ISLA Daily 2

30th Annual Securities Finance and Collateral Management Conference

Wednesday, 21st June

Extracting the benefit

Transcend reviews the platform's evolution across the decade and shares views on the future of the collateral market

Day two agenda inside

ISLA highlights a stark contrast of the market in 30-year reflection

In welcoming attendees to the ISLA 30th Annual Securities Finance & Collateral Management Conference, ISLA's chief executive Andrew Dyson reflected in his opening remarks on how the securities lending marketplace has evolved from 30 years ago, when "the world was a different place".

Many of the association's activities at that time, including the organisation and management of the ISLA annual conference, was conducted through the goodwill and volunteering activities of board members.

While it achieved much through this, it became clear to the team that they needed to rethink how the conference was organised.

While the industry has changed substantially over this 30-year period, some of the core principles on which the industry is founded remain consistent from year to year.

Reflecting on the Association's 2012 conference, which was held in Madrid, there are a number of subject areas in common at this year's meeting that were discussed 11 years ago, including discussions on tax, trading, hedge funds, regulation and emerging markets. In addition, there were breakout sessions on short selling, shadow banking and discussions on the world of repo.

Looking more closely at how the conference focus has evolved, the 2012 agenda provided only limited discussion on collateral, the sustainability agenda was nonexistent and it lacked a dedicated discussion on technology. These subject areas are all fundamental to the conference dialogue scheduled for here in Lisbon.

Developing this point, technology was often in the background 10 years ago, Dyson recalls, whereas today, it is at the forefront of everything that the securities finance market does.

In his opening comments, Dyson also reflected on how female representation at the ISLA conference has advanced from earlier meetings. In 2012, there was a lack of female representation, with only three women appearing as speakers out of a total of 39. In this week's conference, attendees will hear from more than 20 female speakers.

When the ISLA conference moved to Prague the following year, the agenda highlighted the central importance of Basel III and capital considerations in defining how the industry does its securities financing business, with efficient balance sheet management key to shaping sell-side trading strategies. The 2013 conference also introduced the first technology-focused panel.

Technology development and innovation has now become a cornerstone of every ISLA annual conference, with innovation commonly driven by the central question of how firms can move liquidity most efficiently from one firm to another, typically on a collateralised basis. More broadly, ISLA has reflected consistently on how it can encourage collaboration and innovation across the market as one of its fundamental roles as a trade association.

News Round-Up

ISLA panellists reflect on a busy 12 months of regulatory change

Advocacy isn't solely about speaking to regulators, ministries and parliamentary bodies, but also advocating to and with market participants, said one panellist at the ISLA 30 Conference.

Set against the backdrop of the end of the current EU parliament and political cycle in Brussels, the first panel of the ISLA 30 Conference reviewed in-flight and imminent regulations and the implications for advocacy.

Panellists discussed the digital landscape, primarily from the perspective of the International Securities Lending Association's (ISLA's) strategy and the achievements of its various working groups and streams.

ISLA achieved 'a huge win' at the beginning of 2023 when the UK's Financial Conduct Authority (FCA) made a public statement in response to the FCA's discussion paper on Sustainability Disclosure Requirements (SDR) and investment labels.

The FCA stated that it did not see why securities lending and ESG could not be compatible and supported the application of ESG standards in driving sustainable lending and financing within the functioning of wider capital markets.

ISLA has been attempting to engage with regulators about the intersection of ESG and securities lending for a long period of time.

As a main focus for underlying lenders, the Association has been in conversation with the FCA regarding the application of sustainability criteria in shaping collateral eligibility. The FCA is expected to release its official policy statement on this subject in Q3 2023, according to a panellist.

Referencing the Basel rules, one panellist indicated that there was a major focus on the new capital requirement rules in the EU, where negotiations between the EU Parliament and the Council are soon to come to a close.

ISLA responded to the Bank of England (BoE) consultation on the application of Basel III rules in March 2023 and is now awaiting the release of the Federal Reserve's proposal in the US, which is to appear later in 2023.

Headline regulations including SFTR and CSDR have also continued to be major catalysts for change in the market — and have provided the foundations for a wider focus on regulatory reporting and settlement efficiency that will feature more prominently in other panel discussions at this year's ISLA annual conference in Lisbon.

Credit risk RWAs could prove challenging under Basel III rules, says ISLA

The International Securities Lending Association (ISLA) has published an overview of the Basel III framework, its impact on the securities finance market and how to address upcoming challenges.

Basel III is a set of international standards developed by the Basel Committee on Banking Supervision (BCBS), which produced a framework of measures to strengthen the supervision and risk management of banks.

The Basel III framework reforms took effect from 1 January 2023 and look to impact banks engaged in securities financing activity. In most instances, banks will now need to allocate more capital to support these activities, according to ISLA.

