securitiesfinancetimes
The primary source of global securities finance news and analysis
Issue 273 16 March 2021

TAKING STOCK

Norges Bank Investment Management's global head of financing Matthew Brunette discusses its long history of lending, its new ESG policy, and why it never got behind central clearing

SWAPTIMIZATION
Automating Swaps Work Flow
© 2020 EquiLend Holdings LLC.

EQUILEND

Accelerating Collateral Mobility

Frictionless ownership transfers of assets

At precise moments in time

Without cross custodian settlement movements

Delivery vs. Delivery ("DvD")

Capital cost savings

MARKETPLACE

DIGITAL COLLATERAL REGISTRY

HQLA X

TRUSTED THIRD PARTY

(BNY Mellon Triparty, BNP Paribas Securities Services, Citi - Custodian connecting in 2021)

www.hqla-x.com

Where are all the ETF champions?

The securities lending market must do more to fully leverage the "ideal" collateral instrument of exchange-traded funds (ETFs) as allocations into passive vehicles continue to soar, according to Citi's global head of ETF products Andrew Jamieson.

Writing in the latest International Securities Lending Association (ISLA) quarterly report, Jamieson is calling on major players straddling the securities lending and ETF markets to take ownership of the challenges standing between greater use of these funds. To date, he says, the mission has mainly been led by "a small band of enthusiasts" hailing from the ETF space, rather than within the securities lending community.

"Illustrious names in securities finance such as State Street, Bank of New York, Brown Brothers Harriman, Northern Trust, BlackRock and J.P. Morgan — to name but half a dozen — are also the top names in the ETF industry, either as issuers or custodians, and often both. It cannot surely be too long before their clients and their colleagues become more vocal to the missed opportunities?" he writes.

Borrow demand for ETF shares and overall lendable availability have trended upwards over the past three year by what at first glance appears to be a good clip. But both these growth rates pale in comparison to the overall inflows into ETFs over the same period, which suggests there is much more to do.

According to Jamieson, greater acceptance is hampered by known "impediments" including "nomenclature challenges, multiple sedols (due to cross-listings), classification confusion (is it an equity, is it fixed income?)".

He also argues ETFs have a perception problem among European institutional investors who see it as solely a retail product — a claim he strongly disputes.

Jamieson first raised many of these concerns in a similar article published in an ISLA report several years ago where went on to predict global assets under management (AuM) in ETFs would grow rapidly and suggested the securities lending market should act quickly to make the most of the opportunities this would afford.

continued on page 6

Inside this issue

08 *Latest News*
Securities finance revenue starts 2021 with a bang

14 *Latest News*
Pirum secures J.P. Morgan as first user of corporate actions service

22 *Looking Ahead*
First trades executed on blockchain
DekaBank, Hauck & Aufhäuser and DekaInvest settled €300 million worth of securities lending versus collateral trades with Comyno's Digital Collateral Protocol

24 *Divine Opportunity*
May you live in interesting times
A pandemic upended the world. Industry experts predict what the New Normal will mean for securities finance revenues

30 *Data Analysis*
Global dividend forecast 2021
IHS Markit data indicates global dividends are set to recover overall, but not universally, this year and hit $1.78 trillion

32 *Industry Apppointments*
Comings and goings at FIS, WeMatch, Pirum and more

18 *Buy Side*
Taking Stock
Norges Bank Investment Management's global head of financing discusses its long history of lending, its new ESG policy, and why it never got behind clearing

Publisher: Justin Lawson
Justinlawson@securitiesfinancetimes.com
+44 (0) 208 075 0929

Editor: Drew Nicol
Drewnicol@securitiesfinancetimes.com
+44 (0) 208 075 0928

Reporter: Alex Pugh
Alexpugh@securitiesfinancetimes.com
+44 (0) 208 075 0926

Reporter: Maddie Saghir
Maddiesaghir@blackknightmedialtd.com
+44 (0) 208 075 0925

Office manager: Chelsea Bowles
+44 (0) 208 075 0930

Marketing director: Steven Lafferty
design@securitiesfinancetimes.com

Published by Black Knight Media Ltd

Copyright © 2021 All rights reserved

In the search for alpha, you need more than just a lending agent.

RETURNS

You need complexity made simple. Uncertainty made clear.
Decisions made with confidence.

MADE

Above all, you need a trusted partner like State Street.

SIMPLE

Our lending program is the most innovative in the world.[1] We give you easy access to the intelligence and lending tools you need to make the right moves and unlock growth.

STATE STREET®

statestreet.com/globalmarkets

3390559.1.1.GBL ©2021 State Street Corporation. For informational purposes only. Securities lending services are provided through State Street Global Markets, the marketing name and a registered trademark of State Street Corporation, used for its financial markets business and that of its affiliates. Products and services may not be available in all jurisdictions.

[1] *Global Investor*/ISF Survey 2020 – Securities Finance Agency Lending named Most Innovative Lender

Where are all the ETF champions?

continued from page 3

With global AuM now over $7 trillion, and Europe comfortably smashing through the $1 trillion mark for the first time ($1.28 trillion by the end of 2020), volumes have exploded, Jamieson explains.

However, with the global AuM forecast to hit $12 trillion in the next few years, ETF numbers on-loan or pledged as collateral are “still modest at best”, he notes

In 2021, ETFs are far from a novel feature in the securities financing market and Jamieson says now is the time to address lingering issues and fully embrace this fund-type and all it can offer a market crying out for high-quality collateral sources and greater yields.

IHS Markit data shows an increase in visible availability in Europe of nearly 40 per cent from just under $50 billion to almost $70 billion over the past three years.

Meanwhile, on-loan balances, while “more volatile”, have increased 30 per cent from around $4 billion to more than $5.2 billion and peaked as high as $8.5 billion during the COVID-19 inspired period of volatility in early-2020, he says.

Jamieson argues this illustrates the increasing adoption of ETFs as a macro-hedging tool in addition to a core long holding, which is a trend the financing market should be cognisant of.

“The desire to pledge ETFs as collateral, particularly in relation to the evolving regulatory environment, is as strong as ever, and put simply, if more and more clients hold them (and in increasing quantities) the need for greater acceptance as a collateral instrument in their own right will only increase,” he writes.

Greater transparency, gleaned from regulatory reporting frameworks, coupled with “inherent in-built diversification make ETFs an ideal collateral instrument regardless of some of the current hurdles in understanding,” he concludes.

Moreover, the securities lending world has something to offer the ETF space in return.

“We have already witnessed this in the US, where an active options market (in particular high-yield fixed income ETFs) has driven demand to nearly 100 per cent utilisation in certain names and generated significant fee income,” Jamieson explains, adding that there are now over 350 ETFs globally where the annualised average lending revenue outweighs the cost of the ETF management fee — “a substantial improvement from 2018 when there were 150 such products”.

As such, Jamieson argues, what has become “evident over the last couple of years is the continuing lack of ‘ownership’ within the securities finance industry itself”.

He continues: “Now is the time for industry practitioners to rise to the challenge, and to resource and prioritise this opportunity appropriately. This is particularly relevant when so many of the industry’s heavyweights generate so much revenue from the product itself.”

TriVista Capital selects Northern Trust for securities lending services

Northern Trust has been appointed by Japan-based manager TriVista Capital to provide global custody services and manage securities lending for its two Cayman Islands-domiciled funds.

... to the next level.

Let Securities Lending take you...

Make idle assets work harder with Securities Lending. Behind the scenes, we generate low-risk additional revenues on your securities. The only impact on your business is enhanced performance figures, and today, every basis point counts.
We offer tailor-made agency, principal and lending solutions with remote access to suit your precise needs.
CACEIS, your comprehensive asset servicing partner.

www.munier-bbn.com

Contact:
Dan.Copin@caceis.com

www.caceis.com

The latest mandate expands an existing relationship and underlines an increasing demand for a broader securities finance offering in the region.

Over the past three years, Northern Trust says it has seen a three-fold increase in Asia Pacific (APAC) clients joining its global lending programme.

