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3rd Annual Securities Finance and Collateral Management Conference

Day 2 Wednesday, 14 October



Ready-to-lend becomes real

Saphyre's Gabino Roche Jr and Stephen Roche discuss what key factor will change the securities finance market

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Industry collaboration key as securities finance enters next phase of growth

Growing market activity, regulatory reform, and evolving market structures are increasing constraints on securities finance participants, prompting renewed focus on industry collaboration, according to the opening panel of the ISLA Americas 3rd Annual Securities Finance & Collateral Management Conference.

Speakers highlighted a market environment characterised by rising trading volumes and growing demand for capital efficiency, while firms continue to face pressure to reduce operational costs and invest in new infrastructure.

Industry experts noted that many initiatives discussed over recent years are now moving into implementation. Developments such as T+1 settlement, central clearing,

asset segregation, total return swaps, extended trading hours, and digital assets are reshaping both securities finance and collateral markets, creating fresh operational and regulatory challenges.

A key theme throughout the conversation was whether market profitability and available resources will be sufficient to support the level of technology investment and regulatory adaptation required in the years ahead.

Speakers stressed that many of these challenges cannot be addressed by individual firms alone. Instead, industry coordination through trade associations is playing an increasingly important role in advocacy, market development, standardisation, and wider market transformation efforts.

Regulatory engagement remains a central priority, with an ongoing industry focus

on Basel III bank capital reforms and implementation of the US Securities and Exchange Commission's Rule 10c-1 securities lending reporting framework. Panellists highlighted the importance of maintaining dialogue with regulators to ensure future rules support market liquidity and operational efficiency.

Standardisation was also identified as a critical enabler of growth. Industry initiatives continue to focus on developing legal documentation frameworks, supporting capital-efficient financing structures, and providing greater legal certainty through updated opinions and documentation standards.

As digital assets continue to gain traction, attention is also turning towards establishing common frameworks for tokenised securities and digital collateral. Panellists suggested that industry-wide standards will be

essential to avoid fragmentation and support interoperability across markets.

Regional market development remains another area of focus. In the Middle East, Saudi Arabia continues to make progress through the implementation of netting legislation and related regulatory reforms designed to support market growth. Industry participants also pointed to an increasing interest across neighbouring jurisdictions as regulators seek to enhance liquidity and attract international investment.

Meanwhile, Brazil remains one of the most significant growth opportunities for the global securities lending industry. One speaker highlighted the ongoing work to support a major expansion of the country's lending market ahead of its planned transition to T+1 settlement in 2028, with regulators, exchanges, and industry stakeholders working closely together on implementation.

Looking ahead, panellists said digital collateral, tokenised assets, cross-border settlement efficiencies, and capital optimisation tools are expected to remain key areas of focus.

The discussion concluded with a broad agreement that, as securities finance markets continue to evolve, collective cooperation and action will be a key component to delivering the standardisation, advocacy, and infrastructure improvements needed to support sustainable growth.



New model, new opportunity: Latin America's venture forward

Latin America has been an increasing focus-point for the International Securities Lending Association (ISLA) Americas, as the region undergoes significant transformation with participants, regulators, and market infrastructures at work to accommodate a growing interest from the securities finance space.

Nuam — the formal integration of Chile, Peru, and Columbia — is building an integrated market for trading securities, increasing derivatives, and standardising securities lending. This is where ISLA

has stepped in to assist with education; introducing nuam to using swaps as a form of stock loan and borrow; as well as having discussions around settlement cycles, buy-ins, and developing regulation.

ISLA has had a large influx of demand in Mexico from a number of local players such as clearing agents. The association has been working with the central bank to change the securities clearing rules towards a more over-the-counter (OTC)-oriented approach, as opposed to its current central counterparty (CCP)-focused path.

While the central bank has made its proclamation on this, there remain tax challenges to explore. The process is

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currently on hold in Mexico, but one panellist seemed optimistic about a “fairly easy” implementation once the tax issues are addressed.

Referred to as a “labour of love”, the panel moved focus to Brazil. The CCP, the local players, and the offshore players are driven to achieve the transition to T+1 in February 2028. The market is trying to maintain some of the CCP structure, which allows for transparency, consolidation of reporting, and tax collections.

FX market, settlement, and a healthy securities lending market is required to reach T+1. One panellist highlighted that it is not just a settlement cycle project, it is a market efficient project. They believed that hard-to-borrow names will feel more pressure moving from T+2 to T+1, due to the removal of that one-day buffer.