The Prudential Banking Rules: Explanatory Note published by ISLA reveals that credit risk risk-weighted assets (RWAs) under the Output Floor, as well as minimum haircuts for securities financing transactions under the Basel III reforms, could prove challenging for the industry.

For credit risk RWAs, ISLA observes, the challenge presented to the market is the "potentially significant and disproportionate increase" in the amount of capital banks need to hold under the Output Floor for credit risk in relation to their securities borrowing activity.

According to the Explanatory Note, the counterparty risk weights for most principal lenders under the standardised approach used in the Output Floor increase from low numbers today — typically around 10 per cent under the internal ratings-based (IRB) approach — to 100 per cent, alongside other increases in RWAs for banks at the same time.

ISLA believes that the proposed treatment of exposures to unrated low-risk counterparties could have an adverse impact on the global securities lending market.

The Output Floor for RWA will be phased in over a five-year period, through transitional arrangements until 1 January 2028.

The Output Floor is a measure that sets a lower limit (floor) on RWAs based on the revised standardised approaches in the framework, therefore limiting the benefit banks can obtain from their use of internal models to measure credit risk and market risk RWAs.

Transcend at 10: Extracting the benefit

BJ Marcoullier, global head of sales and business development at Transcend, reviews the platform's evolution across the past decade and shares views on the future of the collateral market

With Transcend celebrating its 10th anniversary in June, how has the firm evolved?

There are three key dimensions to our evolution. The first, and most important, is the people — we now have approximately 150 people globally, with offices in North America, UK and India, with a growing presence in Asia. In Europe, we recently added Emily Harris to further drive our local product development and focus on the securities finance space. It is highly important for us not only to have top-level talent, but also to have people that take pride in delivering a high-quality experience to our clients.

The second area of evolution is our clients. Five years ago, we were just extending our product to additional global banks. Now, we are onboarding clients globally across the sell-side — including banks and brokers — buy-side and custody space. As a result, we are now processing trillions of dollars of collateral each day. The last piece of our evolution has been on the product side. We moved from a modular product set to a highly scalable integrated solution offering, anchored around automating complex decision-making and collateral mobilisation.

How are you aiding your clients in achieving their goals?

Quite simply, we are helping them to save tens of millions of dollars. Collateralised businesses — whether those are cleared or uncleared derivatives, equity or fixed income financing desks, triparty funding, or treasury areas — these all have a similar problem statement: how to bring together margin and collateral requirements, tagged inventory, collateral eligibility and business constraints in a harmonised fashion for scalable systematic decision making and execution.

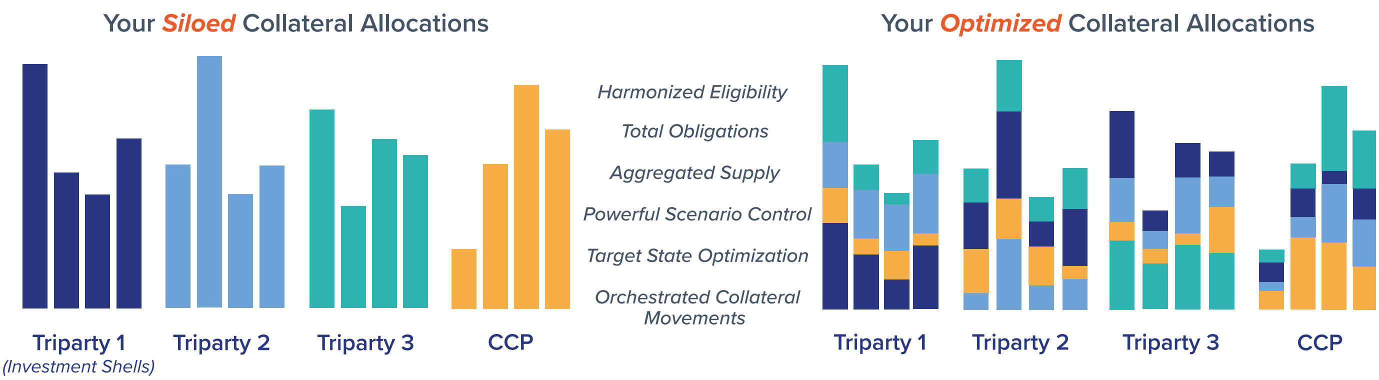
We help our clients construct the data and connectivity ecosystem they want to be able to best allocate their collateral at a target state. One example of this is our Cross Triparty Optimization offering, where we can recommend an optimal allocation across multiple triparty agents and orchestrate the necessary collateral movements to get the collateral, regardless of location, to the exact shell it needs to be in. The full scope of all of the various pieces of data necessary to make very comprehensive optimisation decisions is only available if you join all of the clients' internal and external data.

