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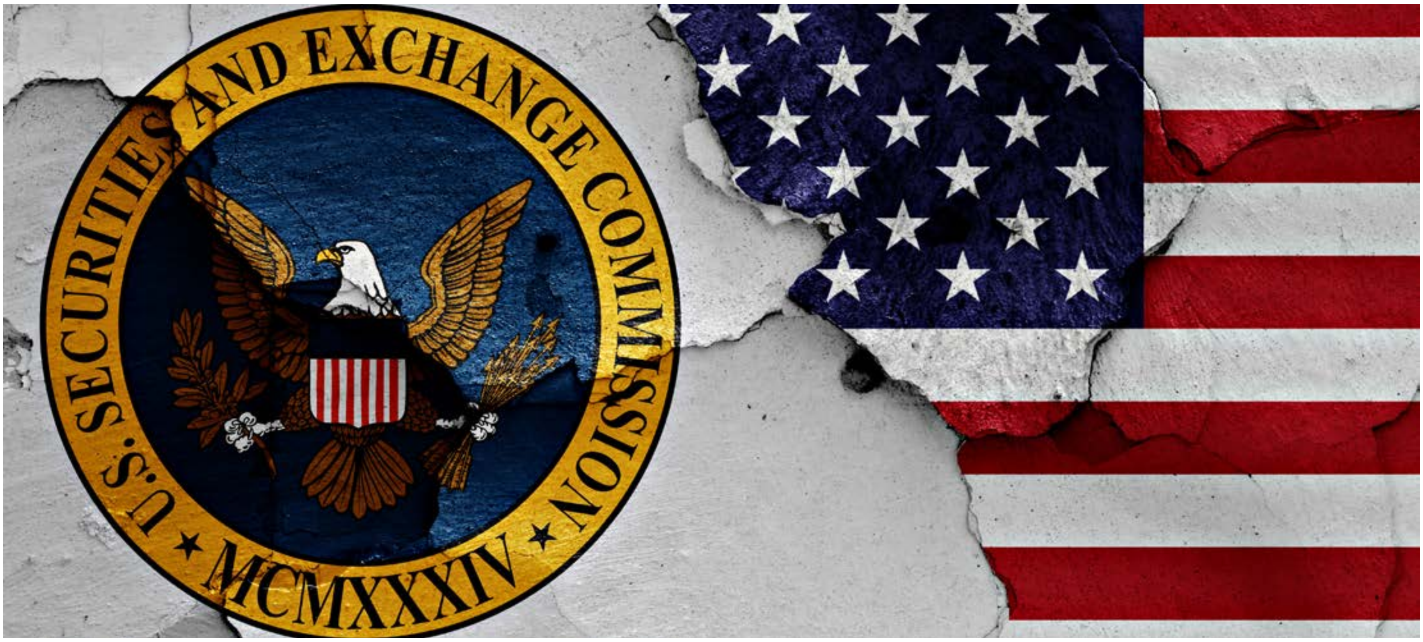
Eyes on the market

Supplying flexibility across trading conditions



SEC proposes changes to increase securities lending disclosure

The Securities and Exchange Commission has proposed rule changes designed to increase transparency of securities lending and borrowing transactions.

Under proposed Exchange Act Rule 10c-1, the US securities markets regulator will require lenders to report the terms of a securities lending transaction to a registered national securities association such as the Financial Industry Regulatory Authority.

This registered national securities association will then make the terms of this lending transaction available to the public.

This step, the SEC claims, will be important to ensure that market participants, the public and regulators have access to timely and comprehensive information about the market for securities lending.

Lenders will be required to complete this trade reporting obligation to a registered national securities association within 15 minutes. Also, they will be required at the end of each trading day to report the number of shares they have lent in each security and the number of shares available to borrow.

Commenting on the proposed rule changes, SEC chair Gary Gensler says: "Securities lending and borrowing is an important part of our market structure. Currently though the securities lending market is opaque.

"In today's fast-moving financial markets, it's important that market participants have access to fair, accurate and timely information. I believe this proposal would bring securities lending out of the dark. We have put out this proposal for comment, and I look forward to hearing feedback from the public."

The SEC indicates that the proposed rule aligns with Congress's mandate in the Dodd-Frank Act which encourages the regulator to improve transparency of securities lending and borrowing for brokers, dealers and investors.

SEC chief economist Jessica Wachter says: "The rule will bring much needed transparency into the securities lending market giving the market information that is both comprehensive and timely."

David Saltiel, Division of Trading and Markets acting director, says: "The proposal focuses on the need for transparency in the securities lending market and further satisfies the Commission's Congressional mandate to promulgate rules that are designed to provide such transparency in this market."

The public consultation period will extend for 30 days, dating from when the proposal is published in the Federal Register.