Players in Brazil agree that the securities lending market requires improvement. In addition, it is important to not only unlock inventory that is being held by international investors — which are holding 45 per cent of the free flow through Brazil and are lending less than one per cent — but the system requires more liquidity, which the panel deemed crucial to accommodate the transition to T+1 and for the betterment of the market.

The panel again highlighted the conversations being had on the regulatory

changes needed in Brazil to allow models to go beyond the traditional CCP-only structure. Regulators, the central bank, and market participants recognise that the long term path is being aligned with global practices. However, alignment does not simply mean replication, one panellist noted. In Brazil, there are beneficial owner rules, taxation rules, and operational aspects that the market needs to accommodate.

Working alongside ISLA Americas, Brazil is “getting there” in terms of designing this new bilateral model, where collaterals are handled directly between borrowers and lenders. While the current model is “thriving”, the use of a CCP is mandatory by law, which creates barriers for other investors to enter the market.

Providing an example of the gap in opportunity here, one panellist said that the local individuals, asset under customers (AUC), make up one third of foreign investors, but those local individuals are lending twice as much as the foreign investors. They believed that the whole lending market could double just by allowing them to flow.

Agent lenders and beneficial owners are already using the existing model, and do not need to adopt the new model. However, certain legal entity types such as US 40 Act funds, ERISA funds, and European UCITS cannot use the model as it exists today, due to specific regulatory requirements.

It seems that this move forward will only open opportunities in Latin America, but time will tell how this will provide for the greater securities finance market.

APAC and Saudi markets target new era of securities lending development

Securities lending markets across Asia Pacific and the Middle East are attracting increasing attention from global participants, but panellists at the ISLA Americas annual conference warned that continued growth will depend on addressing structural and regulatory barriers that constrain liquidity and market participation.

The discussion focused on Korea, Taiwan, and Saudi Arabia — three markets that have seen significant growth in recent years, albeit from different starting points and with differing priorities.

Korea and Taiwan have both benefited from a sharp increase in the value of lendable assets over the past few years. Panellists noted that rising valuations among semiconductor companies and the concentration of market capitalisation within a small number of index constituents have significantly increased the size of securities lending opportunities in both markets.

At the same time, borrow demand has grown, with activity in Korea receiving a further boost following the lifting of the

country's short selling ban, reopening opportunities for international market participants and increasing demand for borrowed inventory.

Despite this strong momentum, speakers suggested that both markets continue to face important regulatory hurdles.

In Korea, legislative complexity remains a key concern for market participants, with panellists pointing to uncertainty around certain regulatory obligations, as well as the potential consequences of compliance failures, which can create a cautious operating environment for firms seeking to expand activity. Operational considerations, including short recall notice periods and limitations within domestic settlement infrastructure, were also identified as constraints on broader market development.

Taiwan faces a different set of challenges. While demand for securities lending remains strong, panellists highlighted the impact of the market's T+0 settlement framework and a longstanding lending rate cap. Participants also noted that access to additional lendable inventory remains limited, particularly among retail investors and holders of hard-to-borrow securities, restricting the market's ability to meet growing demand.

Alongside developments in Asia Pacific, Saudi Arabia was highlighted as one of the industry's most closely watched emerging securities finance markets.

Speakers noted that the kingdom has made significant progress in a relatively short period of time, growing from a small base to establish an increasingly active securities lending ecosystem. Strong borrow demand, the development of principal lending models, improvements to post-trade infrastructure, and advances in legal and netting frameworks have all contributed to market expansion.

Panellists also pointed to the emergence of derivatives activity as a positive indicator of broader market sophistication and growing investor participation.

However, speakers agreed that further development is required if Saudi Arabia is to realise its full potential as a regional securities finance hub.

A number of priorities were identified, including expanding eligibility for clean netting arrangements, increasing participation from retail investors and family offices, and continuing work on Shariah-compliant legal documentation. Greater levels of automation was also highlighted as important to improve efficiency and support larger transaction volumes.

In addition, some participants suggested that the removal of certain market restrictions, including the uptick rule, could support additional liquidity and trading activity over time.

A recurring theme throughout the discussion was the need to balance reform with local market realities.