This holistic dataset does not exist with third parties such as triparty agents, central counterparties (CCPs), or in-margin systems. The art is to be able to scale this functionality to the specific scenarios that are important to each client. We can do this at a desk level or at an enterprise level. The results are amazing and we hear about new use cases for our platform every day. From helping with liquidity coverage ratio (LCR), net stable funding ratio (NSFR), Comprehensive Capital Analysis and Review (CCAR) and Regulation YY, to unsecured funding, customer versus firm and cross-region, to name a few examples, the list keeps growing.

What challenges do market participants face with cross-triparty and CCP optimisation?

The first challenge is for businesses to understand the opportunity value and then effectively organise around extracting the benefits. Streamlining business flows across front, middle and back offices requires some adoption and new ways of thinking. Specifically,

Figure 1: Cross Triparty Optimization maximises every opportunity for the best collateral deployment



on the technology side, the main challenge is not the algos or the modeling. We are proud of our decision-making tool as it can incorporate a wide variety of linear and fixed cost constraints. However, the challenge is in connecting and normalising the numerous ecosystems needed to facilitate delivery of the exact collateral allocation to the specified trade or shell level across agents.

Our experience in this effort is that it has not only been a win for our clients, but also for the agents, as well as streamlining collateral flows and bringing additional efficiencies to the entire collateral chain. From a high-level view, we have spent enormous resources connecting ecosystems across eligibility, inventory, optimisation and booking frameworks to create a more interoperable ecosystem.

Given recent market-related events and how they have impacted your clients, what products are sparking the most interest?

It is no secret that market volatility, higher interest rate regimes and risks that come from situations such as the debt ceiling stand-off put strain on the collateral management ecosystem. We are seeing this manifest in client interest in a few ways. One is the need to see detailed collateral and its liquidity value in real-time, not only on a projected basis but also what is sitting in depos from a centralised viewpoint. Therefore, when markets move, or when the regulator calls, participants have a clear picture of their inventory and exposures.

Given the market stress, we are also seeing demand for our Booking Service. When balance sheets are fluctuating and collateral flows are very active, it is not sufficient to manage this with spreadsheets or manual uploads anymore. Operation teams need to scale and rely on systems that can seamlessly orchestrate high volumes of collateral in and out. Resiliency and scalability are becoming very high on the list of requirements for proper collateral optimisation. Finally, higher rates have simply made the value case for optimisation multiples greater than it was just a couple of years ago.

What benefits are you providing to clients through your platform?

As we noted, financial resource savings are typically the most visible benefit. This means reducing liquidity costs, funding costs and capital usage. Some firms estimate that there are hundreds of millions in savings on the table if they get enterprise collateral optimisation done correctly. Most firms are in the early stages of this journey but, in practice, we have seen multiple millions saved by using our platform to optimise multiple binding constraints.

The other benefits are softer. We have seen our clients use our platforms to break down regional or desk-aligned silos. This means using Transcend for a common place to view inventory, eligibility, obligations, or for decision making. The final obvious benefit is that we are more precise and efficient than other allocation processes. We have proven that we can allocate with very high precision, exceeding a 99.8 per cent success rate. This means fewer top-ups, fewer collateral movements and lower substitution needs.

What are your market predictions for 2024?

I believe there will be a rapid acceleration of centralised collateral decision-making. The benefits are too large to wait and regulators are asking for this. Cobbling together spreadsheets or management information system (MIS) reports based on end-of-day (EOD) views is not going to be an acceptable standard. Our clients are looking for real-time holistic views.

Collateral optimisation will become a broadly recognised front-office position, if not its own business unit. We also expect rapid growth in Europe and Asia. These markets have historically been increasingly bifurcated and complex operationally compared to North America. Technology is available to simplify working within or across these markets. Finally, buy-side firms, in particular asset managers, will seriously re-evaluate how they utilise outsourced services and what they should be paying for versus what they can do in-house.

There has always been a call across the industry for improved interoperability. From our perspective, the coordination and partnership happening across the sector has never been higher. Speaking for Transcend, all the triparty agents, CCPs, vendors and other industry players that we work with have been great partners on this journey for the benefit of our mutual clients.

As a result, our platform, and others like ours, are bringing optimisation and interoperability closer to reality. This indicates that there are exciting times ahead for the securities finance industry. Technology is finally enabling business transformations that have been discussed for a long time. My view is that this will lead to new trading opportunities, new sources of revenue and new ways to reduce a number of legacy risks. We are happy to be a part of this dynamic ecosystem and have a great set of people guiding it.

Managing liquidity needs: the significance of GC Pooling

Eurex's Frank Gast, managing director and member of the management board of Eurex Repo, and Carsten Hiller, head of Central Europe funding and financing, fixed income sales, discuss the past, present and possible future of Eurex's GC Pooling product

GC Pooling was launched in 2005 and quickly developed into a highly liquid market for collateralised financing in EUR, USD, CHF and GBP, according to Eurex. Its participants benefited from anonymous electronic trading via a central counterparty (CCP) with a real-time collateral management system.