Inside this issue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German banks execute real-time securities lending trade on blockchain

Two German banks, DekaBank and Metzler Bank, have conducted their first securities lending transaction on blockchain without prior collateralisation.

The trade was processed via DekaBank's blockchain-based digital securities platform, the Secure Worldwide Interbank Asset Transfer platform or SWIAT, with technology support from Frankfurt-based software specialist Comyno.

The trading parties note that by lending via the SWIAT platform, the transaction will take place via a delivery-versus-delivery (DvD) transaction and established collateralisation requirements will no longer be necessary.

In a joint statement, the two banks indicate that transfers occur directly between custodian banks without moving securities between accounts at the CSD. This does not involve tokenisation and can eliminate the chains of custody that have traditionally supported securities lending activity.

For such securities transactions, trade and settlement now take place almost simultaneously, says Andreas Tanneberger, head of fixed income trading at Metzler Capital Markets.

Other industry partners are welcome to join this market initiative, released by Deka, which aims to establish itself as the industry standard for digital settlement. Participating partners will also have opportunities to offer their own services and products on the platform, and to develop the range of functions offered by the SWIAT platform.

"With potential for DvD trading, the lending market becomes more attractive for new and existing market players," says Deka head of money, forex and repo/lending Michael Cyrus.

"This transaction represents another milestone in the development of a fully-digitised blockchain-based ecosystem for the financial markets," says Cyrus.

DekaBank is the securities services arm of the German Savings Banks Finance Group (Sparkassen-Finanzgruppe).

B.Metzler seel. Sohn & Co. AG is the longest-established private bank in Germany, which has been in continuous family ownership for more than 345 years.

Standard Chartered executes ESG 'use of proceeds' repo with Saudi National Bank

Standard Chartered has executed an ESG 'use of proceeds" repo transaction globally with the Saudi National Bank.

It reports that the US$250 million trade is the first to be conducted in the Middle East, North Africa and Pakistan region and one of the first worldwide where proceeds of a repurchase agreement transaction have been allocated towards ESG assets.

The Saudi National Bank indicates that it will be allocating the proceeds of this transaction towards several large renewable energy projects and green initiatives in Saudi Arabia and the wider Gulf Cooperation Council (GCC) region.

Saudi Arabia has issued a recent pledge to reduce carbon emissions to net zero by 2060 and to join the Global Methane Pledge, which aims to cut methane emissions by 30 per cent by 2030.

Yazaid Al Salloom, CEO of Standard Chartered Bank Saudi Arabia, says: “Standard Chartered played a key role in driving sustainability-led initiatives in the region as part of our ambitious pathway to net zero by 2050. This unique ESG ‘use of proceeds’ repo is a testament of our ability to innovate and our ESG structuring capabilities.

“We are proud to be partnering with a leading national institution such as Saudi National Bank on this successful transaction which further reinforces our commitment to the Kingdom’s green goals.”

Standard Chartered has recently announced new targets to reach net-zero carbon emissions from its financed activity by 2050, including interim 2030 targets for the most carbon-intensive sectors. The Group’s approach aims to align with the International Energy Agency’s Net Zero Emissions by 2050 scenario.

EquiLend, PASLA and RMA release 2021 Asia Pacific user guide

EquiLend has been working with the Pan Asia Securities Lending Association and the Risk Management Association to publish its 2021 Asia Pacific Securities Lending Market User guide.

Through this user guide and their other activities, the participating organisations indicate that they are committed to promoting open, transparent and efficient securities lending in the Asia Pacific region.

This promotes the harmonisation of regional market standards for securities lending, the integration of securities lending with ESG principles and the creation of a more open market for securities lending in China. It does so while recognising that different Asian securities lending markets are at varying stages in their development.

The user guide provides information and analysis on securities lending activities in 14 Asia Pacific markets. These are: Australia, China, China-Hong Kong Stock Connect, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Taiwan and Thailand.

The user guide is published on the EquiLend, PASLA and RMA websites.

BNY Mellon unveils suite of new ESG Data Analytics for collateral management clients

BNY Mellon has launched a suite of new ESG Data Analytics for collateral management clients.

Through the new platform, market participants will be able to apply their environmental, social and governance (ESG) principles to the assets they are willing to accept as collateral.

International collateral management clients using BNY Mellon's electronic collateral schedule manager, RULE, will now have the opportunity to digitally express their ESG preferences by leveraging ESG ratings and indexes.

Launched in 2019, RULE affords collateral providers and receivers the ability to negotiate collateral schedules, establishing which assets each party is willing to accept as collateral in real time.

The firm's US clients are able to take advantage of these same ESG eligibility capabilities by updating their schedules using the current US methodology.

The functionality draws on MSCI ESG Ratings through BNY Mellon's ESG Data Analytics.