Panellists emphasised that successful market development cannot rely on the wholesale adoption of international frameworks. Instead, regulators and industry participants should focus on practical reforms that reflect local market structures, investor bases, and regulatory objectives, while still supporting greater alignment with global standards.

Education was identified as another critical component of growth. The panel heard that increasing awareness among market participants, investors, and policymakers can help broaden participation and improve understanding of the role securities lending plays in supporting liquidity and market efficiency.

Ultimately, speakers agreed that Korea, Taiwan, and Saudi Arabia have all demonstrated strong growth potential, but that the next phase of development will depend on targeted reforms, enhanced infrastructure, and continued collaboration between regulators and market participants.

As global firms increasingly look beyond traditional lending centres for opportunities, the ability of these markets to address operational bottlenecks and expand sources of liquidity is likely to determine how quickly they develop into mature, scalable securities finance ecosystems. ■



Ready-to-lend becomes real

This week's agenda asks what will actually change securities finance. The answer will be decided somewhere less glamorous, at the point where lending accounts are set up, say Saphyre's Gabino Roche Jr, CEO and founder, and Stephen Roche, president and co-founder

Walk the halls this week and you will hear versions of the same promise. Smarter automation will read the agreements, reconcile the files, and predict the fails. New connections will stitch a fragmented

market together. Some of it will prove true. But there is a question worth asking first, and it rarely makes the main stage. What will any of it be running on?

In securities lending, the honest answer is uncomfortable. The data many firms would feed these tools were emailed, faxed, re-keyed, and re-requested several times before the first loan was ever booked. The industry has spent two decades automating what happens after a loan is struck. The front door of the business, the onboarding and maintenance of the lending accounts themselves, still runs on processes that predate the smartphone.

The gap nobody books

Before an account can lend a single share, its details, legal agreements, tax documentation, and market requirements pass through onboarding, legal, tax, credit risk, and operations. Each department often re-requests what another has already collected. And the problem compounds as the industry reaches for growth, because every new lending market begins life as another set of accounts to open.

That gap has a cost that rarely gets booked. Every week between a signed mandate and the first loan is lending revenue the beneficial owner may not earn and inventory the agent lender may not mobilise. Ask firms how long a new lending account takes to activate and the honest answer is “it depends”, because no one has a live view of what remains outstanding. The delay may rarely appear as a loss on any ledger. It shows up as revenue that arrived late or not at all, which may be why it has survived this long.

What changed this year

A different model has moved from argument to adoption. Digitise account data and documents once, at the point of setup, and maintain memory of them for the life of the account. Lender, agent, and approved borrowers work from the same consistent data from day one. Documentation packages arrive pre-populated. Updates flow to all permissioned parties in near real-time. And every authorised party sees exactly what stands between an account and its first loan, a live ready-to-lend status per account.

This is no longer a future-state concept. Several leading agent lenders and direct lenders are now moving their lending account onboarding and maintenance onto this model, for a simple reason. The faster an account is ready-to-lend, the sooner it can start earning.

“Securities lending often begins with an account already established for custody or other trading activity,” says Gabino Roche Jr, CEO and founder of Saphyre. “The opportunity is to intelligently reuse the data and documents already provided, then keep that information current throughout the account’s life. Shared market infrastructure connecting clients, custodians, lenders, and borrowers makes that possible across permissioned counterparties; helping firms start lending sooner and keep accounts ready for ongoing business.”

Where the model pays twice

The economics improve further for firms that wear more than one hat, which in this industry is many of them. An agent lender that also custodies assets can run a shared onboarding that serves both custody and lending, because the legal entity data, tax documentation, and settlement instructions are largely the same. A direct lender that also manages assets can reuse the fund onboarding, Know Your Client (KYC), and tax information already collected on the asset management side when facing borrower counterparties, rather than requesting it again for the lending programme.

In both cases, the second use of the data costs far less than the first. That is the advantage of maintaining memory rather than collecting documents transaction by transaction.

Agency Lending Disclosure (ALD) shows why that memory matters beyond onboarding. Borrowers need current information about the underlying principals from whom they borrow, yet requests can send agent lenders back to clients for documents and details already supplied.

Retaining the links between each principal, its accounts, supporting documents, and applicable agreement terms makes existing information easier to retrieve and share with permissioned parties, while allowing new information and updates to be incorporated as the relationship evolves.