After GC Pooling took a back seat in recent years, due to funding provided by the European Central Bank (ECB), recent and upcoming market developments indicate that the need for market-driven funding will once again increase. The Eurex GC Pooling product is an effective and efficient tool to address rising liquidity needs for treasury desks on both the sell and buy side.

How was the GC Pooling product received by the industry after its launch and throughout key financial events?

Frank Gast: After its launch in 2005, GC Pooling was initially used by the German securities financing and money market community. This quickly changed with the financial crisis following the default of Lehman Brothers in 2008, when the unsecured money market dried up and credit lines in the interbank market were massively reduced. In addition, treasury and money market managers appreciated the possibility to reuse collateral received in a reverse repo for other GC Pooling repo transactions and margin requirements at Eurex Clearing for repos and derivatives, as well as to collateralise central bank exposures.

The automated allocation of collateral to predefined, standardised baskets of liquid assets and Clearstream's integrated collateral management system proved to be a reliable and robust tool in these turbulent times. In March 2020, with the outbreak of the

Coronavirus pandemic, GC Pooling proved to be right for short-term cash management. While some participants were able to close longer-term transactions to secure long-term funding, others rolled over huge liquidity balances in euro on a daily basis.

How has monetary policy from the ECB impacted the performance of GC Pooling?

Carsten Hiller: After peaking in June 2014 with a record volume of €203.7 billion outstanding daily volume, GC Pooling volumes came under pressure from the ECB's interest rate cuts and the start of quantitative easing, while excess liquidity steadily increased. The central bank became the "lender of first resort", which almost obliterated all money market activity. The phenomenon accelerated when the ECB introduced supportive measures during the Coronavirus pandemic with the targeted longer-term refinancing operation (TLTRO) III.4 and a record allocation of €1.3 trillion in June 2020.

Excess liquidity reached a record high of €4.5 trillion, pushing short-term money market and GC Pooling rates below the deposit facility rate of -0.50 per cent. However, even though volume levels have been low over recent years, the tool has demonstrated its power in situations with increasing liquidity needs. Activity picked up very quickly in March 2020 and demonstrated its power as a reliable liquidity management tool.

How has the GC Pooling market developed since the Covid-19 pandemic began?

Hiller: We saw an increase in GC Pooling forwards in Q4 2021, which was due to year-end cover activities. However, volumes remained at a low level for short maturities such as overnight or one-week. Term business continued to increase significantly as the ECB's wording hinted at possible interest rate hikes later in the year, and signs gathered that inflation was no longer temporary. In 12-month maturities in particular, we recorded brisk business with various customers due to the steeper yield curve. It is encouraging that several customers, who have not actively used GC Pooling in recent years due to ECB policies, have returned to the GC Pooling market in recent months, even for short-term maturities such as overnight. It looks like more and more customers are preparing for the big revival of GC Pooling.

With the increasing participation of public institutions and pension funds in the GC Pooling market, this diversification of active participation can only strengthen Eurex's position as the leading

"Since funding needs and requirements are highly likely to increase, Eurex stands ready with its tried and tested tool set to meet the challenges expected to arise"

Frank Gast
Managing director
Eurex

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Carsten Hiller
Head of Central Europe funding and financing, fixed income sales
Eurex

European secured funding market infrastructure.

What is now fuelling the comeback of GC Pooling and how does Eurex see GC Pooling developing further?

Gast: As interest rates continue to rise in the Eurozone and more collateral will return to the market with the end of quantitative easing, it will become increasingly important for banks to be prepared and have all relevant collateralised financing and money market instruments available. For GC Pooling and short-term GC repo, it still depends on how quickly the excess liquidity is reduced. This would likely push short-term rates towards the deposit rate. Once short-term GC Pooling rates start trading at a premium to the ECB Deposit rate, we expect to see a significant increase in GC Pooling volumes and an increasing number of our more than 160 customers across Europe re-engaging in this market.

In fact, GC Pooling trading activities have seen a significant increase in dynamic since the ECB announcement of increasing interest rates and reduction of excess liquidity in summer 2002. Many formerly inactive clients have come back to marketplace, supranationals and debt management offices (DMOs) to act as cash providers as well as others looking for long term financing. Overall, we are seeing a significant increase in daily traded volumes in GC Pooling have increased by more than 300 per cent compared to the same period in 2022. GC Pooling levels are recently getting close to deposit rate levels and, with TLTRO repayments due in June 2023, we expect this trend to continue.

Even though the migration of GC Pooling to Clearstream's Xmac infrastructure has had some challenges after migration in October 2022, we see all active clients adapting to the new TARGET2 (T2) and TARGET2-Securities (T2S) environment with settlement efficiency of 99.9 per cent. The migration to the European Collateral Management System (ECMS) in 2024 will be another important milestone to move into a more harmonised and more efficient European collateral management infrastructure.