These ratings assign ESG scores to securities under three distinct pillars: an environmental score, a social score and a governance score. These three scores are then adjusted and aggregated into a final ESG letter rating, from AAA to CCC.

The ESG Data Analytics incorporate these MSCI ESG Ratings into clients' collateral eligibility decisions via the schedule manager.

In practice, this means collateral receivers and providers can agree that only securities with a certain ESG rating are acceptable as collateral.

In future updates, BNY Mellon expects to add supplementary ESG data to clients' ability to express their ESG preferences.

BNY Mellon's ESG Data Analytics utilises a combination of crowdsourcing and data science to enable market participants to benchmark their ESG principles against their peers.

The Data Analytics also help clients customise and monitor portfolios in alignment with their sustainability missions, address demonstrability concerns and support evolving standards for ESG implementation practices.

Brian Ruane, CEO of clearance and collateral at BNY Mellon, says: "Rolling out this capability takes RULE, a proven technology that has already transformed the process of negotiating collateral schedules, and expands it into a very crucial and topical area of focus for the industry."

He adds: "Now, through the incorporation of capabilities from ESG Data Analytics, a client can bring their ESG priorities into negotiations around acceptable collateral, adding an entirely new dimension of utility to the platform."

Broadridge launches ESG Performance Dashboard

Broadridge has introduced an environmental, social and governance (ESG) Performance Dashboard for companies to better understand and monitor their ESG ratings.

The global financial technology company says the launch of its single web-based solution comes as firms' ESG ratings become increasingly important to investors and shareholders, and achieving an accurate comprehensive understanding of those ratings has grown more complex and time-consuming.

The solution, which is currently available in the US and Canada, provides companies with a single, streamlined consensus view of their ESG ratings and rankings based upon hundreds of sources, enabling them to monitor and understand the factors that drive their ESG performance.

Additionally, companies can determine how they can improve their ESG ratings and gain insight into their performance across environmental, community, employee, and governance issues.

Speaking on the announcement, Dorothy Flynn, president of Broadridge Corporate Issuer Solutions, says: "The Broadridge ESG Dashboard enables companies to reduce the noise and concentrate on the key issues and data to better understand where they stand and how to better focus their efforts. With asset managers increasingly focused on ESG-issues, companies need an easy tool that allows them to see through the clutter."

FCA issues fines in second case of 'serious' cum-ex trading failings

The UK's Financial Conduct Authority (FCA) has fined Sunrise Brokers, an interdealer broker and global derivatives specialist, for "serious financial crime control failings" that facilitated fraudulent trading and money laundering related to cum-ex trading that was connected to the Solo Group.

Between February 2015 and November 2015, Sunrise Brokers executed a trade on behalf of a broker client, introduced by the Solo Group, at nearly twice the prevailing market price of the stock. Sunrise then accepted a payment from a United Arab Emirates (UAE)-based entity connected to the Solo Group in respect of outstanding debts owed to them by clients of Solo.

During this period, on behalf of the Solo Group clients, Sunrise Brokers executed purported over-the-counter equity cum-dividend trades to the value of approximately £25.4 billion in Danish equities and £11.2 billion in Belgian equities, and received commission of £466,652 during this time.

The trading appears to have been carried out to allow the arranging of withholding tax reclaims in Denmark and Belgium.

This is the second cum-ex trading case to face the FCA this year, with Sapien Capital being fined £178,000 in May for "serious financial crime control failings" that also facilitated fraudulent trading and money laundering.

The FCA found that Sunrise Brokers failed to exercise due skill, care and diligence in applying anti-money laundering policies and procedures and failed properly to assess, to monitor and to mitigate the risk of financial crime in relation to clients introduced by the Solo Group and the purported trading.

As Sunrise Brokers agreed to resolve all issues of fact and liability, it qualified for a 30 per cent discount under the FCA's executive settlement procedures.

The action taken is part of a range of measures taken in connection with cum-ex dividend arbitrage cases and withholding tax (WHT) schemes. This has involved proactive engagement with EU and global law enforcement authorities.

The FCA's investigation into the involvement of UK-based brokers in cum-ex dividend arbitrage schemes is continuing.

Responding to the announcement, Mark Steward, executive director of enforcement and market oversight, says: "Sunrise should not have carried out these self-evidently suspicious trades without proper due diligence. Sunrise's failings were significant and this outcome demonstrates we will not tolerate firms' lax controls and that we will work with overseas agencies to ensure London is not viewed as a haven for poor controls and practices."

UAE central bank to publish new DONIA reference rate

The Central Bank of the UAE (CBUAE) will release a new index for AED-denominated overnight funding transactions from 7 December.

The Dirham Overnight Index Average, or DONIA, is the effective overnight reference rate for the Dirham.