As principals join a lending programme or further loans are made from existing accounts, that context supports borrower approvals and helps firms identify the loan terms and collateral requirements applicable under the relevant Master Securities Lending Agreement (MSLA) or Global Master Securities Lending Agreement (GMSLA). Alongside ongoing disclosure of loan and collateral allocations, this continuity supports exposure monitoring and reduces repeated information gathering throughout the lending lifecycle.

One year to T+1 Europe, and the standard setters have weighed in

The regulatory calendar gives this argument an edge this week. The UK, EU, and Switzerland move to T+1 settlement on 11 October 2027, almost exactly one year from this conference.

The industry's standard setters have already pointed to where part of the fix lives. The Financial Markets Standards Board's (FMSB's) Standard for Sharing of Standard Settlement Instructions, published in January 2025, states in its third Core Principle that standard settlement instructions (SSIs) expected to be used with a counterparty should be shared at the point of onboarding, covering all products referenced in the legal agreements, which includes securities lending.

The UK's Accelerated Settlement Taskforce wrote both ideas into its implementation plan. It expects all market participants to implement the FMSB's Core Principles, and it calls on lending intermediaries and borrowers to automate recalls processing through standardised electronic messaging. The EU's T+1 roadmap makes the same diagnosis, describing SSIs as "an inherent weak point in post-trade

processing" and putting automation of securities lending recalls and returns among its recommendations.

Read together, the message to securities lending is hard to miss. Many of the fixes the taskforces want live in pre-trade, at onboarding, in the data. Many fails are born months before settlement, at account setup.

New tools, old data

Which brings the conversation back to the week's headline debate about what will run the next market. The instinct across the industry right now is to point new technology at the mess, and the mess is real. But AI models trained on inconsistent counterparty data do not resolve the inconsistency. They automate it, at scale, with confidence. A more connected market hits the same wall, because platforms cannot connect on data that disagrees. Whatever wins the debate will only be as good as the account data underneath it.

"AI is giving our industry a false sense of confidence," says Stephen Roche, president and co-founder of Saphyre. "If the underlying data doesn't agree across your counterparties, AI just automates the disagreement faster. Get the data consistent at the point of setup and AI finally has something reliable to decide on."

The takeaway

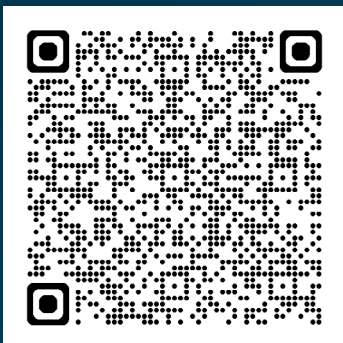
Onboarding used to be seen as part of the cost of doing business. It is now a revenue enablement advantage. Firms that treat lending account setup as a digital, data-first discipline can activate relationships faster, lower operating costs on both sides, strengthen ALD from inception, and carry data consistency through settlement. They are also building the one thing every innovation on this week's agenda actually requires, and they will be a year ahead when T+1 arrives in Europe.

The question worth asking as this conference gets underway is the same one worth asking of every account in your programme. Do you know, today, exactly what stands between it and ready-to-lend? ■

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Insights and perspectives

ISLA co-chair Lauren Northrop sits down with Carmella Haswell ahead of the conference to review the week ahead, what attendees should look forward to, and central themes in the current market

Taking place in Key Biscayne, the ISLA Americas' Annual Securities Finance & Collateral Management Conference is back for a third year. What are you most looking forward to? What new concepts will be explored?

I am really looking forward to bringing the industry together and hearing different perspectives on where we go next.

I think the Shark Tank sessions will be a highlight. Technology providers will put forward practical solutions and have their ideas challenged by market participants. We will explore how market structure, AI, and digital infrastructure could reshape securities finance, moving beyond the headlines to ask what will actually work in practice.

The programme for the event is rooted in the industry's most pressing challenges and opportunities. From your perspective, what key moments or movements in 2026 are shaping the securities finance market?

Regulation, capital, and collateral remain central themes, particularly Basel III, increasing transparency within securities, and optimising how equities can be used as collateral. These are themes with real impact on how a firm can continue to provide best in class services to their clients. The International Securities Lending Association (ISLA) Americas aims to reflect these industry trends through its working groups, comment letters, and direct engagement with regulators.

What are your thoughts on the next evolution of securities finance and what will actually change it?