Since funding needs and requirements are highly likely to increase, Eurex stands ready with its tried and tested tool set to meet the challenges expected to arise. We are increasing buy-side activities and have a strong pipeline for onboarding both sell- and buy-side firms. Our objective is to help educate the industry to cope in a positive interest rate environment with fixed income products, with many new junior traders at the desks recently hired and only used to negative interest rate environment for the past few years.


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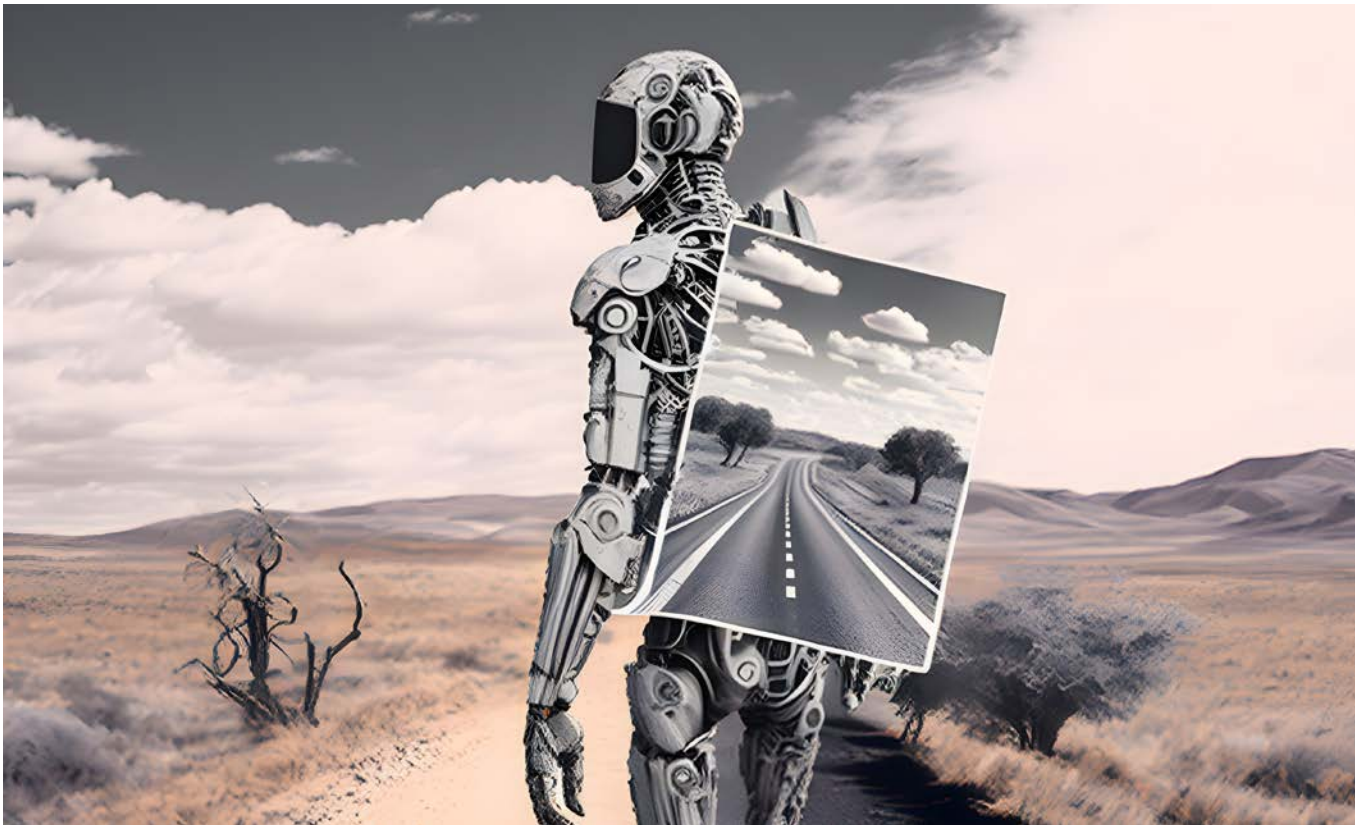

Seizing opportunities in the evolving prime brokerage landscape

It is time to update the infrastructure powering capital markets, argues Clear Street's head of prime financing Robert Sackett. Firms that answer the call to modernise will see fewer bumps as the May 2024 deadline approaches for T+1 implementation in the US and Canada

"To meet the accelerated settlement timeframe, it is critical that market participants eliminate manual processes and maximise automation in the post-trade pre-settlement space," stated Valentino Wotton, head of institutional trade processing at the Depository Trust & Clearing Corporation (DTCC), reflecting on the launch of a joint initiative that DTCC has established with Nomura Research Institute to provide automated central matching facilities for cash securities transactions in Japan.

Wotton was cautioning that market participants should be well into preparation for the shift to T+1 in the US and Canada, which is rapidly approaching in just under one year. He is far from the first to warn about the stress that outdated infrastructure will put on capital markets.