According to Northern Trust, asset managers faced with increased margin pressures need to find efficient and effective ways to offset costs and ensure sufficient liquidity, and securities lending is one risk-controlled way of achieving these objectives and can provide opportunities to generate additional returns on existing investments.

Mark Snowdon, head of Capital Markets for APAC at Northern Trust, says: "We're delighted to extend our relationship with TriVista and provide securities lending services to help them maximise their risk and return objectives and optimise the value of their portfolio."

Snowdon continues: "Against the many hurdles asset managers face in managing portfolios today, they continue to seek the opportunity to drive additional economic value from securities lending and complementary financing solutions in enhancing portfolio performance."

Masaki Gotoh, chief investment officer of TriVista, adds: "Our trusted relation selected by Osmosis Investment Management to provide fund administration, global custody and depositary services ship and positive experience with Northern Trust, as well as their stellar reputation in the market, formed the basis of our decision to appoint them as our securities lending provider."

Securities finance revenue starts 2021 with a bang

Although average daily global revenues decreased 8 per cent month-over-month (MoM) compared with January, global securities finance revenues totalled $812 million in February, a 10 per cent year-over-year (YoY) increase, according to IHS Markit.

The start of this year has delivered new securities finance "revenue catalysts", says Sam Pierson, director of securities finance at IHS Markit, including surging specials balances amid the January short squeeze, fixed-income exchange-traded funds (ETF) shorts, Asia

J.P.Morgan

EXPERIENCE

40
YEARS
OF AGENCY
SECURITIES LENDING

Optimized agency securities financing

Powered by client-focused technology and transparent reporting

Delivered by a trusted partner and market leader

Put our experience to work.

Contact your J.P. Morgan representative to learn how we can help.
jpmorgan.com/securities-services

J.P. Morgan was the top lender globally (unweighted) and #1 third-party lender (weighted and unweighted) in the Global Investor/ISF Beneficial Owners Survey published in February 2020.

J.P. Morgan is a marketing name for the Securities Services businesses of JPMorgan Chase Bank, N.A. and its affiliates worldwide.

JPMorgan Chase Bank, N.A. is regulated by the Office of the Comptroller of the Currency in the U.S.A., by the Prudential Regulation Authority in the U.K. and subject to regulation by the Financial Conduct Authority and to limited regulation by the Prudential Regulation Authority, as well as the regulations of the countries in which it or its affiliates undertake regulated activities. Details about the extent of our regulation by the Prudential Regulation Authority, or other applicable regulators are available from us on request.

The products and services described in this document are offered by JPMorgan Chase Bank, N.A. or its affiliates subject to applicable laws and regulations and service terms. Not all products and services are available in all locations. Eligibility for particular products and services will be determined by JPMorgan Chase Bank, N.A. and/or its affiliates.

© 2020 JPMorgan Chase & Co. All rights reserved.

Pacific (APAC) American depository receipts (ADRs) and the corporate action-related demand for DuPont shares.

The decline in US equity special balances was partially offset by increasing APAC special balances, Pierson says and revenue drivers from the first two months of this year combined put year-to-date (YTD) revenues 18 per cent ahead of the first two months of 2020.

APAC equity finance revenues declined 8 per cent YoY in February, the 13th consecutive month of YoY declines, while daily revenues increased 7 per cent compared with January, the fourth consecutive month where daily returns increased MoM, the report states.

The largest market, Japan, delivered $42 million in February revenues, a decline of 14 per cent YoY. However, daily average revenues increased 5 per cent MoM, Pierson notes.

Elsewhere in Asia, Pierson highlights Hong Kong's Futu Holdings, which generated $94 million in February, 75 per cent of the total ADR return. This drove the marked increase in revenues from lending ADRs — an increase of 549 per cent YoY. Even excluding Futu, February ADR revenues increased 65 per cent YoY.

The US fared better than APAC, with its January equity revenues at $266 million, a 7 per cent YoY increase. However, US equity special balances declined by 48 per cent MoM, with an average of $13 billion in February compared to January's $25 billion average. This decline was mostly down to "soaring January revenues for US equities, set against the broad squeeze for crowded shorts," Pierson says. DuPont De Nemours was the highest revenue-generating equity in January, at $33.8 million, thanks to its exchange offer for International Flavors & Fragrances.

In Europe, equity returns declined by 17 per cent YoY for February, with $77 million in monthly revenue, while daily average revenue declined by 24 per cent compared with January.

Corporate bond lending returns equalled $31.6 million in January, a 21 per cent decline YoY. But, this decline in corporate bond revenues, starting

OVERCOME YOUR CAPITAL MARKETS CHALLENGES

Enhance Performance | Manage Costs | Increase Access to Liquidity | Manage Exposure and Mitigate Risk | Improve Governance and Transparency

Tackle these challenges head on with solutions from Northern Trust Capital Markets – capitalise on advanced technology, transparent trading, quality execution and smart liquidity solutions across:

Foreign Exchange | Securities Lending | Integrated Trading Solutions | Transition Management

For more information, visit **northerntrust.com**

© 2021 Northern Trust Corporation. Head Office: 50 South La Salle Street, Chicago, Illinois 60603 U.S.A. Incorporated with limited liability in the U.S. Products and services provided by subsidiaries of Northern Trust Corporation may vary in different markets and are offered in accordance with local regulation.

Capital markets services are provided by Northern Trust Capital Markets, a trading name of a number of Northern Trust entities that provide trading and execution services on behalf of institutional clients. Foreign exchange services are provided by The Northern Trust Company; Institutional Brokerage services are provided by Northern Trust Securities, Inc., Northern Trust Securities LLP, Northern Trust Global Services SE and The Northern Trust Company of Hong Kong; Securities Lending and Transition Management services are provided by The Northern Trust Company and Northern Trust Global Services SE.

This material is directed to institutional investors and professional clients only and is not intended for retail clients. For Asia-Pacific markets, it is directed to expert, institutional, professional and wholesale clients or investors only and should not be relied upon by retail clients or investors. **For legal and regulatory information about our offices and legal entities, visit www.northerntrust.com/disclosures.**

in late-2018, is showing signs of reversing course, Pierson says. Average daily revenues in February increased 4 per cent MoM, with $1.1 million in daily revenue, the most for any month since July 2020.

Government bond borrow demand remains "robust", with revenues in January totalling $114 million, an 8 per cent YoY increase, Pierson reports, with just over $1 trillion in positive-fee global balances for February reflecting a 23 per cent YoY increase.

State Street introduces buy-side P2P repo marketplace

State Street has added a repo programme to its peer-to-peer (P2P) suite aimed at the buy-side.

Building from its offerings in sponsored repo and securities lending, including P2P opportunities within its agency lending programme, the new repo facility aims to enable competitive financing costs across a broader range of collateral types and yield enhancement opportunities, compared to traditional repo markets.

The marketplace is accessible to non-financial corporates, asset owners, pension plans, regulated funds, insurance firms, and hedge funds, even if they aren't State Street clients.

Programme participants trade using a common master repurchase agreement, negotiating trade terms with approved counterparties within the program's broader requirements guidelines.

Under the programme, State Street guarantees the payment obligations of cash borrowers to cash lenders following a default, thus facilitating bilateral trading by counterparties with varying credit and capital strength.

ESG: Don't let SBL become the story, says ISLA CEO

Securities lending should not be at the centre of the environmental, social and governance (ESG) debate as it distorts what the business can offer the broader sustainable agenda, says the CEO of the International Securities Lending Association (ISLA).

In his latest blog, Andy Dyson argues that

FIS Securities Finance Suite

To prosper in today's fast-paced global securities finance world, you need all the efficiencies you can get. Disparate groups of repo and securities lending teams split across regions, operating without an integrated collateral management unit, only add to the pressure.

FIS' Securities Finance Suite levels the siloes and eliminates redundant, inefficient processes so you can **maximize top-line returns.** It's a global platform that gives you a **real-time view**, so you can efficiently utilize inventory across the firm and make better trading decisions.

Leverage the know-how of **one trusted partner** to maximize your growth.