The next evolution in securities finance will be shaped by how well firms adapt to longer trading hours, growing participation, and changing market infrastructure. I think the biggest changes will come from making the market work more efficiently: better information, greater automation, and more effective use of collateral. Technology

will be an important enabler, but real progress also requires greater alignment around standards and processes

Which panels would you consider a must-see?

Two must-sees for me, aside from Shark Tank, are 'Digital Assets and Securities Finance' and 'Who Will Run This Market in 2035?'. One looks at the future of our talent and how we need to evolve as leaders to inspire the next generation. The other is particularly interesting from my product remit, where I see growing interest in how firms are preparing for a more digital future and what that means for securities finance.

What market are your firms building towards, and who or what will run the market in 2035?

I expect the market in 2035 to be more connected, more automated, and open to a broader range of participants. The firms that succeed will be those that proactively reimagine their processes and create a simpler, more seamless experience for clients. ■

Lauren Northrop
ISLA co-chair



Securities lending in 2026: A record year (so far) built on AI, ETFs, and the shift towards Asia

From a securities lending perspective, the key question is no longer whether revenues will remain elevated, but where the next source of growth will emerge, says Matt Chessum, executive director, equity and analytic products at S&P Global Market Intelligence

If the first three quarters of 2026 have demonstrated anything, it is that securities lending remains closely tied to the dominant forces shaping global capital markets. Artificial intelligence investment, rising government bond yields, growing exchange traded fund (ETF) adoption, geopolitical uncertainty, and an active IPO market, have all influenced borrowing demand, utilisation levels, and securities lending revenues. The result has been one of the strongest periods on record for the industry.

According to S&P Global Market Intelligence Securities Finance data, global securities lending revenues reached approximately US\$8.8 billion during the first half of 2026, up 33 per cent year-on-year (YoY) and the strongest first half ever recorded. By July, year-to-date revenues had exceeded US\$10.6 billion, with average balances on loan consistently above US\$4 trillion.

What makes 2026 particularly notable is not simply the record revenues, but the breadth of the drivers behind them. Unlike previous periods where activity was concentrated around a handful of events or sectors, lending demand has emerged across equities, ETFs, government bonds, and corporate bonds, supported by several interconnected themes.

AI becomes the defining market catalyst

Artificial intelligence has been one of the most prominent investment themes. Continued spending on semiconductors, data centres, power infrastructure, and advanced computing has driven equity market performance across multiple regions. That enthusiasm has translated directly into securities lending activity.

Technology and semiconductor companies across Taiwan, South Korea, Japan, and Hong Kong have attracted significant borrower demand as investors sought both directional and hedging exposure. Asian equity lending revenues almost doubled during June, rising 99 per cent YoY to US\$524 million, while first half Asian equity revenues approached US\$2.4 billion, up approximately 80 per cent from the same period in 2025.

Importantly, this was not purely a valuation story. S&P Global Market Intelligence data shows that balances, utilisation, and fees all increased simultaneously across many Asian markets, indicating genuine growth in borrowing demand rather than a simple increase in market capitalisation. By July, APAC equity revenues reached a record US\$584 million for the month, with average fees rising to 170 basis points.

The AI theme has also influenced fixed income markets. Corporates associated with data centres, cloud infrastructure, and semiconductor expansion have remained active issuers within investment grade markets, creating additional demand for corporate bond borrowing, and hedging activity.

Asia overtakes the Americas

Perhaps the most significant structural development of 2026 has been the emergence of Asia Pacific as one of the leading revenue-generating equity lending regions.

Asian equity revenues have surpassed those of the Americas on

multiple occasions during the year and overtook US equity lending revenues for the first time ever. This represents a meaningful shift in the global securities lending landscape.

Several factors contributed to this change. The AI investment cycle has disproportionately benefited many Asian markets given their central role in global semiconductor and technology supply chains. At the same time, new listings, corporate actions, and an increase in specials activity concentrated demand in a relatively small group of securities.

Hong Kong, Taiwan, and South Korea have emerged as key drivers. S&P Global Market Intelligence data highlights that APAC specials revenues reached nearly US\$1 billion by May, representing their highest level since tracking began in 2010.

Meanwhile, American equity revenues faced a different challenge. Although balances continued to rise, average fees declined sharply as abundant supply and broader market participation reduced pricing power. During June, Americas equity revenues fell 36 per cent YoY despite balances increasing more than 40 per cent.