Various estimates put the size of global capital markets at US$118 trillion to US$125 trillion a year and counting, but much of the industry has not taken advantage of technological advancements and still operates in the past. While the front office of trading organisations is typically lean and therefore less impacted by volume spikes, the middle and back office feel mounting pressure from increased processing speed and volume requirements.

At the same time, asset managers, banks and insurers have been under increasing regulatory pressure to enhance trade-related accountability and are demanding more from the sell-side. This means that market participants not only need to keep pace with fast-growing trading volume and increasing complexity, but they are expected by their clients to enhance reporting services.

In addition to the approaching deadline for T+1, US bank regulators are preparing to issue a notice updating US capital rules, known as Basel III Endgame, with the implementation date expected to be 1 January 2025. As the deadline approaches, measures to reduce counterparty and trading risks will be an important focus for large banks, which may look to further cut prime brokerage clients and services in anticipation of the new regulations.

These changes are coming to a head. The shrinking prime industry and evolving regulatory system, coupled with a lack of innovation over the past 20 years, has created great opportunities for those invested in developing the technology to support prime brokerage.

Looking under the hood

The multi-trillion dollar capital markets industry is the backbone of the global economy, but it still relies on mainframe technology from the 1980s. The result is fragmented systems and interfaces that leave market participants struggling to react to market changes and meet the needs of data-hungry investors and regulators.

How is this possible? The mainframes that have supported global capital markets for decades were built to answer specific questions at a specific point in time. Over the years, modern technology has been layered on top of the antiquated infrastructure, only providing a temporary solution. Similar to building a new house on top of an old foundation, sooner or later the base will give way and the whole structure will crumble.

Put simply, the silos have calcified over time to the point where it is easier for humans to talk to each other rather than find a way for the technologies to communicate. This tech debt creates broken processes that form the operational inefficiency that plague firms today.

Investors, like all consumers, have become accustomed to on-demand service. They expect to be able to react quickly to market events and are looking to expand into alternative asset classes like crypto. Prime brokerages are challenged to keep up with these demands and provide the granularity, data visualisation and user experience that investors and regulators need.

Global settlement changes

While global regions — including the US, Canada and India — announce their intention to shorten the settlement cycle, the Association for Financial Markets in Europe has also launched a task force to explore whether Europe is right to follow the move to T+1.

The antiquated technology that dominates the industry today will bring mainframe batch cycle times in the compressed settlement cycle into question. Decreasing the number of days between execution and settlement will reduce counterparty, market and credit risk across the settlement cycle, but the bulk of the cost introduced by the move to T+1 will be borne by broker-dealers, clearing firms and prime brokers.

Moreover, workflows will need to be reconsidered to reduce settlement failures and allow the move to T+1. In Europe, settlement failures have remained particularly high since the pandemic, fuelled by market volatility and ongoing pressure on a smaller number of operations staff. Though the latest data shows a promising improvement in equities fail rates, fails remain a significant concern for both regulators and institutions.

Adding to the pressure is the new Settlement Discipline Regime (SDR), which enforces penalties for failed trades in an effort to improve settlement discipline. Penalties range from 0.5 to 1 bps and apply to securities that are traded on an European Economic Area (EEA) exchange or cleared in an EEA central counterparty. Under these rules, central securities depositories impose the penalties on the counterparty responsible for the failed trade.

In his communication on trade affirmation, DTCC's Wotton continued: "To meet the accelerated settlement timeframe, it is critical that market participants eliminate manual processes and maximise automation in the post-trade pre-settlement space. Specifically, the SEC highlighted that institutional trades must be allocated, confirmed and affirmed as soon as technologically possible and no later than trade-date, referred to as same day affirmation."

A DTCC report found that brokers will see significant challenges and costs in realising T+1 and they will need to address legacy technology and external messaging challenges immediately. The throughput and integration demands for modern clearing platforms are not easily navigated in large organisations, especially when replacing a legacy solution in-flight.

That pressure is reinforced because many investors are not engaged on T+1 and risk overestimating the ability of their service providers to help them to be ready. Overall, the DTCC report found that only 46 per cent of the market expects to be ready for T+1.

With urgency comes an opportunity in the capital markets. Firms that answer the call to modernise and spend 2023 coordinating with compliance, working with regulators, and upgrading and testing their end-to-end systems will see fewer bumps as May 2024 approaches.

A shrinking industry

Adding fuel to the fire is the changing nature of the prime brokerage business and the regulatory and reporting demands that confront the prime broker community. This pressure comes as services diminish and innovation and investment disappear, with several major primes leaving the business altogether and other independent primes being acquired.

Industry participants are preparing for Basel III Endgame, which is anticipated to be the most significant change to US banking regulations since Dodd-Frank and the Consumer Protection Act. The expected notice of proposed rulemaking (NPR) will have extensive implications for economic growth, credit availability, liquidity and market stability.