It is calculated as the volume-weighted money market rate for all actual overnight secured and unsecured funding transactions sized AED 10 million or larger, contracted by all banks operating in the UAE and processed through the UAE Funds Transfer System (UAEFTS).

This new reference rate, which forms part of the new Dirham Monetary Framework implementation plan, aims to provide market participants with data relevant to the overall state of the actual interbank market and to promote transparency in domestic money market activities.

The central bank anticipates that this index will provide an anchor for banks in determining factors relevant to daily fixing of interbank rates (EIBOR).

It proposes that EIBOR and DONIA will co-exist in the domestic markets and it has no plans to decommission EIBOR when DONIA becomes active. At this stage, DONIA will not be used to price financial market products offered or structured in the UAE.

DONIA will be published at 9:30 local time on official working days in the UAE on the CBUAE website and via Bloomberg and Refinitiv Eikon.

CBAUE governor H.E. Khaled Mohamed Balama says: “The launch of DONIA facilitates implementation of the new Dirham Monetary Framework. We, at the CBUAE, are confident that the publication of this new reference rate will not only provide additional transparency to the Dirham money markets, but also help the CBUAE in ensuring overnight money market rates are aligned to the prevailing base rate.

ISLA becomes member of FINOS

The International Securities Lending Association (ISLA) has become an associate member of the Fintech Open Source Foundation (FINOS).

During the past year, FINOS has worked alongside ISLA’s working groups and partnered with REGnosys to develop a minimum viable product (MVP) for securities lending. The foundation also contributed to the Common Domain Model (CDM) codebase in June.

ISLA says the collaboration and support of its membership, as well as its cross-industry partnerships, is one of many important components in the association’s commitment to defining and promoting the development of a digital future for financial markets.

Joining FINOS is another step towards ISLA’s move to an open-source community contribution model for the CDM for securities lending markets, a goal set out in the Memorandum of Understanding signed by ISLA, the International Swaps and Derivatives Association and the International Capital Markets Association in August.

Speaking on the announcement, Andrew Dyson, CEO of ISLA says: “As we collaborate with fellow financial industry associations, ISDA and ICMA, on a cross-market standard for capital markets transactions, lifecycle events and processes, open-source communities represent a way of achieving faster development of, and convergence on, such standards, and are key to a wider adoption of the CDM. We look forward to working with all of FINOS’ members and consumers in the near future.”

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Eyes on the market

Kyle Kolasingh, associate director for securities finance at RBC Investor & Treasury Services, speaks to Bob Currie about the evolution of the bank's securities finance programme and how it provides flexibility to meet clients' lending and financing needs under a wide range of trading conditions

The dynamics of the securities lending and financing marketplace have shifted dramatically over the past 12 months. After a challenging 2020, when market participants were confronted with high market volatility and sharp liquidity fluctuations triggered by the COVID-19 pandemic, 2021 has provided renewed opportunity for lenders to focus on optimising their portfolios and seeking out new opportunities for revenue generation — while still keeping a watchful eye on changing macro-economic conditions as central banks make changes to their emergency stimulus programmes.

The fallout from the pandemic has hit the securities finance markets in multiple ways, says Kolasingh. In Canada, for example, strong intrinsic value lending opportunities witnessed during 2019 contracted sharply during the pandemic and are yet to recover to pre-COVID levels.

Cannabis stocks were a strong driver of equity lending revenues in the Canadian market through to Q2 2020, following legislative changes in Canada in October 2018 which liberalised rights of adults to possess legal cannabis and for pharmaceutical companies to manufacture cannabis-based medical products. Given the emergent nature of this product sector, this has also proven attractive from a directional demand perspective, driving 'specials' activity in cannabis stocks.

However, these high intrinsic value opportunities have declined since Q2 2020, prompting beneficial owners to review their lending strategies and to seek out new yield opportunities as loan demand strengthens during COVID recovery.

One response — for lenders with global portfolios and an appropriate risk appetite — has been to look to emergent lending markets for revenue opportunities. Taiwan, for example, has experienced a 119 per cent year-on-year increase in year-to-date loan revenues, according to IHS Markit data, and Malaysia has also similarly experienced strong growth in equities lending revenues for foreign institutional investors.

While event-driven opportunities have been limited in Canada through H2 2020 and into 2021, the US market has benefited from the return of IPO activity and capital raising from special purpose acquisition companies (SPAC) since the start of the year.

A number of ‘meme’ stocks, for example GameStop and AMC, have also provided pockets of intrinsic value for lenders in the US market — as buy-side firms with short exposure to these companies moved to close out positions in the face of coordinated activity from retail investors attempting to support the share price.

Subsequently, however, some hedge fund managers have been reluctant to commit to the high conviction strategies that sustained the long-lasting ‘specials’ activity that we saw prior to COVID. The meme stock short squeeze in early 2021 has reinforced this caution, prompting some hedge funds to reduce leverage and exercise vigilance when taking short-interest positions in listed companies.