FIS — the world's leading securities finance technology vendor. FISGLOBAL.COM

securities lending is not a sustainable product "in its own right" and must resist being awkwardly pigeonholed in the context of the incoming Sustainable Finance Disclosure Regulation (SFDR).

"Whilst not wanting to underplay the importance of our markets, securities lending has itself become the story," he writes.

"I would argue that this is not the right way to view the challenges we face at this time, or as we grapple with the increasingly complex array of regulation and policy guidance in this area."

Dyson notes that even with SFDR the market will still lack satisfactory definitions of various aspects of ESG.

This ambiguity has led some institutions to tie themselves in knots trying to comply with the vague level one text, with some stakeholders classifying their programmes as an ESG product, while others are withdrawing from the securities lending market altogether.Both schools of thought are attempting to avoid falling foul of this new form of principles-based rules as they develop.

Dyson continues: "The absence of any credible definitions from the regulatory community does not help this debate, and indeed I have seen some various institutions attempting to comply with regulation, possibly inadvertently classifying securities lending as a sustainable product."

I am not sure it is wise, at this stage, to make assumptions, but rather proactively engage with regulatory authorities to aid their understanding of the product."

The market should instead consider "the role that securities lending can play in the sustainable value chain," he says.

"If we look at lending in that way, we may conclude that it is not a sustainable product in its own right, but crucially, it can support those institutional investors who do have those first-order ESG obligations," he concludes.

When you're looking to extend your global reach, turn to the proven prime finance solutions and seamless execution of BMO Capital Markets.
BMOCMPrimeBrokerageSales@bmo.com

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (member FDIC), Bank of Montreal Europe p.l.c., and Bank of Montreal (China) Co. Ltd, the institutional broker dealer business of BMO Capital Markets Corp. (Member FINRA and SIPC) and the agency broker dealer business of Clearpool Execution Services, LLC (Member FINRA and SIPC) in the U.S., and the institutional broker dealer businesses of BMO Nesbitt Burns Inc. (Member Investment Industry Regulatory Organization of Canada and Member Canadian Investor Protection Fund) in Canada and Asia, Bank of Montreal Europe p.l.c. (authorised and regulated by the Central bank of Ireland) in Europe and BMO Capital Markets Limited (authorised and regulated by the Financial Conduct Authority) in the UK and Australia. "Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Inc., used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.
® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

Yield Verve

Lower risk. Greater returns. Eurex fixed income brings it all together. Now you can move your success forward – with one-stop-shop efficiency for a truly collaborative approach. **Discover your next bold move at eurex.com.**

Architects of trusted markets EUREX

Pirum secures J.P. Morgan as first user of corporate actions service

J.P. Morgan Agency Lending is now live as the first client on Pirum Systems' new corporate actions service CoacsConnect.

The service brings automation, efficiency, connectivity, and enhanced oversight to a "critical area of capital markets," Pirum states.

Simon Heath, head of agency lending for Europe, the Middle East and Africa at J.P. Morgan, says: "Reducing operational drag, mitigating risks, and driving greater efficiencies across the entire trade lifecycle are intrinsic to the success of our business.

"We look forward to working with Pirum and our borrowers to boost efficiencies in this area going forward."

With the new tool, Pirum aims to provide a straight-through process for creating, publishing, and disseminating claims notifications with comprehensive workflow tools to manage the full lifecycle of events.

Pirum CEO Philip Morgan says: "This is an exciting development for Pirum as we, along with full industry support, continue to evolve our post-trade services into the corporate actions space.

"This is the first step on what will become a comprehensive offering to the securities finance market and is yet another solution launched as part of Pirum's 'Future Tech' initiative."

Pirum says it is collaborating with "several innovative market participants" who form part of its Future Tech initiative and will be making a series of similar announcements in the coming weeks.

BEYOND

GLOBAL SECURITIES FINANCING

More than just securities financing, together we can create the right solution

ISF
PART OF GLOBAL INVESTOR GROUP
EQUITY LENDING SURVEY 2020
WINNER
Group 2 Borrower
Group 2 Best Relationship Manager
Natixis

Voted most innovative Global Equity Borrower*, Natixis offers high quality solutions thanks to its in-depth knowledge of the Securities Financing market.

Collaboration || Financing || Solutions

*Group 2 - Global Market Lenders and Borrowers were split into 2 groups based on the volume traded

FINANCIAL SOLUTIONS
THAT GO BEYOND

Contact: Ian Beattie, Head of Client Development Europe & UK
Tel: +33 1 58 55 83 08 - ian.beattie@natixis.com

www.cib.natixis.com

GROUPE BPCE

US SEC considering post-GME short selling disclosures

The Securities and Exchange Commission is mulling new regulations in the wake of the GameStop-led market volatility of January.

Acting chair Allison Herren Lee says the commission should "seriously consider" new regulations, particularly those obliging options trading firms to disclose additional information and to determine whether users of trading platforms understand the products being bought and sold.

Read full article online

Big gaps remain in LEI coverage, says associations

The grace period for including third-country counterparty LEIs must be extended again beyond April to avoid a liquidity crunch and undermining SFTR data integrity, warn trade bodies including ISLA and ICMA.

A 12-month grace period — starting with the go-live of the first and second phases of SFTR in April — was offered by the European Commission when it released the level-three SFTR text in January.

Read full article online

US SEC creates new ESG disclosure enforcement division

A new US Securities and Exchange Commission Climate and ESG Task Force — composed of 22 members from across the agency — has been created to address environmental, social and governance (ESG)-related disclosure gaps.

"Proactively addressing emerging disclosure gaps that threaten investors and the market has always been core to the SEC's mission," says acting deputy director of enforcement Kelly Gibson, who will lead the new division.

Read full article online

EU short selling disclosure threshold to reset

The lowered threshold for reporting net short selling positions in the EU — brought in to enhance transparency during the COVID-19 market disruption — is set to finally expire this week, following two extensions.

The European Securities and Markets Authority has confirmed the reporting threshold of 0.1 per cent and above of net short positions will expire on 19 March, almost exactly a year after it was imposed.

Read full article onlin

AcadiaSoft and LMRKTS complete ISDA SIMM PoC

AcadiaSoft and LMRKTS have completed a proof-of-concept (PoC) for a ISDA SIMM optimisation across rates and FX products.

The PoC for the service produced by the International Swaps and Derivatives Association leverages LMRKTS' mathematical expertise and AcadiaSoft's network and data management capabilities to deliver margin reductions. A network of global financial institutions participated in the first PoC.

Read full article online

Waters fires warning shot over SLR exemptions

US House representative Maxine Waters has implored federal bodies and President Biden to not let Wall Street off the hook and reinstate pre-COVID regulations.

The chair of the House Committee on Financial Services along with 18 colleagues are urging regulators to allow the supplementary leverage ratio (SLR) exemptions to lapse. Not to do so would risk the "safety and soundness" of the nation's financial system.

Read full article online

securitiesfinancetimes

GIVE MORE VALUE TO YOUR CLIENTS
& GET THEM LISTENING TO YOU MORE

Securities Finance Times is now offering companies the opportunity to partner with us and promote your podcasts to a wider audience

Let us help you grow your audience.

For more information contact **Justin Lawson** on 020 8750 0929
or email **justinlawson@securitiesfinancetimes.com**

Taking stock

Drew Nicol reports

Norges Bank Investment Management's global head of financing Matthew Brunette discusses its long history of lending, its new ESG policy, and why it never got behind central clearing

How long has Norges Bank had a securities lending programme and how has it changed over the years? What are its core characteristics now?

Our approach to securities lending is no different to our approach to any other investment strategy. We seek to identify our competitive advantages in specific areas and then develop relevant skills through research, practical experience and experimentation. Early on in our history, we did not have the capacity to purchase specific expertise in the market. Instead, we focused on recruiting capable but inexperienced individuals without preconceived notions of how to manage investment risk. We gave them the freedom and mandate to develop their products in their own way, but firmly anchored in academic research. We sought scalable strategies, but typically started small as we did not always get it right the first time. We then gradually built up risk and competence in tandem over time.

