Tokenisation has been discussed for years. Why does this moment in time feel different?

For a long time, tokenisation felt like a solution looking for a problem. What feels different now is that the market is starting to converge around clearer use cases and more practical objectives. In particular, collateral mobility has emerged as one of the leading areas where firms can see tangible value, especially when they think about intraday liquidity and the ability to move assets more efficiently across the market.

Another reason this moment feels different is that there is now more visible institutional momentum behind it. This has been triggered by recent regulatory changes, including the US Securities and Exchange Commission (SEC) no-action letter, as well as the Depository Trust & Clearing Corporation's (DTCC's) initiative in this space, which was a key catalyst. The Markets in Crypto Assets Regulation (MiCA), the GENIUS Act, and the Clarity Act have offered further clarity and helped progress tokenisation initiatives.

As a result, large infrastructures and market participants are no longer talking about tokenisation only as an innovation topic. They are now putting timelines, working groups, and real business activity behind it. That changes the nature of the conversation. It becomes less about theory and more about readiness, operating models, and how firms will connect these capabilities into existing businesses.

From our perspective, that is the real shift. The conversation is moving away from "Is tokenisation interesting?" and toward "How do firms actually use it in collateralised markets?". Once the market starts asking that second question, the discussion becomes much more practical. It becomes about inventory, eligibility, movement, optimisation, and how firms manage both traditional and digital forms of collateral in a joined-up way.

So the short answer is that this feels different because the use cases are sharper, the industry momentum is stronger, and the conversation is now centred on implementation rather than just concept.

## Where does Transcend fit into the tokenisation ecosystem, and what problem are you solving for clients?

Transcend fits into this ecosystem in a very natural way. We already work with clients to help them look across their inventory, understand eligibility for collateral, connect to different collateral ecosystems, optimise decision-making, and automate the straight-through movement of collateral. In other words, our TradFi track record is the foundation of our DeFi extension. The same core platform used for collateral optimisation by major institutions is being extended natively to digital rails rather than delivered as a separate digital asset tool. As tokenised assets become part of the picture, we see that as an extension of an ecosystem rather than an entirely separate market.

The way we think about it is simple: clients are not going to want one way of managing traditional collateral and another way of managing digital collateral. They need to see both together. They will need to make decisions across both together. They will need to act on those decisions in a way that feels coherent from an operating model standpoint. Our goal is to help make that possible.

That means creating a framework that insulates as much of the complexity as possible from the client. Whether collateral is held in traditional form or on digital rails, clients still need to answer the same basic questions. What is the best collateral to use? Where should it move? What is eligible? What is the most efficient path to delivery? Those are the questions Transcend is built to help answer, and we believe they remain the core questions in a more digital market structure as well.

So, we do not see our role as narrowly tied to tokenisation itself. We see our role as helping clients bridge traditional and digital environments, with the same emphasis on visibility, optimisation, and mobility that has always defined our platform.

## **Is this really a TradFi versus DeFi story, or are we moving toward a hybrid market structure where both will need to operate together?**

We have a strong view that this is not a TradFi-versus-DeFi story. It is a hybrid market structure story. Financial institutions are not going to run traditional finance and digital finance on separate infrastructures over the long term, because the risks are common and the decisions need to be coordinated. If firms try to treat them as separate worlds, they will create more complexity rather than less.

This hybrid model of TradFi and DeFi provides the best of both worlds. Regulated institutions will continue to own the balance sheet, custody, and legal framework, while distributed ledger technology (DLT)/DeFi-inspired architectures provide programmability, interoperability, atomic settlement, collateral mobility, and 24/7 operational models.

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***“We intend to be wherever our clients need us to be, and we prioritise integration and connectivity based on client demand”***

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The practical issue is that the same economic exposure may appear in different places and different forms. A firm may hold a security in one traditional venue today, but in the future that same security may also exist in digital form on one or more networks. Economically, it is still the same security, but operationally, the characteristics may be very different. That means firms will need to understand not only the asset itself, but also the venue, the rails, the settlement mechanics, and the implications for how that asset can be mobilised or optimised.

That is why the hybrid model matters. Firms will need a harmonised view. They will need to understand their inventory across both

traditional and digital environments. They will need to know the sources and uses of collateral across both. They will need to apply eligibility logic and optimisation logic across both. And they will need to do all of that without fragmenting the operating model into separate tracks.

Our positioning is built around that view. We want to help clients achieve a holistic and harmonised view of collateral so that they can operate across both environments with consistency. In our view, the future is not about choosing one side or the other; it is about helping firms function well in a market where both exist together.

## **What initiatives are you working on in the DLT space?**

This has been a very active area for Transcend over the last 12 months. We are involved in numerous global initiatives, with several now gaining meaningful momentum. One important milestone is that we are now part of the Canton network.

We are also actively working on the DTCC initiative, which is moving forward on an aggressive timeline, with the first milestone in July and the next in October. We are working with DTCC, as well as some of our clients, to support many use cases, including scenarios where collateral is tokenised through DTCC and then mobilised on the Canton network.

We are very proud to be part of those working groups, and we intend to support our clients with the capabilities needed both to receive and to post collateral to other parties. We see this as an important milestone for the industry as it points to real trades and real use cases, with multiple parties participating in a blockchain environment supported by Canton on one side and enabled by DTCC on the other.

In addition, we are involved in other working groups, such as Ownera. Ownera is focused on supporting tokenised money market funds and their mobility across a range of participants. We took part in an earlier simulation and expect to participate in the next round as well, where

we can demonstrate how Transcend's optimisation, decision-making, and collateral mobility framework support those use cases.