Beyond equity, demand from financial institutions remains strong for high-quality liquid assets to meet liquidity coverage requirements (Liquidity Coverage Ratio, Net Stable Funding Ratio) and regulatory capital commitments under Basel III, both through overnight borrowing and longer duration transactions.

“While fixed income lending opportunities were suppressed in North American markets during 2020, given the liquidity impact of central bank interventions, these are now starting to return. We see extended term trades for Canadian provincial bonds and Canadian government bonds, for example, with demand to borrow extending out to 95 days,” says Kolasingh. This demand for HQLA, and for term-based collateral transformation trades, is likely to persist as the Federal Reserve and the Bank of Canada make changes to their asset purchase programmes.

To support these activities, Kolasingh says that RBC I&TS aims to be the provider of choice for its counterparties, refining the product to offer greater collateral flexibility and extending its tri-party network to broaden the range available to borrowers.

“We also continue to work on GMSLA pledge structures to make it easier for counterparties to do business with us — thereby extending the capital efficiency benefits that this range of borrowing options can deliver to banking counterparties,” he adds.

Client pipeline

Given this amelioration in lending conditions, 2021 has driven a strong pipeline of new and returning lenders seeking to optimise market opportunities. Beneficial owners that temporarily suspended lending with the arrival of the COVID crisis have now, in many cases, returned to the market — and RBC I&TS has been enrolling new institutional lenders onto the programme, seeking to add incremental returns which are particularly attractive in a low interest rate environment and achieved in a risk-controlled framework.

“Against this background, we have maintained close dialogue with new and existing lenders to help them tailor their lending parameters to current market conditions, to communicate our views on key risks and to guide them on how these can be mitigated within a well-managed lending environment,” says Kolasingh.

RBC I&TS has also been working with institutional lenders to provide greater flexibility in how they access the markets and realise value from their asset portfolios. Traditionally lenders have been encouraged to enrol their full portfolio of lendable assets into the programme. However, it also offers opportunities for asset owners to lend single lines of securities — which may offer potential to deliver high intrinsic value — without requiring that they enrol their full asset portfolio in the lending programme.

Sustainable lending and financing

Beyond the focus on high-yield opportunities and prudent risk management, asset owners have been looking closely at the ‘sustainability’ of their securities lending arrangements, ensuring that their lending programme aligns with their ESG commitments across the organisation and their stewardship responsibilities as an investor.

“The focus and content of these discussions can vary substantially,” Kolasingh notes, depending on the type of client and where they are located. In North America, the discussion to-date has centred particularly on proxy voting and shareholder engagement — on managing loan recalls to ensure that beneficial owners can vote stock that is currently on loan.

While this remains a primary consideration in Europe, the focus has widened to include application of ESG screening to collateral schedules and counterparty lists — ensuring that assets accepted as collateral, and a lender’s list of eligible counterparties, align with its overarching ESG strategy. This, notes Kolasingh, is a trend that is likely to be replicated in North America and other regions.

In supporting these commitments, Kolasingh believes that is an area where a high-quality agent lender can deliver significant value. “We have focused for many years on ensuring that investors can meet their stewardship responsibilities, particularly in voting stock that they own,” he says. “The current industry focus on sustainable securities lending is an extension of that dialogue.”

As asset owners and buy-side lenders extend their demand for ESG screening across collateral lists, this will require application of sophisticated optimisation engines to ensure efficient collateral mobilisation and allocation across the client’s collateral inventory, which may bridge multiple product silos and geographical locations. While few beneficial owners have the size or commercial motivation to meet this commitment in house, the agent lender is well placed to invest in this innovation and to scale this across the community of lenders and borrowers that it supports.

Product Development

As a prominent driver of its product development strategy, RBC I&TS identifies greater use for its client base of new digital channels to execute securities lending transactions.This reinforces the need to support connectivity to leading electronic execution platforms, but also to meet the data requirements of clients around their lending and financing activity.

Responding to this need, RBC I&TS continues to invest in enhancing data transparency to lender and borrower clients, providing detailed analytics relating to loan performance, revenue attribution and opportunities for maximising risk-adjusted returns on securities lending assets. This includes an extension of its visualisation tools and data dashboards, enabling the client to generate customised analytics and reporting, as well as data delivery via automated channels.

The securities finance team also identifies growing demand from asset owner and asset management clients for bespoke financing solutions. This caters particularly for the needs of buy-side firms for securities borrowing to support their trading and investment activities. With this development, a rising number of clients are using RBC I&TS’ services to support both their securities lending and financing requirements.