We decided early on to lend securities to increase the fund's return. We saw that securities lending would provide the fund with additional revenue by actively monetising our large, diversified portfolio of securities. When we started lending our equities in 1998, the equity portfolio was entirely managed by external index managers. The fund's custodian, JPMorgan Chase, was appointed to manage securities lending across all our equity portfolios, as our agent lender.

A custodial agent is not the only solution to outsourcing a lending programme. There are also many third-party lending specialists. When we reviewed the options for our custodian setup in 2014, we made the decision not to consider third-party agents. A third-party agent depends on communication and co-operation with the custodian for trade notifications and corporate action elections to manage the recall and asset servicing processes. In addition to adding another step into each of these processes, these two providers are typically direct competitors and are not necessarily incentivised to work together. For the size and breadth of our investment activities, we felt there were better controls achieved by keeping agency lending within the custodial service relationship.

As our securities lending programme is outsourced to an agent, we have had to deal with the risk of differential treatment. As the fund has grown, we have become an important partner to our agent. The risk to us has been that other clients, paying higher fees, might be allocated a higher share of lending demand. To alleviate this risk, we have sought to develop our direct counterparty relationships and push for more transparency in the market. Another downside of outsourcing is that we give up some control of the strategic development of the product. Investors are primarily interested in solutions that work best for them individually, whereas the agent needs to consider strategies that benefit its entire client base. We have partnered with our agent in this development, but typically find that shorter-term industry sponsored development is more achievable than our own longer-term goals.

In some cases, such as synthetic lending, we have insourced the operational build to achieve our goals, while in others, such as peer-to-peer lending, we have taken the lead with potential partners in building a business case and scalable model that can be adopted by other lenders.

In 2012, we introduced a 0.25 per cent minimum fee for equity lending transactions. By doing this, we reduced our gross counterparty exposure by around 50 per cent at an opportunity cost of less than 10 per cent of total revenue, by eliminating high-value transactions with low fees. Our priority has been to develop differentiated products or markets where we can harvest high fees, rather than lending a large share of our portfolio for low fees. This has enabled us to recapture some of the revenue at a greater spread by offering term funding trades or synthetic lending on similar assets.

Norges first took a step away from being fully indemnified in 2005 when it began accepting equities as collateral, and then scrapped indemnities all together in 2016. What was the main driver behind this strategy and how have you fared since?

To ensure we remained in control of the development of our securities lending programme, and to marginally reduce costs, we decided to discontinue all indemnification from our lending agent in October 2016.

The balance sheet constraints of our securities lending agent, also affected by more stringent regulatory requirements, would otherwise have hampered the development of new products and trade structures.

This transition to insourcing all securities lending counterparty default risk was the result of several years of work to build a data structure and portfolio monitoring tools for securities lending exposure. We took these steps incrementally, and only once we had developed the expertise and tools to manage these risks ourselves.

Does Norges apply any ESG considerations directly onto its lending programme?

In order to meet our responsibilities as a shareholder, our largest investments and companies where we are among the largest shareholders are generally excluded from the lending programme. We have maintained this rule since January 2007.

Nor do we lend shares where our portfolio managers and corporate governance analysts are engaged in a potentially impactful vote as we want to avoid a recall with potential market impact at a critical time for the company.

The list of such restrictions is reviewed twice a year, and on average there are between 100 and 200 securities that we restrict from lending at any given time.

Additional governance issues will arise throughout the year, prompting ad-hoc voting requests from portfolio managers and analysts. We will review the on-loan position with our agent and determine the market impact of the recall, relevant record date and appropriate timeframe before reverting to the corporate governance team with feedback and a recall plan.

Furthermore, we always retain some shares in each company to ensure we can participate and vote in all general shareholder meetings. When additional governance issues arise throughout the year we will review the on-loan position with our agent and assess the market impact before determining a recall plan.

Lastly, collateral parameters of our securities lending programme follows the same investment universe as our investments.

Norges joined the Global Peer Financing Association in December 2020. What drove this?

GPFA has established a forum for beneficial owners to discuss market best practice and development in the securities lending industry. We want to be part of this dialogue.

Norges conducted its first peer-to-peer loan last year. Do you see this as a growth area for your lending programme? Could it ever make up a significant portion of your SBL transactions?

Yes and yes. This is a strategic priority, and what we believe to be a natural evolution of the market. Highly-rated banks and prime brokers will continue to be our primary counterparties, but we expect incremental growth to come from peer transactions.

Norges has so far resisted putting business through a CCP. Talk us through this thought process and could you ever see yourself becoming pro-CCP?

The primary reason why we have rejected industry initiatives to route securities lending transactions via central counterparties (CCPs) is that their fragmented structure detracts from a diversified, nettable risk portfolio by creating silos of segregated risk exposures for the lender.

In addition, we are not comfortable outsourcing our investment risk management as a matter of principle.

In 2005, Norges gave approval for a short-term bond fund, but this was never executed as part of the agent lender's mandate. What happened?

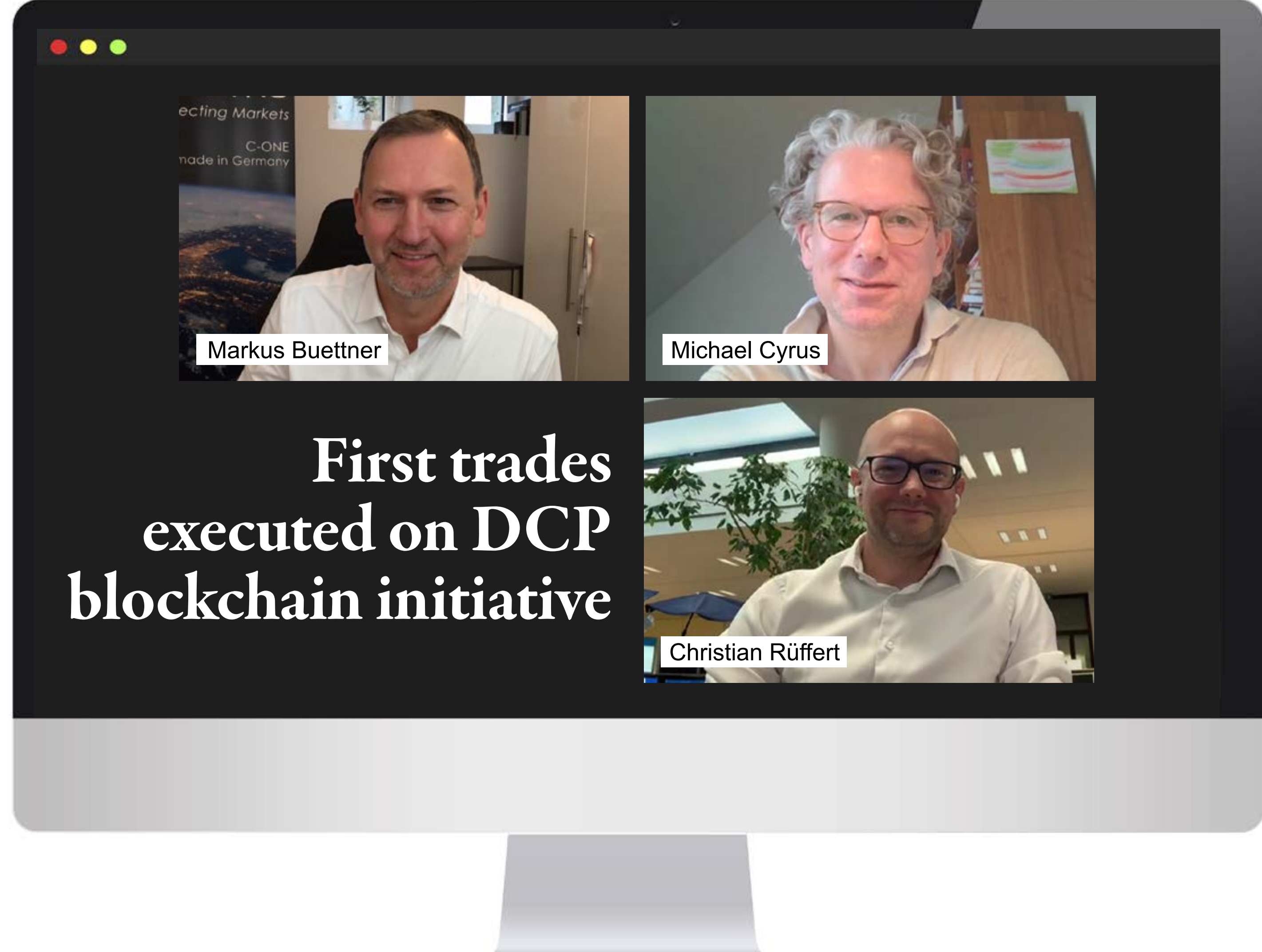
In the period leading up to the financial crisis in 2008, the reinvestment of cash collateral became an increasingly popular vehicle for lenders to increase their returns. Securities lending desks became significant investors in commercial paper, corporate debt and asset-backed securities.