Basel III Endgame will change how much capital firms need to hold against credit, market and operational risk exposures and is designed to make capital requirements more risk-sensitive while reducing variability of risk-weighted assets (RWA). This brings liquidity coverage ratio (LCR) requirements to top of mind and is expected to substantially increase aggregate capital requirements.

Whether the drivers are changing trading conditions, new capital requirements, or shifting macroeconomics, ejecting smaller clients seems to be the preferred path for firms that have not made the necessary investments to upgrade their legacy technology estates. Dependency on highly manual processes means that these firms cannot operate profitably with smaller clients, or with clients that have more sophisticated risk profiles or demanding trading strategies. Rather than service these clients properly, the dominant philosophy seems to be that the needs of the prime broker outweigh the needs of their clients.

This cycle of cutting services has been an ongoing feature of prime brokerage for the past decade. This pattern is destined to continue without a real move to invest in modern technology to manage risk in today's markets. Modern technology allows for automation, data insight and scale in a variety of market conditions, driving efficiency and reducing operational frictions.

Building market structure for the future

To operate at peak efficiency, banks and brokers must reduce the manual processes that increase risk of error and operate in silos in favour of technology that empowers users to make smarter decisions and to identify potential risks throughout the trading process.

Simplifying the technology behind trading and post-trade functions can transform this from a cost centre to a competitive advantage. But, for many firms, this upgrade would require rewriting many systems, with significant technical debt, massive resourcing and planning costs — a daunting project with low chances of success.

Modern, high-performance computing coexists with COBOL, and microservices with mainframes. But as the value of data continues to rise, those that invest in the technology and capabilities to keep up with fast-paced, intraday market changes will come out on top.

It is time to update the infrastructure powering capital markets. A single-source of truth platform has the potential to optimise operations across teams, asset classes and geographies, reducing cost, complexity and risk. In turn, this makes it easier for emerging managers, professional traders and institutions to access capital markets.

To keep up with the accelerating pace of modernisation, firms will need to invest in technology to meet the needs of investors and regulators. Those who do so will be part of building the modern, scalable future of capital markets — improving access, speed, and service for all participants.

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08:00 - 09:15
Beneficial Owner Breakfast Briefing (Closed-door)

Topics covered will include – ESG Best Practices for Securities Lending, The 'Direct' Lending Model, Punitive Implications of Basel IV Implementation for Unrated Counterparts.

08:00 - 09:15
Breakfast & Registration

09:15 - 09:30
Welcome Remarks

Speaker

Brooke Gillman, Managing Director, Global Head of Client Relationship Management, eSecLending

09:30 - 10:00
Opening Keynote Address

Speaker

Verena Ross, Chair European Securities and Markets Authority (ESMA)

10:00 - 11:00
Industry Leaders' Perspectives & Predictions

2022 saw the return of volatility across financial markets, resulting in numerous trading opportunities for many firms. Senior figures from across the securities finance industry will reflect upon whether that momentum has continued into 2023, and how businesses are evolving to reflect the changing demands from clients and market participants.

Moderator

Andrew Dyson, Chief Executive Officer ISLA

Speaker

Eric Badger, Managing Director, BNY Mellon

Patricia Hostin, Senior Vice President, Global Head of Agency Lending, State Street

Stefan Kaiser, Managing Director, BlackRock

Geraldine Trippner, Head of Financing Solutions and Client Profitability, Société Générale

11:30 - 12:30
The Trading Renaissance

Following on from the related breakout session on Day 1, this panel will focus on how the Basel framework alongside other binding constraints (RWA and balance sheet) and operational factors are evolving trading relationships. Market events centered around the LDI crisis in late 2022 and more recently the demise of SVB and Credit Suisse testify to the importance of the provision of market liquidity. This session will try and make sense of some of these recent events, as well as debate how the very nature of what we do is changing and how we have to respond to these challenges.

Moderator

Anna de Winton, Vice President, BNP Paribas

Speaker

Tomi Adu, Executive Director, Morgan Stanley

Johanna Armita, Head of EMEA Institutional Sales Trading, Goldman Sachs

David Brand, Managing Director, RBC Capital Markets

Joseph Gillingwater, Global Head of Fixed Income Agency Lending Trading, Northern Trust

12:30 - 13:30
It's All About Collateral?

The final session of the day will look in depth at how collateral is increasingly driving flow within our markets. Today, our markets have become an important conduit for the provision of liquidity, collateral mobilisation, and financing, set against the backdrop of our market standard legal framework. Following the LDI crisis in the UK, market participants are increasingly aware of the importance of efficient margining techniques, including the use of tokenisation.