Looking geographically, RBC I&TS has been expanding the network of markets in which it supports securities lending activities. Over the past 18 months, the focus has been on extending its securities lending coverage in Taiwan, Poland, Israel and the Czech Republic. “This geographical expansion will extend into 2022 when we expect to add more emergent lending markets to our global footprint in line with demand from our clients,” says Kolasingh.

In expanding its trading network, the securities finance team continues to add new lenders and borrower counterparties. “The borrower network has been growing year-on-year and now extends globally to more than 100 borrower organisations, all highly-regulated financial institutions,” says Kolasingh. “We also continue to extend the flexibility of our lending programme, for example by adding additional collateral sets including convertible bonds and a wider range of equity indices.”

Concluding thoughts

In closing our discussion, SFT asked Kyle Kolasingh to highlight the most important lessons that his team has learnt over the past two years — a period characterised by liquidity tightening during the Q3 19 US repo spike followed, inter alia, by the COVID-19 pandemic and the meme stock short squeeze.

“Nothing beats conversation with clients,” responds Kolasingh. The key, he says, is to have an open dialogue on an ongoing basis. “It is an obvious point, but we do not only discuss risk factors with clients when a risk event develops. Sound risk management is fundamental to all discussions, in planning new avenues for revenue generation, monitoring risk hotspots and ensuring clients understand how these will impact lending volumes and yield opportunities.”

Indemnification continues to play an important part in these conversations. In the past 24 months, these have been an important component of nearly every client conversation. In the past, RBC I&TS sometimes saw lender clients opting out of indemnification, preferring to receive a higher share of revenue. Over the past 18 months, however, it has noted no instances of clients passing up access to indemnification to receive a higher fee share.

Importantly, this is just one component of a risk management framework that extends well beyond indemnification — including value at risk (VaR) stress testing across the loan and collateral book, alongside detailed counterparty credit risk assessment and full collateralisation of outstanding loan positions with an additional haircut. “With this framework in place, secured lending provides an attractive source of risk-adjusted return, while aligning with the stewardship responsibilities borne by beneficial owners” concludes Kolasingh.

New players in the world of securities finance

Clear Street's managing director of securities finance Robert Chiuch and South Street Securities' head of equity finance Anthony Venditti, speak to Carmella Haswell about their experiences in leading their newly formed securities finance divisions and the role of agile, adaptive disruptors in this industry space

Within the space of a year, the industry has welcomed new securities finance divisions including Clear Street's CS Financing Solutions and South Street Securities' equity finance business. The two initiatives have led several industry heavyweights out of retirement and back into action, pooling together decades-long experience to offer flexibility and high-quality securities finance services to their clients.

Clear Street, which has brought together a team of industry veterans including Robert Chiuch, James McDonald and Mark

Skowron, sought to improve the profitability of securities financing activities for institutional investors, intermediaries and stakeholders when it launched its CS Financing Solutions division in August 2020. In building from this foundation, it will explore opportunities to serve a broader range of institutional clients including public, private-public and private pension funds, mutual funds, and endowments.

Prior to this, Anthony Venditti was welcomed to South Street Securities as head of equity finance in February 2020 to work on an exciting opportunity. In January 2021, the US broker-dealer firm announced that it had created a new equity finance business spearheaded by Venditti. The company aims to leverage its capital base and balance sheet to become a niche player in the specials (hard-to-borrow) space and provide solutions regarding the financing of securities and collateral.

Speaking to SFT, Venditti reflects on the motivation behind this new venture. He says: “South Street Securities is a well-capitalised fixed income and repo shop. Stock loan was the next logical step for us to expand because of its similarities with repo. The main purpose of this expansion was to get our shareholders comfortable with equity settlements, cash movements and all other processes around facilitating equity flow.”

After initial delays caused by the COVID-19 pandemic and the regulatory approval process, the team completed the first phase of the build which saw the creation of an equity finance platform on top of its fixed income activities.

Starting small

South Street Securities’ equity finance business facilitates banks, broker-dealers, clearing firms and trading firms that are either regulated or registered in the US, Canada and the UK. The plan is to begin small and build from the ground up. While the company gets “all the plumbing in place”, Venditti says the next phase of the operation is to secure membership approval from the Office of Comptroller of the Currency (OCC).

Establishing itself in the equity lending business first and foremost, the next step will be to enter into corporate bond lending in the second quarter of 2022. In the meantime, it awaits regulatory approval to extend its activities to trade equities, options and futures. With these approvals, South Street aims to launch its Delta 1 trading strategy, which is targeted for early 2023.

Focusing solely on the US for now, the team hopes to branch out to Canada. Venditti explains: “Because of my prior experience and network, [Canada] would be a natural growth market for us. Markets outside Canada are harder to predict, but I believe [we will look to expand] wherever our partners and clients take us.”