We assessed, but never implemented, a strategy to increase returns from the reinvestment of cash in equity lending transactions.

In 2005, approval was given for a short-term bond fund, but this was never executed as part of the agent lender's mandate. We acknowledged that our equity lending department did not have the expertise to manage what was, in reality, a leveraged fixed-income portfolio.

This decision was significant and set us strategically apart from many of our industry peers at the time. Essentially the Norges Bank Investment Management organisation certainly had the competency, but we didn't feel equity securities lending was the right place to manage this type of risk. The decision set us apart because most of our peers, especially in the US, disagreed.

“Peer-to-peer is a strategic priority, and what we believe to be a natural evolution of the market ... we expect incremental growth to come from peer transactions”



First trades executed on DCP blockchain initiative

DekaBank, Hauck & Aufhäuser and DekaInvest settled €300 million worth of securities lending versus collateral trades on the Digital Collateral Protocol, a DLT-based protocol implemented by Comyno via its C-One securities finance platform. Digital Assets will be next in line

In late 2019, DekaBank and Comyno started designing and developing a disruptive settlement platform and digital custody solution, addressing both traditional and digital assets.

We are proud to announce that we booked the first trades in December 2020 between DekaBank, Hauck & Aufhäuser Privatbankiers and funds of DekaBank's investment management group. This setup included

settlement between different custodians and the management of in-house as well as client positions. Transfer of ownership took place on the DCP, without the need to settle accounts on a central securities depository (CSD) level.

“Digital financial assets and digital financial instruments are the future of finance. However, we think that banks with their unique know-how and unique services are also an indispensable part of any future market infrastructure. Bringing distributed ledger technology onto the ledgers of banks is thus an important step for us and the market as a whole. We hope that more banks join us in rolling out the Digital Collateral Protocol (DCP),” says Michael Cyrus, head of collateral trading and foreign exchange at DekaBank.

Christian Rüffert, head of treasury at Hauck & Aufhäuser, adds: “This industry-wide unique distributed ledger technology (DLT) settled lending transaction between our two banks is a great opportunity for Hauck & Aufhäuser to transition the relatively young and over the past three years developed securities financing setup into a modern und future-proof inter-bank infrastructure. We started with Comyno’s securities financing trading platform two years ago and are amazed by the potentials this technical partnership offers now.

“In addition to our up and running crypto fund and newly funded Management company to manage crypto assets we hereby prepare an offering for our client base to take advantage of DCP as the most efficient DLT-based settlement platform for the settlement of collateral.”

Starting point of the project was that both legs of traditional securities finance transactions, underlying and collateral, continue to be scattered across custodians and (international) CSDs, with significant issues arising from moving them quickly and efficiently from where they are to where they are needed. The 2020 crisis reinforced the need for revolutionary technology.

As Comyno was expanding its technological capabilities on blockchain and DLT over the past few years, they were well placed to get deeply involved in an initiative led by DekaBank, named the DCP. Its key element is not tokenisation, but the creation of a common and joined settlement and custody protocol for the transfer of traditional securities. Crucially, it allows securities to be kept at their original custodian and CSD. This is achieved through the transfer of the settlement chain onto the DCP, which is based on Corda DLT. The settlement itself occurs within seconds directly between the participating custodians in a digital representation, exactly as they are today but without the physical settlement. We are convinced that this will be a breakthrough in terms of combining legacy settlement infrastructure and conventional assets with modern technology.

This in turn should lead to tangible operational and technological improvements and will hence free up resources for all involved stakeholders. The efficiencies result from a multitude of areas bringing benefits from several aspects due to the fast and certain settlement:

- Easy expansion of trading relationships through a scalable, transparent and unified settlement network
- Improved balance sheet efficiency due to reduced settlement risk
- Increased operational efficiency by simple, instantaneous and straightforward settlement, hence decreased knock-on effects across the process chain
- Reduced business risk due to increased settlement efficiency leading to reduced buy-in risks and potentially associated fines
- Reduced settlement costs due to a smaller number of intermediaries for international activities

This initial use case covers position-keeping and securities settlement, initiated by the securities loan and non-cash collateral transfer.

Markus Büttner, CEO Comyno, says: “The potential of the DCP embodies our vision of the future financial markets — the consolidation of the entire value chain on a standardised, decentralised infrastructure while at the same time merging traditional and digital assets. Current weak points and risks are not symptomatically healed, but rather eliminated at the root, with many new business opportunities for all participants at the same time. Comyno’s early focus on decentralised architectures and the digitisation of securities was the ideal prerequisite for designing and implementing such an innovative initiative with our unique business know-how and technology. We look forward to the upcoming expansion of the network with further market participants and future-oriented products.”

It needs to be emphasised that the DCP is an initiative with a shared goal for all Securities Finance stakeholders, and a win-win constellation for each of the participants. There has been widespread interest across the Securities Finance industry with the aim to get the DCP fully operational as soon as possible. We couldn’t be more excited by the combination of forces and would be happy to engage in any form of dialogue to strengthen and extend the DCP network on a global basis.

May you live in interesting times

Alex Pugh reports

A pandemic upended the world. Industry experts predict what the New Normal will mean for securities finance revenues

In the Before Time, volatility created opportunity. The markets rewarded enterprising individuals and institutions who spotted its inefficiencies and resolved them. But last year was the exception that proved the rule. Equities went off a cliff, and, while the writing was on the wall, many did not anticipate just how far they would fall.

But because the events of last year were of the organic, rather than financial, variety — this was no subprime implosion like ‘08, but a plague visited on us from above — market fundamentals have remained largely intact. And so, after the highs of 2018, a middling 2019 and the annus horribilis of last year, will 2021 witness a significant rebound in lending revenue?

The beginning of the end

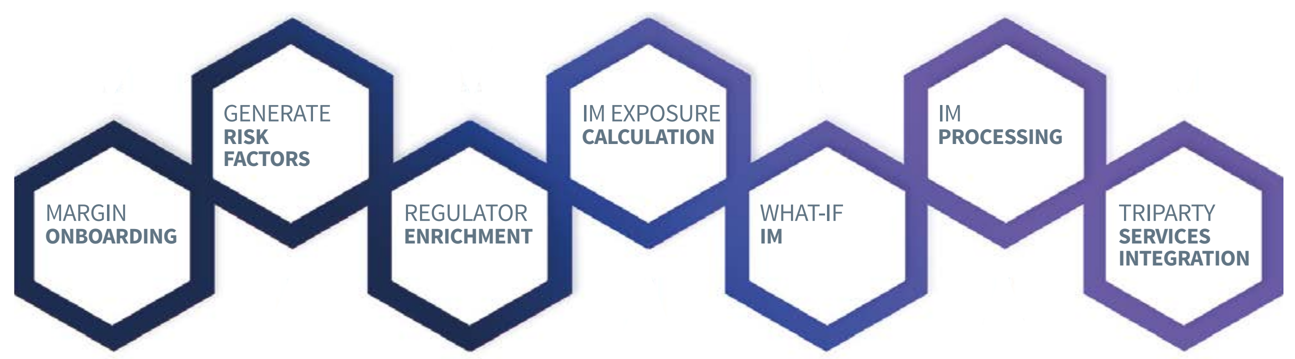
There’s plenty coming down the chute in 2021 that warrants cautious optimism. A highly anticipated consumer spending boom — the Bank of England’s chief economist said last month £180 billion is burning a hole in Joe Public’s pocket — will fuel the unfolding retail investor revolution. The short selling bans across Asia Pacific (APAC) are set to be belatedly lifted. Countless initial public offerings (IPOs) and the new kid on the block, SPACs — which raise money from investors, list on a stock market and then look for an acquisition target to take public — are lining up. Combined with some early contenders for hottest stock of the year and historically low interest rates, the tea leaves portend a vintage year.