The contrast between the regions is striking: Asia benefited from scarcity and concentrated demand, while North America increasingly reflected scale and abundance.

ETFs continue their transformation from niche to core market infrastructure

The rise of ETFs has been another defining theme of 2026.

Global ETF assets have reached record levels, with S&P Global Market Intelligence research highlighting industry assets exceeding US\$4 trillion and product counts surpassing 15,000 globally.

As ETFs become the preferred instrument for tactical allocation, hedging, and thematic exposure, securities lending activity has followed. During the second quarter, exchange traded products

generated approximately US\$484 million in securities lending revenues, up 83 per cent YoY. First half ETF lending revenues approached US\$877 million, another record.

The relationship between ETFs and securities lending is becoming increasingly important. Borrowers are using ETFs to express views on AI, interest rates, credit markets, and geopolitical risk rather than relying solely on individual stocks. The growth of active, thematic, and fixed income ETFs is also expanding the range of securities available for lending.

This trend appears structural rather than cyclical. ETF growth is expanding both the lendable universe, and the number of instruments investors can use to manage risk efficiently.

Higher yields revive fixed income lending

Rising government bond yields have provided another important source of revenue growth.

Throughout 2026, investors have contended with persistent inflation concerns, fiscal deficits, significant government issuance requirements, and uncertainty surrounding future central bank policy. Long-dated government bond yields remained elevated across several major markets, while Japanese policy normalisation continued to influence global capital flows.

This backdrop created favourable conditions for securities lending. Government bond lending revenues increased more than 40 per cent YoY during both the second quarter and July, with utilisation and balances rising across US Treasury and European sovereign debt markets.

Corporate bonds also benefited from the higher rate environment. Investors increasingly used credit instruments to manage duration and spread exposure, while bond issuance linked to technology and AI infrastructure remained robust. Corporate bond lending revenues rose

steadily through the year, supported by higher balances and continued hedging demand.

IPOs rekindle specials activity

The IPO market has continued to act as an important source of lending revenues.

Recent listings such as SpaceX, Circle, and CATL have generated substantial securities lending demand due to their limited free float, concentrated ownership structures, and strong investor interest. According to S&P Global Market Intelligence Securities Finance data, SpaceX alone generated approximately US\$51.6 million in lending revenues following its listing, while CATL generated almost US\$138 million.

The IPO effect matters because newly listed stocks often create temporary but highly profitable lending opportunities. Borrowers seek access to shares while supply remains constrained, creating elevated utilisation levels and borrowing fees.

With markets continuing to discuss potential future mega-cap listings, IPO driven specials activity could remain an important contributor to lending revenues through the remainder of the year.

Looking ahead to the remainder of 2026

The factors that drove securities lending during the first nine months of the year remain largely intact.

Investment flows continue to favour AI-related themes, while substantial capital expenditure plans across global technology companies suggest the infrastructure build-out is far from complete. Public estimates indicate that hyperscalers could collectively spend hundreds of billions of dollars on AI infrastructure during 2026, supporting continued activity across technology equities, semiconductors, and related credit markets.

ETF adoption also appears likely to continue expanding. Strong flows into both equity and fixed income ETFs suggest investors remain comfortable using these instruments to gain exposure and manage risk across increasingly complex markets.

For fixed income markets, elevated government borrowing needs and continued AI-related corporate financing could support both government and corporate bond lending activity. The combination of large-scale debt issuance, higher yields, and growing investor participation creates a supportive backdrop for borrowers and lenders alike.

From a securities lending perspective, the key question is no longer whether revenues will remain elevated, but where the next source of growth will emerge. The evidence so far suggests Asia remains the region to watch, ETFs continue to reshape market structure, and AI remains a dominant force linking equity, fixed income, and capital markets together. If those themes persist, 2026 may ultimately be remembered not just as another record year for securities lending, but as the year the industry's centre of gravity began to shift eastwards. ■

Matthew Chesum
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Linking cash and futures: CME Group's clearing and spread-trading blueprint for the US Treasury market

As the SEC's US Treasury clearing mandate draws closer, CME Group is connecting cash, futures, and clearing like never before. Matthew Gierke, global head of BrokerTec, speaks to Carmella Haswell about building a frictionless, capital-efficient ecosystem across the Treasury complex

For CME Group, 2026 is the year the US Treasury market's long-promised structural shift moves from anticipation to execution.