Venditti indicates that there are a lot of new players entering the US market, like retail and trading firms, that want to become self-clearing. But many of these small to mid-size firms don’t have the expertise, bandwidth or budget to make it happen. It can be challenging to hire people, implement new systems and obtain US regulatory approvals. “South Street can help with those challenges because we have balance sheet capacity and advanced technology,” he says.

“As we build out our own business, we’re teaching our fixed income systems and services group what an equity is, along with how to clear, settle and value them. So as we build that for ourselves, we can better serve any client that’s on our platform so they can benefit from either our technology or expertise in this market. Not many companies in our space can act the way we do or service clients as efficiently.”

Advancing the industry

Having led his team of experts over the past year, Venditti takes a moment to evaluate key changes in the securities finance landscape— from hard-to-borrow names to new players in the industry— during this period.

He explains: “We pay a lot of attention to hard-to-borrow names. There is a lot of activity, but also greater volatility due to rates and demand. Because of this volatility, traders are paying more to borrow securities. However, much of this demand is for very short time periods, making it hard to predict stability in levels and supply.

“The other interesting thing we are seeing is that there’s also a lot more supply in the market. This has been fuelled by supply coming from new players like US and foreign retail and robo-advisory firms. Retail supply by nature is not typically as stable as institutional supply. As a result, there are now larger recalls and more buy-in activity, both of which need to be monitored more closely."

With "more cash on the street" and less leverage, the funding market is experiencing changes of its own. According to Venditti, collateral has been scarce and the yield curve relatively flat, so funding spreads have been very thin this year. As we edge toward the end of 2021, there is some widening of spreads, but it has not been a typical year end. He explains: "I do believe that somewhere between the GameStop volatility and Archegos unwind, there has been a long term effect on the liquidity and leverage within our markets."

However, ending his analysis on a more positive note, Venditti adds: "I've never seen as many new players enter the market as this year. It's an interesting time because even though the business and spreads have tightened, there is an influx of new players that are changing the landscape and creating new opportunities."

Room for adapting

Clear Street's managing director of securities finance, Chiuch, believes that the securities finance segment is experiencing Schumpeterian forces and traditional models are ripe for disruption in a manner that is constructive for consumers of prime brokerage services. The sector has seemingly evolved to a more progressive model that is open to more than one dimension of differentiation— "it's often been a binary conversation focused on price or service quality," Chiuch adds.

Clear Street's CS Financing Solutions arrived on the scene 15 months ago, seeking to build next generation cloud-based infrastructure for prime brokerage securities finance and providing products to the supply side. In the eyes of the Clear Street's Chiuch, products are essential to prime business. He says: "We believe there's room for agile, adaptive disruptors in securities finance markets. If you look at the market today, you'll see that heavy cost structures, outdated technology and inefficient organisational designs make it difficult for many traditional providers to profitably retain valuable customers."

The core element of the division is technology. After all, the firm was founded by former traders who believed that the prime brokerage experience could be improved by building a modern, tech-forward prime for today's investors. Chiuch indicates: "Technology is helping us overcome traditional barriers to entry. Current market forces support new entrants across customer segments, including pension funds and private investment funds, with new and innovative products and strategies for those asset managers and their service providers."

He adds: "When Jim, Mark and I started in August 2020, Clear Street had fewer than 100 people. Today we are nearly 300 strong, and our demand side securities finance business has grown commensurately."

With an expanding business comes a stronger demand to supply for clients. CS Financing Solutions is taking the hybrid approach— extracting material value at the margin and offering a differentiated customer experience in all three areas: price, quality and as segment specialists, according to Chiuch. The division is also challenging asset owners on whether they're achieving optimal performance and returns with their current provider, and whether their performance is constrained because their provider is constrained. Chiuch continues: "It's all too easy for post hoc rationalisation to hijack any feedback and get lost in the sauce".

Similar to Venditti's dreams of expanding his own division by taking the equity finance business to Canada and around the world, Chiuch has plans to broaden Clear Street's range of institutional clients and reveals it is already making progress in this area. Institutional clients are bringing breadth of inventory and scale to the equation for the company. The benefits to CS Financing Solutions' internal and external clients are enhanced liquidity and financing options across a broader spectrum of securities, Chiuch explains.

Reflecting on more than a year's work with the division, Chiuch says: "Our strategic objectives are aligned across the organisation with a view on sustainable growth over the longer term.

"As we work toward that North Star of long-term objectives, we know that we still must remain flexible in the short-term. It is crucial that we can, and continue to, adapt and respond appropriately to client demands and market forces. That means occasionally re-stacking the deck — constantly re-evaluating our positioning to optimise the benefits to our clients and to Clear Street and our stakeholders."

Future technology in securities finance

Pirum's CEO Philip Morgan and global head of product Robert Frost speak to SFT about the launch of Trade Risk Manager, their FutureTech initiative and how to approach the CSDR settlement discipline regime

What are the key challenges the industry is facing with CSDR?