The year has got off to a great start. Global securities finance revenues totalled $812 million in February, a 10 per cent year-over-year (YoY) increase, according to IHS Markit.

Surging specials balances thanks in no small part to the January short squeeze, fixed income exchange-traded funds (ETF) shorts, APAC American depository receipts (ADRs) and the corporate action-related

ARE YOU READY FOR THE UNCLEARED MARGIN RULES?

CALYPSO PROVIDES AN END-TO-END INTEGRATED SOLUTION FOR UMR COMPLIANCE - AND BEYOND



CALYPSO CAN HELP YOU

ACHIEVE

UMR compliance with ISDA-licensed, proven solution used by banks already in-scope

LEVERAGE

UMR compliance to minimize collateral cost by optimizing collateral management across cleared/uncleared trades

THE UMR CLOCK IS TICKING

CONTACT US NOW

www.calypso.com

solutions@calypso.com

REIMAGINE CAPITAL MARKETS

demand for DuPont de Nemours shares all helped boost global revenues these past two months.

In the US, the high-profile "short-squeeze fireworks" of the GameStop saga made January the most-revenue-generating month for equity finance in the nation's history, at $453 million, a 75 per cent year-on-year (YoY) increase. This record-breaking start to the year outdid previous highs of $407 million in December and $416 in June last year, and $410 million in September 2008.

Looking at the year ahead, Dane Fannin, global head of securities lending at Northern Trust, while optimistic, is mindful that revenue generation will be heavily influenced by the broader picture. "As vaccine programmes gain good momentum and the global economy continues to open up, we expect to see further market normalisation," Fannin says.

These positive developments should provide a more conducive environment for traditional long and short fundamental-based strategies, Fannin says, which should bode well for securities lending demand.

"Notwithstanding this optimism, there are also tail risks associated with a resurgence or emergence of new COVID-19 variants," Fannin adds.

Lending, spending, mending

Sam Pierson, director of securities finance at IHS Markit, says that although interest rate cuts were one of the "big themes" of last year — "when interest rates are cut, that's a good thing for the reinvestment of cash collateral, even when using reinvestment products with fairly short duration", he does not expect a repeat rate cut boost this year.

"You'll get some reinvestment return but not like last year, when that was a really big deal for lenders who accept cash collateral, who got an uplift after the Fed cut rates", Pierson says.

If central banks hike rates, "reinvestment returns may suffer in the short run, but that may be partially offset over time if reinvestment product spreads widen with rates," Pierson explains.

Elsewhere, Fannin further notes that the low interest rate environment will continue to assist the ongoing need for companies to raise capital to repair or strengthen balance sheets post-COVID. These material adjusted company valuations, Fannin says, may be the catalyst for increased corporate restructuring. "This activity typically translates into increased securities lending demand due to subsequent price arbitrage opportunities."

IPO FTW

So far, this year has been good for specials, Pierson says, between the short squeeze in January and a lot of IPOs — particularly ones people want to short.

The bevy of specials looks set to continue. "When the IPO lockup expires, there will be an increase in borrower demand," Pierson says, adding that a fair amount of IPOs have already taken place in the second half of last year and the opening months of 2021. Nonetheless, there's "still a lot in the pipeline" and a lot of these are SPACs, Pierson adds.

Elevated global equity market valuations should be supportive of IPO issuance, especially in the technology sector, Fannin says, bolstered by the popularity of SPACs which continue to thrive in the current environment.

"SPACs typically fuel strong directional securities lending demand given price volatility as well as investor appetite to pursue price arbitrage strategies related to the associated warrants," Fannin adds.

Northern Trust's Mark Coker also thinks the raft of IPOs caused by pent-up demand thanks to the pandemic could mean a stellar year for securities lending revenue.

In a webinar hosted by the bank in January, Coker, who serves as head of North American equity securities lending trading, argued that "a lot of the headwinds [of 2020] are behind us" and 2021 will constitute a post-COVID-19 recovery phase in the markets.

Coker reinforced Pierson's observation that although there were very few IPOs in the first half of 2020, as equity markets improved in the second half of the year some IPOs of firms in sectors that thrive in the remote working environment flourished, a trend he expects to continue in 2021.

Ghost town

While the US looks set to benefit from IPOs, SPACs, increased demand for ETFs, depository receipts — an ADR of a Chinese or Hong Kong company

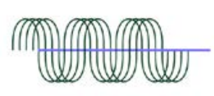
Securities Finance Technology Symposium North America 2021

Save the Date

May 6 2021

Platinum sponsor

Gold sponsors



KAYENTA

Broadridge

To find out more about this event contact justinlawson@securitiesfinancetimes.com

listed on the NYSE could be significant — and high borrower demand for US treasuries and US equities, "Europe is different," Pierson notes.

While there were some specials last year, mostly in Germany, numbers have thinned out, Pierson says. "Things are quiet right now."

However, dividends are a good source of demand, Pierson adds, so it's likely with reinstated dividends in Europe, that is going to help provide a boost with regards to specials.

"Last year, there was a lot of capital raising, all the IPOs, and a lot of volatility meant convertible issuance or other issuance, so that will continue to be a factor, firms being restructured," but, significantly, not like a post-financial crisis, Pierson says.

In the same vein, Fannin says that further market normalisation should be supportive of greater corporate activity in 2021, which in-turn should create a more "robust" specials environment.

Fannin also echoes Pierson's rosy predictions for ETFs, as they continue to prompt strong borrower interest. "This asset class acts as an efficient way for investors to gain broad-based sector or market exposure in a single instrument, especially in less developed markets or countries absent of a securities lending model," Fannin says.

And he sounded a note of caution on specials post-GameStop. The recent short squeeze created by the group of retail investors, Fannin says, has caused borrowers to re-evaluate their short exposure and take caution on some of the markets' most highly shorted names, "softening the specials environment".

"The expectation is that as the dust settles, global equity specials volumes will improve with company fundamentals again at the forefront of investor decisions," Fannin predicts.

The sun rises in the East

Although APAC has been relatively quiet, Pierson says, revenues from lending ADRs increased 549 per cent YoY, part of a broader narrative taking shape, according to IHS Markit.

The short selling ban in South Korea is also set to end. The ban continues to limit lending revenue, with $6.4 million in February revenue reflecting an 83 per cent YoY decline.

South Korea's Financial Services Commission (FSC) extended its short selling ban again until 2 May, amid pressure from politicians and retail market participants to curb bearish trading. The lack of lending revenue from this market will continue to leave a big hole in the region's performance.

The ban was imposed on KOPSI, KOSDAQ and KONEX indexes in March 2020 as equities prices tumbled in reaction to the first spread of COVID-19 infections across the country, and, after two extensions, was due to sunset in March this year.

Similarly, the Securities Commission Malaysia and Bursa Malaysia Berhad extended its suspension — which took effect on 24 March 2020 — on intraday short selling, due to expire on 28 February, until 29 August.

After a high in 2018, Asia is slowly improving, Pierson says — specials balancing are increasing and there was also a significant dividend effect in the region.

Sunlit uplands

Everywhere looks to be in a "pretty good place", in terms of revenue drivers, Pierson concludes.

What's going to be different to last year, Pierson says, will be the lack of an interest rate change-led cash uplift, "and therefore less convertibles — when there is a lot of convertible issuance, there's likely to be a lot of demand."