"The US Treasury market is the deepest and most liquid in the world, but it is also in the middle of its most significant structural shift in decades," says Matthew Gierke, global head of BrokerTec. "The combination of record issuance, the SEC's clearing mandate, and the push toward greater capital efficiency is reshaping how every participant interacts with this market."

"Our clients don't want to manage their Treasury exposure in silos anymore," he continues. "They want a single ecosystem where cash, futures, repo, and swaps work together, and where clearing is connected to execution." CME Group currently offers over US\$31 billion in margin savings across the interest rates products it clears, including US\$12.5 billion through the portfolio margining programme between CME Group's interest rates futures and options and interest rates swaps.

The clearing mandate lands

The cash US Treasury and repo market is undergoing a historic shift as the Securities and Exchange Commission's (SEC's) central clearing mandate approaches its final implementation phases, with the cash Treasury transactions deadline falling on 31 December 2026 and repo transactions coming into effect on 30 June 2027.

As the largest cash treasury and repo platform in the market, BrokerTec says it is at the epicentre of this transition, with clients already clearing

through the Depository Trust & Clearing Corporation's (DTCC's) Fixed Income Clearing Corporation (FICC) in the US. Gierke notes that the firm is deeply engaged with buy side and sell side clients to help them navigate these new clearing opportunities, partnering with them to deliver expanded connectivity where required.

CME Securities Clearing goes live

The centrepiece of CME Group's clearing response is CME Securities Clearing, which launches on 7 December (pending regulatory review) to expand clearing capacity, choice, and capital efficiency in the US Treasury market.

Announced on 10 September, the new SEC-registered clearing agency will provide a capital-efficient option to clear US Treasury cash and repo transactions and comply with the SEC's central clearing mandate. It will support both 'done-with' and 'done-away' execution and clearing, allowing clearing members and independent users to optimise capital efficiencies across cash Treasuries, repo, and CME Group interest rate futures. Eligible firms will be able to offset margin across both clearing houses, reducing margin requirements, freeing up capital, and improving liquidity.

"With US debt reaching a record US\$40 trillion and the clearing mandate months away, the US Treasury market is undergoing the biggest transformation in a generation," says Terry Duffy, CME Group chairman and CEO. "Along with our existing cross-margining arrangement with FICC, which already produces over US\$2.5 billion in daily margin savings, CME

Securities Clearing will provide another capital-efficient clearing option precisely when the market needs it most.”

“This launch is the culmination of years of preparation and a natural extension of CME Group’s expertise in clearing interest rate risk,” adds Suzanne Sprague, CME Group chief operating officer and global head of Clearing and Post-Trade Services. “By offering cross-margining between both CME Group clearing houses, as well as between CME Clearing and FICC, we will ensure that eligible firms have multiple avenues to secure the capital efficiencies that come from offsetting cash and futures positions.”

The new clearing house complements CME Group’s existing cross-margining agreement with FICC, which is now available to both house and client accounts. The programme reached a record US\$2.67 billion in daily savings in September, with 13 firms having signed agreements to participate in the programme for customers and 24 firms for house. Its key features are built around three pillars: capital efficiency, multiple clearing methods, and flexible execution to configure positions for margin optimisation.

Treasury Link: Connecting cash and futures in one trade

While CME Securities Clearing tackles the clearing layer, Treasury Link addresses the execution one, and it is where CME Group’s cash-and-futures convergence strategy comes fully into focus.

Announced in July, Treasury Link is an industry-first functionality designed to connect the world’s largest US Treasury futures and cash liquidity pools. The service will enable transparent, centralised spread trading between CBOT Treasury futures and BrokerTec cash Treasuries on CME Globex, and is expected to launch in the fourth quarter of 2026, pending regulatory review.

“Treasury Link will allow market participants to transact the differential between futures and cash markets via a single submission. That

eliminates legging risk and lets clients manage their exposure through a single spread for the first time, a meaningful shift for relative-value traders who have historically had to leg into each side of the trade separately,” says Gierke.

For Reed Staub, head of NA Futures Execution at Morgan Stanley, the introduction of Treasury Link removes a significant variable, legging risk, from the equation, and represents a major leap forward in market structure efficiency.