Similarly, we are working with HQLA<sup>x</sup> in its collateralisation efforts, along with a number of other active initiatives in the market. Our goal is not to pick winners. We intend to be wherever our clients need us to be, and we prioritise integration and connectivity based on client demand. In that sense, we see ourselves as a neutral enabler focused on helping clients operate effectively across a developing DLT ecosystem.

## **What are the biggest barriers to adoption today, and what needs to happen for tokenised collateral to scale?**

The main barrier is not simply that the technology is new. The bigger challenge is integration. For large, regulated institutions, tokenised collateral cannot remain a stand-alone experiment. If it is going to scale, it has to connect into the collateral systems, financing systems, books and records, risk and operational processes that firms already rely on every day.

That is where the difficulty comes in. Once firms start working in digital environments, they are dealing with new constructs, new workflows, and technical concepts that are not native to the way these businesses have operated over time. But the business still needs to function as a unified operating model. Collateral still has to be seen, managed, moved, and optimised in the context of the full enterprise. If that integration is too difficult, too manual, or too bespoke, then adoption is likely to stay stuck in pilots and proofs of concept.

Scaling is actually straightforward in principle, even if it is hard in practice. Clients need to be able to bring digital collateral into their normal operating framework. They need to keep track of it alongside the rest of their inventory. They need to know how to compare it with other collateral activities. They need to know when to use it, how to move it, and how to integrate it into their broader optimisation and financing decisions. Once that becomes seamless enough, adoption can move beyond experimentation.

That is where we believe Transcend can play an important role. We are investing heavily in helping clients solve exactly that last-mile problem. If we can make it easier for firms to integrate digital collateral into their day-to-day collateral and financing ecosystem, then we help remove one of the biggest obstacles to scale.

## **What would you say to firms that are still skeptical about the future of tokenisation, or that have not yet become actively involved?**

I would say that anyone in the collateralised markets or securities finance industry should be paying close attention to this space now. There is a lot of momentum, there is a lot of activity, and the market is moving beyond abstract discussion. You do not have to believe that everything will change overnight, but you do need to understand what is happening and where it may affect your business.

I would also say that firms do not need to start by worrying about every technical detail. A lot of conversations around tokenised collateral quickly go deep into blockchain mechanics, wallets, smart contracts, and the underlying architecture. Those things matter, but for many institutions the more immediate question is how these developments connect to their own business, their own infrastructure, and their own operating model. That is where the conversation should begin.

In other words, the right first step is not to chase technology for its own sake. It is to build understanding. Firms should look at what these developments mean from a platform angle, from a collateral angle, and from a business process angle. They should ask where the operational friction will be, where the opportunities are, and what they would need in place to participate effectively.

That is exactly where we think we can help. We can work with clients on execution, but also on education and practical understanding. The goal is to help make that transition easier and more manageable so that firms can participate in this evolution without having to rebuild everything from scratch. ■

# ISLA IN PHOTOS





# ISLA IN PHOTOS







**09:30 – 09:45**

## **Welcome Remarks & Recap**

### **Speaker**

Stefan Kaiser, Managing Director, Global Head of Product for Securities Lending, [BlackRock](#)

**09:45 – 10:15**

## **Opening Keynote Address**

### **Keynote Speaker**

José Maria Brandão de Brito, Deputy Finance Minister of Portugal, [Portuguese Ministry of Finance](#)

**10:15 – 11:00**

## **Leaders' Perspectives & Predictions**

### **Moderator**

Brooke Gillman, Managing Director, Global Head of Client Relationship Management [eSecLending](#)

### **Speakers**

Harpreet Bains, Managing Director, Regional Head of Agency Securities Finance, EMEA, [J.P. Morgan](#)

Matt Brunette, Global Head of Financing, [Norges Bank Investment Management \(NBIM\)](#)

Matt Collins, Managing Director, [Morgan Stanley](#)

Gesa Johannsen, Executive Platform Owner – Global Collateral Platform, [BNY](#)



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**11:40 - 12:10**

## **Keynote Address**

### **Keynote Speaker**

David Rowan, Technology Columnist & Author

**12:10 – 13:00**

## **The Liquidity Revolution: Wallets, Tokens, & Global Access**

### **Moderator**

Seha Islam, Digital Assets Product, Operations, and Risk Leader, [EY](#)

### **Speakers**

Yalini Isweran, Executive Director, Head of Digital Launchpad, [DTCC Digital Assets](#)

Oberon Knapp, Global Head of Equities, [Digital Asset](#)

Marton Szigeti, Global Head – Collateral, Lending and Liquidity, [Clearstream](#)

Diego Zuluaga, Executive Director, Government and Regulatory Affairs, [Goldman Sachs](#)

**13:00 – 14:00**

## **The Capital Efficiency Mandate: Pledge, Clearing, & the New Basel Reality**

### **Moderator**

Mark Faulkner, Co-Founder, [Credit Benchmark](#), [Capital Credit Ratings](#)

### **Speakers**

Christian Dale, Director, [Barclays](#)

Frank Falanga, Executive Director, North America Head of Collateral Management Group, [J.P. Morgan](#)

Ismail Ibrahim, Director, Global Head Securities Finance Product, [Citi](#)

Paul Tagliareni, Managing Director, [Morgan Stanley](#)

Jan Treuren, Senior Director Product, [Cboe Clear Europe](#)

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