Ending on an optimistic note, Fannin highlights the role of emerging markets, which have the potential to deliver a strong performance for beneficial owners in 2021 and beyond.

Fannin says that demand for untapped jurisdictions, such as the Middle East, remains "robust" although further regulatory developments are needed. "In the short to medium term, Saudi Arabia potentially represents a significant opportunity for the industry."

The Saudi Arabian Capital Markets Authority is expected to release revisions to its securities lending and covered short selling regulations over the coming months, which will "hopefully help open this market up, representing an exciting development in a region that potentially offers significant long term promise," Fannin concludes.

Securities Finance and Collateral Management Solutions for Every Firm

- Optimize lending, funding and collateral decisions
- Reduce counterparty and operational risks
- Enable efficient and high-growth operations
- Flexible to firms of all sizes in any location
- Meet regulatory and market requirement

Ready for Next

Communications
Technology
Data and Analytics

Broadridge.com

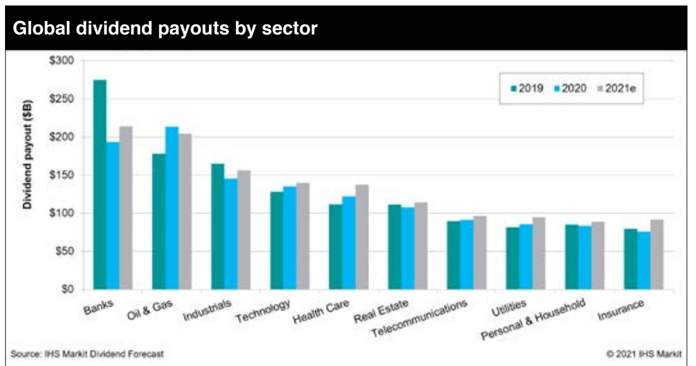
© 2020 Broadridge Financial Solutions, Inc., Broadridge and the Broadridge logo are registered trademarks of Broadridge Financial Solutions, Inc.

Global dividend forecast 2021

IHS Markit data indicates global dividends are set to recover overall, but not universally, this year and hit $1.78 trillion and provide a healthy revenue stream for the securities finance universe

The recovery in dividend payouts is expected to vary across regions in 2021, per IHS Markit Dividend Forecast analysts. Global dividend payouts are forecast to reach $1.78 trillion in 2021, a 6.5 per cent year-on-year (YoY) increase. Global banks are forecast to retake the mantle of most dividend paying sector globally, with payouts of $214 billion in 2021, an 11 per cent YoY increase, though the sector will still fall 22 per cent short of 2019 payouts. The global oil and gas sector is forecast to have the second most dividend payouts in 2021, with $178 billion, reflecting a 4 per cent YoY decrease. Oil and gas is the only global sector forecast to see a decline in YoY payouts.

Global dividend payouts by sector

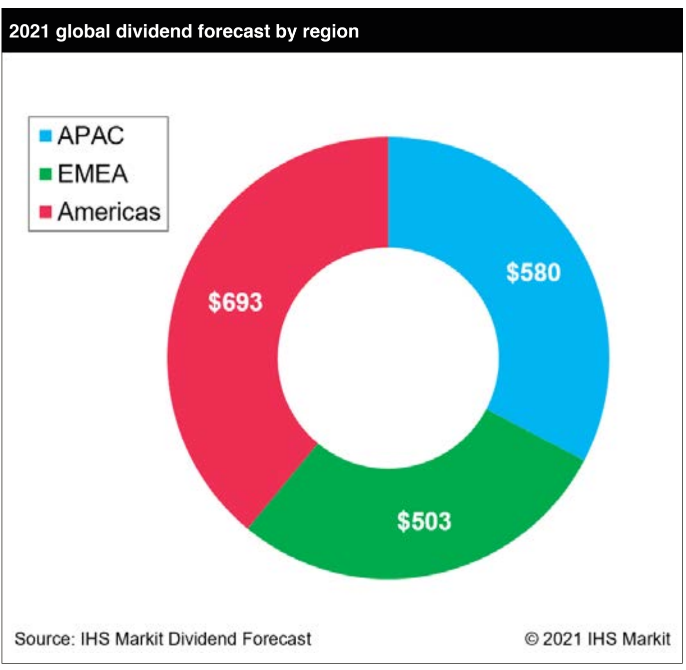


Source: IHS Markit Dividend Forecast © 2021 IHS Markit

Dividends in Europe, the Middle East and Africa (EMEA) are expected to recover unevenly, with UK dividends leading the growth. Eurozone and the UK are expected to increase 22 per cent and 30 per cent YoY, respectively; however, payouts are not forecast to exceed 2019 levels. Most sectors outside of travel and leisure and automobiles are expected to see some level of recovery. Total EMEA dividends are expected to increase by $74 billion in 2021, a 17 per cent YoY increase. Nearly 28 per cent of EMEA dividends are forecast to be paid out by emerging markets.

Dividends in Asia Pacific are expected to grow by 6.7 per cent in 2021, with growth expected across all sectors excluding travel and leisure and oil and gas. China and Hong Kong SAR are both forecast to grow in 2021, increasing by 9 per cent and 3 per cent respectively. After declining 5 per cent in 2020, dividends in Japan are forecast to increase 5.6 per cent in 2021, sufficient to notch a narrow increase compared with 2019.

2021 global dividend forecast by region



Source: IHS Markit Dividend Forecast © 2021 IHS Markit

There is forecast to be a 0.4 per cent decline in overall payouts for the Americas. Dividends in the US are expected to fall 0.7 per cent YoY, largely due to ongoing sluggish performance in travel and leisure and retail sectors. The banking sector is also forecast to see a YoY decline, though, that is primarily concentrated in a single payer. Canada is forecast to deliver $54.5 billion in 2021 payouts, a 7 per cent YoY increase, driven by the oil and gas and banking sectors.

The expected rebound in dividend payouts serves as another marker of the global economic recovery underway. Global dividends are forecast to increase markedly YoY overall and for many global markets. The forecast $1.78 trillion in global payouts is 0.34 per cent below the 2019 level, a most welcome return to form after the 6 per cent decline in 2020.

We clear the path

OCC has the largest centrally-cleared stock loan offering in the world with approximately $80 billion in cleared loan balances. Over the last 25 years, OCC has built an innovative and unique U.S. program for securities lending transactions where OCC steps in as the counterparty (with a two percent risk weight) and guarantees the return of stock or collateral. We continue to enhance and expand access to our stock loan program in order to offer clearing solutions and capital efficiencies for our members and the entire securities finance industry.

As the world's largest equity derivatives clearinghouse, OCC is committed to providing market participants with high quality and efficient clearing, settlement and risk management services. As a Systemically Important Financial Market Utility, we work to enhance our resiliency in order to reduce systemic risk, increase market transparency, and provide capital and collateral efficiencies for the U.S. capital markets.

Comings and goings at FIS, WeMatch, Pirum and more

Simon Picton (left), formerly of Morgan Stanley, and Milan Haria, from Commerzbank, are both joining the coverage team with a focus on Europe, the Middle East and Africa (EMEA).

Picton has spent the past seven years in roles across Morgan Stanley's securities lending, repo and secured funding desks.

Haria also brings a depth of experience to the WeMatch team after spending 10 years within Commerzbank's delta one team.

In a statement on the hires, WeMatch says they demonstrate its continued focus to deliver best-in-class products for clients.

The latest entrants will join Shane Martin, WeMatch's new head of sales on securities financing, who joined in February.

Following the launch of a US total-return swaps platform in October, WeMatch reached a balance of more than $60 billion across both platforms last month and hosts more than 70 trading entities.

The platform balance has grown steadily in tandem with new clients being onboarded, and WeMatch achieved the milestone of $45 billion in November.

WeMatch co-founder David Raccat says the new balance threshold is roughly split 90-10 per cent between the EMEA and US platforms, respectively.

Robert Zekraus has left Scotiabank for financial services technology vendor Pirum Systems.

Zekraus has vacated his position as managing director, global banking and markets, prime services at the Canadian multinational, a role he has held in New York for six-and-a-half years.