Moderator

Phil Morgan, CEO Pirum Systems

Speaker

Matt Brunette, Global Head of Financing, Norges Bank Investment Management

Rebecca Carey, Head of Product Management Transaction Processing, Euroclear

Alessandro Cozzani, Managing Director and Head of Asset Optimization Group (AOG) EMEA & APAC, Bank of America

Glenn Havlicek, CEO & Co-Founder, GLMX

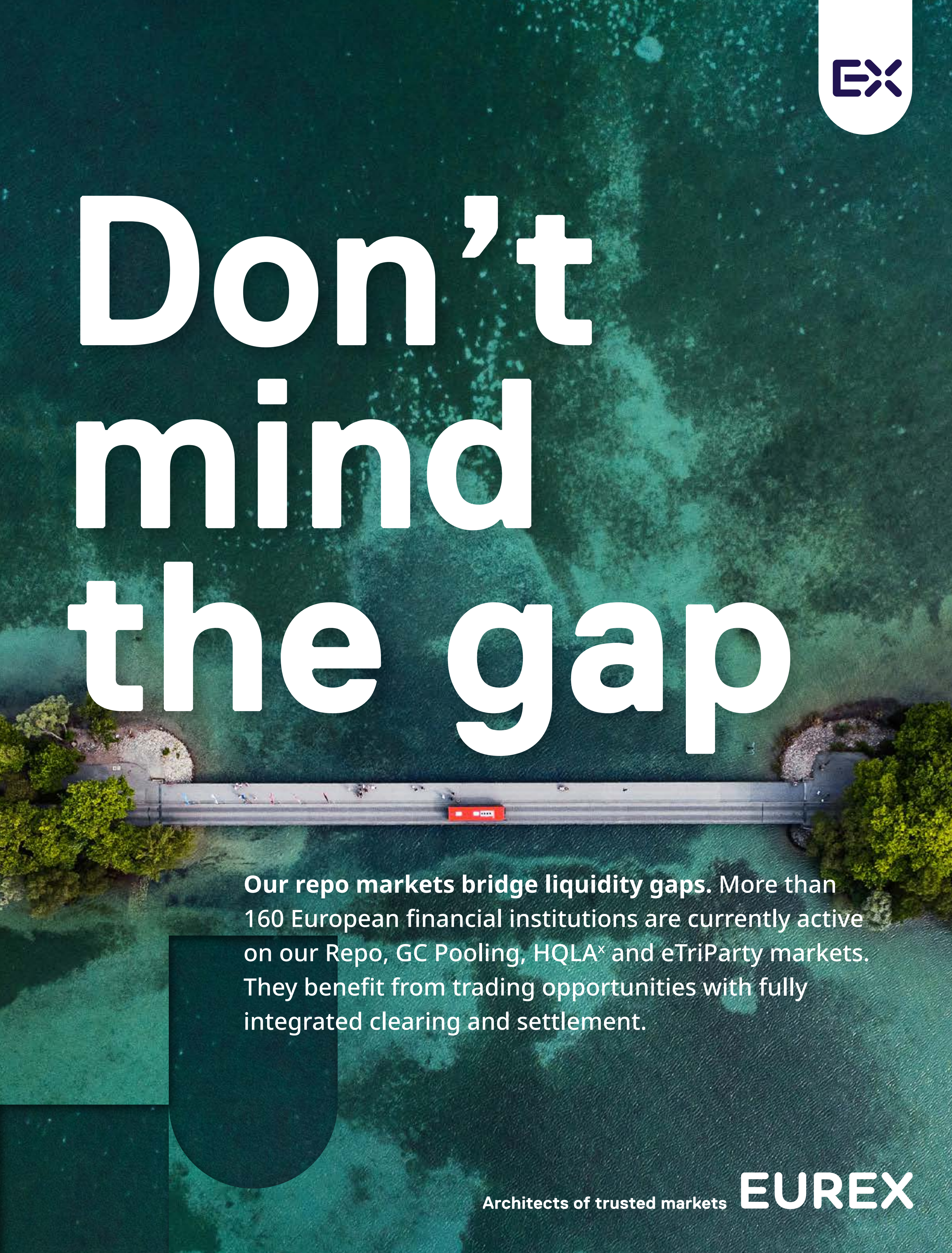
Eileen Herlihy, Managing Director and Global Head of Trading Services Sales, Platform Sales – Securities Services, J.P. Morgan

15:00 - 16:00
ISLA Connects: Expand your Network (Closed-door)

As part of the launch of ISLA Connects, we will be holding our first in person gathering of this group at our 30th Annual Securities Finance & Collateral Management Conference. We want to attract a diverse audience with greater participation from member firms across various departments who may not ordinarily get a chance to attend our annual flagship events. Passes are available for qualifying individuals from ISLA Members firms.

16:30 - 20:00
ISLA 30th Anniversary Drinks Reception

Following a day of formal keynotes, panels and presentations, we will be hosting a networking drinks reception at the SUD, Lisbon, to celebrate the 30th year of the ISLA Securities Finance & Collateral Management Conference.



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
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