Treasury Link builds directly on BrokerTec Chicago, a second BrokerTec central limit order book (CLOB) targeting relative-value traders. Co-located in the Aurora data centre next to CME Group’s US Treasury futures and options market, the platform reached a single-day volume record of US\$1.22 billion on 8 April 2026. Together, the two venues form the connective tissue between the cash and futures Treasury markets, one bringing the order books into physical proximity, the other letting participants trade the spread in a single action.

Repo: From back-office utility to strategic centre

The global repo market has transformed from a back-office utility into the strategic heart of price discovery, driven by record US Treasury issuance and the sweeping arrival of mandatory central clearing. At the centre of this modern financial engine are BrokerTec’s leading dealer-to-dealer (D2D) CLOBs and its rapidly expanding BrokerTec Quote platform.

Together, these venues provide the critical liquidity pools needed to navigate tighter bank balance sheets and elevated capital constraints, the firm says. By centralising primary dealer liquidity on firm, executable order books, the D2D CLOB anchors continuous price discovery and tightens spreads, allowing firms to absorb collateral flows with minimal market impact.

Complementing this central order flow, BrokerTec Quote extends execution efficiency into relationship-driven trading, giving market

participants the flexibility to calibrate their activity precisely against strict Basel III/IV, global systemically important bank (G-SIB), and Net Stable Funding Ratio (NSFR) capital standards.

As stricter margin rules for swaps and XVA desks turn repo into a vital conduit for collateral movement, these integrated platforms allow traders to seamlessly source pricing across a broader counterparty set. Treasury Link will further minimise legging risk by executing linked cash, repo, and futures strategies simultaneously, eliminating execution slippage at a time when rapid rate shifts directly impact the bottom line.

Crucially, as regulatory mandates push the ecosystem toward cleared,

auditable execution, BrokerTec bridges front-end trading directly with CME Group's clearing and netting infrastructure. Trades executed across both CLOB and quote-driven protocols flow through straight-through processing into central clearing venues, optimising margin and freeing up balance sheet capacity.

The firm says this tight coupling allows participants to transition from selecting the cheapest-to-deliver bond to executing the most operationally efficient collateral transfer in a single, unified workflow, establishing a modern, digital backbone for global funding markets. ■

www.cmegroup.com/disclaimer.html



“Treasury Link will allow market participants to transact the differential between futures and cash markets via a single submission”

Matthew Gierke
Global head of BrokerTec
CME Group



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8:45 - 9:00 AM

Welcome Remarks

Speakers

Lauren Northrop, Head of Stock Loan Product & Americas Prime Brokerage Product, [Bank of America](#)

Shane Parks, Director, Securities Finance Sales, [BNY](#)



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9:00 - 10:00 AM

Digital Assets in Securities Finance: The Pilots Are Over - Now What?

Moderator

George Rennick, Managing Director, [J.P. Morgan](#)

Speakers

Dan Doney, Managing Director, Chief Technology Officer, [DTCC](#)

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

Guido Stroemer, CEO & Co-Founder, [HQLA^x](#)

Chris Zuehlke, Global Head of Cumberland & Partner, [DRW Holdings](#)

10:00 - 10:45 AM

Who Will Provide Liquidity? Regulation, Balance Sheet, & the Next Evolution of Securities Finance

Moderator

Sean McCormack, Managing Director, Liquidity Forecasting & Strategy, [Charles Schwab](#)

Speakers

Christian Dale, Director, [Barclays](#)

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

Jordan Tiger, Head of Financial Resource Management, [BlackRock](#)

Joseph Torpey, Managing Director, [State Street](#)

11:30 - 12:15 PM

Collateral as Currency: Liquidity, Revenue Generation, & the New Economics of Balance Sheet

Moderator

Matt Collins, Prime Brokerage, [Morgan Stanley](#)

Speakers

John Falcone, Managing Director, Head of North American Funding, [Garda Capital Partners](#)

Robert Goobie, Senior Managing Director, Balance Sheet & Liquidity Management, [HOOPP](#)

Jillian Kennedy, Vice President, [Goldman Sachs](#)

Nick Kurzel, Senior Director, Markets, [BNY](#)

Tim Wirkus, Portfolio Manager, Financing & Collateral Management, [State of Wisconsin Investment Board](#)

12:15 - 1:00 PM

What Equities Are Telling Us: Market Signals, Sector Shifts, & What it Means for Securities Finance

Keynote Speaker

Savita Subramanian, Head of US Equity and Quantitative Strategy, [Bank of America Global Research](#)



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