He also served on the bank's US board and on the board of directors at Scotia Capital in an advisory capacity.

Zekraus will be on gardening leave until he joins Pirum as chief operating officer and head of North America in early May.

Before Scotiabank, Zekraus worked for more than a decade at Barclays Investment Bank, in both New York and London. During his 15-year tenure at the banking giant, Zekraus was head of US securities lending and worked in the equity finance funding and financing sales division.

Phil Morgan, CEO of Pirum, says: "I am extremely excited to have attracted someone of Bob's calibre to the business and my management team. He brings with him significant experience in global markets, collateral management and financial technology.

"This, coupled with his personality, connectivity and work ethic will immediately accelerate our business trajectory in North America and beyond."

The FICC Markets Standards Board (FMSB) has appointed Edward Davey as its first chief operating officer

with a focus on managing working groups to develop and produce standards across the FICC markets.

FMSB is a practitioner-led, membership organisation with active participation from almost 50 corporate, buy-side, sell-side, markets services and infrastructure providers.

Reporting to FMSB's CEO, Davey will manage the working groups and sub-committees as they develop and produce standards, good practice statements and thought leadership publications across a wide range of wholesale FICC markets topics.

The role will also focus on expanding FMSB's membership base and its international reach.

Davey previously served as J.P. Morgan global foreign exchange (FX) COO until 2010, followed by two years as head of FX strategic reengineering project.

A chartered accountant with an MBA, Davey has recently been running a business development consultancy, working with several fintech companies and aiding a large Australian bank as it established a new entity in Europe post-Brexit.

FMSB CEO Martin Pluves says: "I am delighted to welcome Ed to FMSB as our first COO. This is an important role for FMSB and our members given we have a large pipeline of work for 2021 and beyond as part of our remit to raise standards in wholesale FICC markets.

"Ed has significant experience of working within the financial services sector and in delivering organisational improvements. We look forward to working with Ed as part of the FMSB Secretariat."

Todd Slater leaves FIS

Todd Slater has departed FIS after six years serving as head of securities finance and collateral sales and pre-sales for Asia Pacific (APAC), Japan and the United Arab Emirates (UAE) and is open to new opportunities.

Slater pioneered the securities finance business in the region first with Loanet and then SunGard, now part of FIS.

SunGard acquired FINACE, including its Apex, Astec Analytics, Global One and Loanet platforms, in 2011 before being absorbed into FIS in 2015.

Between 2002 and 2015, Slater led SunGard's securities finance business in APAC and Japan. Under the FIS banner, he moved on to the regional team covering the complete sales cycle from prospecting, pre-sales, sales, contract negotiations, and project planning.

He held overall responsibility for team management, revenue growth, strategy, client retention, and strategic planning in Asia.

Speaking to SFT on his career highlights, Slater says he sold the first commercially available securities lending system to the Singapore Exchange in 2018.

Between 2001 and 2020 he grew APAC business to include 45 per cent of tier one international banks and brokers and 96 per cent of tier two domestic banks and brokers.

By 2020, FIS maintained a 70 per cent market share of the securities finance technology for banks and brokers in APAC.

Moreover, it captured all of the securities finance markets in Malaysia and the UAE by acting on regulatory changes.

Slater says he is now open to offers for new roles within the securities finance and collateral communities.

Upcoming Securities Finance Training

Securities Lending Fundamentals

Date: 13th Apr 2021
Location: Online
Provider: Consolo
This live on-demand training course is designed for new entrants to the industry who require an overview of the securities lending transaction and process involved in execution.

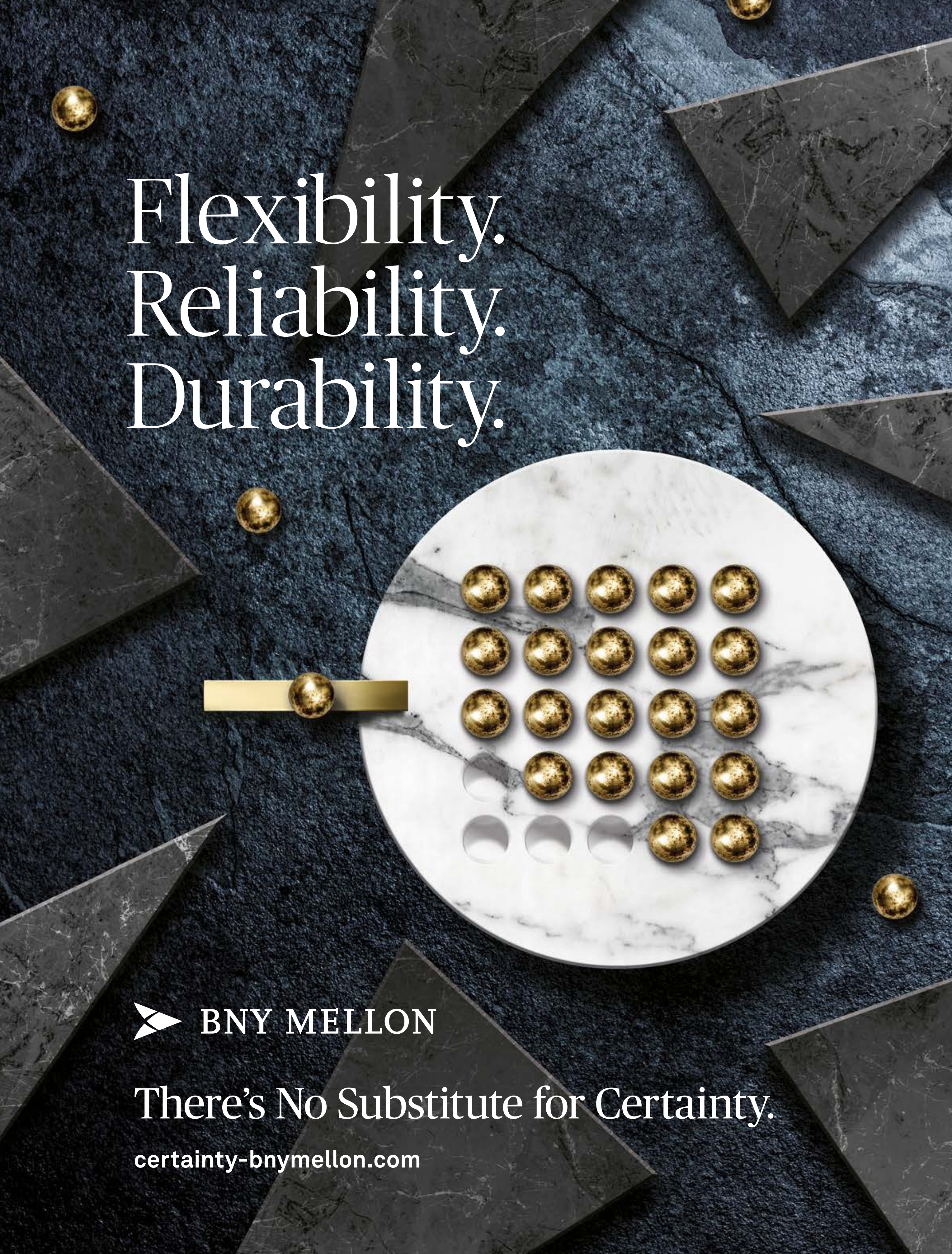
Non-Cash Collateral Fundamentals

Date: 14th Apr 2021
Location: Online
Provider: Consolo
This live on-line training course is delivered by an experienced market practitioner and designed for anyone who needs to understand non-cash collateral purpose, process and requirements.

Tailor-made solutions in Prime Finance.

Visit us at **www.zkb.ch**

We are the perfect choice when it comes to prime finance. Our central Prime Finance Desk will deliver a bespoke solution that is sure to lead you to your desired goal in the shortest time. Nowhere else will you find more expertise than on +41 (0)44 293 62 62 or at primefinance@zkb.ch.


Flexibility.
Reliability.
Durability.
BNY MELLON
There's No Substitute for Certainty.
certainty-bnymellon.com