Frost: The first big challenge is to understand what the Settlement Discipline Regime (SDR) will bring. We are less than three months from the go-live of the SDR component of the Central Securities Depositories Regulation (CSDR), and we still do not know whether mandatory buy-ins are actually in-scope or out of scope for 1 February 2022. Following that — and let's assume that mandatory buy-ins will be delayed or removed altogether — dealing with the fallout of the cash penalties is going to be challenging, particularly for securities finance where the nature of the business means there are lots of onward deliveries and potential fails throughout the chain.

Another challenge, for borrowers in particular, is that in many cases they will need to settle before the delivery-versus-payment (DvP) cutoff, rather than the actual market cutoff on each business day, to fulfil those onward deliveries. That is going to be a challenge for the flow of the whole market, especially concerning early collateralisation and automation.

Lastly, organisations may be dealing with many different causes of fails, whether that be incorrect bookings, mismatched standing settlement instructions (SSIs), delayed collateralisation, or pre-settlement changes such as reallocations — which borrowers today have to deal with manually. It is crucial to ensure the platform is in place so that lenders can release the prepaid loans on time to feel the onward benefit.

What are you hearing from your client base in terms of possible approaches to addressing these challenges?

Morgan: Frankly, prevention is the best cure, whether that be having visibility, improving operational processes, identifying where the fines are going to come about, and analysing and resolving the root causes. Rather than dealing with the after-effects, it is much better to deal with the causal elements.

That is the right approach overall. But, inevitably there will be fails. When fails arise, or are likely to occur, clients are considering partial settlements, as well as last minute borrows or loans to cover fails. In some cases, they may be cancelling instructions on or before settlement date to prevent the trade failing in the first place.

In many ways, this industry segment is going full circle. Before there were other streams of securities lending activity and revenue, a lot of this activity was driven by fails coverage. Perversely, this regulation is going to affect cash markets and securities finance. Potentially, there could be a strengthening of the fails coverage that, in a sense, was the foundation for stock lending and borrowing activity. I find that quite interesting.

What has been the driver for the new service that Pirum has recently launched?

Morgan: The first phase of our new service is called Trade Risk Manager (TRM), which is part of our Front Office Services product suite. It has been fascinating to watch. In many ways this replicates our approach to the Securities Financing Transactions Regulation (SFTR) in speaking with clients to understand whether there is likely to be a problem and therefore a need for a solution. Our job as a service provider is to solve problems. Frankly, if there is not a problem, we should not build it.

Over the past year, especially since SFTR was delivered and bedded down, our clients' focus has turned to the upcoming Settlement Discipline Regime. The approach we have taken is based on ongoing engagement and conversations, like we do in all of our product development. For six to 12 months, we have also been publishing a penalty fine report, which gives clients

> *Frankly, prevention is the best cure. Rather than dealing with the after-effects, it is much better to deal with the causal elements*

an indication of what penalties they would be seeing if the SDR was live. This has proven to be quite sobering for many clients in terms of realising the impact of the regulation. Clients have shown great interest in this because it will have a direct impact on the profitability of the securities finance desk. Operational inefficiency has always been unwelcome, but previously the profit and loss implications of this inefficiency have been less obvious. However, CSDR will make these P&L consequences crystal clear.

Operational inefficiency has always been unwelcome, but previously the P&L implications of this inefficiency have been less obvious

So that has provided a call to arms for the industry and has created a real catalyst for our clients. That is the reason why we have developed the product over the last six months in combination with our clients. I am glad to say we have 21 clients that will go live when we launch in the next four weeks. We have a design partnership group and we are confident that we are going to help our clients manage and minimise the impact of the penalties.

What plans do you have for future developments with Trade Risk Manager?

Frost: CSDR was the first solution that our clients wanted us to solve with the new suite of products, but that is really just the start. Over the next 12 months and beyond, TRM will become the single risk management tool across the whole post-trade lifecycle.

Shortly we will be launching with rate breaks across Real-time Contract Compare, followed by other risk types and other post-trade processes. Not only is this about managing your risk and your breaks in one place, it is also about providing further automation. We are looking at the manual processes that still exist today, particularly within the front-office, that takes up their time and distracts from their focus on trading.

We are also looking closely at other changes that are happening in the industry, such as the proposed move to T+1 settlement in the US. This is going to require a lot more automation, real-time data and real-time processing, which is something that our services are well-positioned to deliver.

Working with our clients has been absolutely key in terms of hearing the challenges they are facing. Through that design partnership, we have prioritised based upon the consensus within the group regarding what to deliver next. Like I say, there will be many more things that we deliver throughout 2022 and beyond.

How does this fit in with Pirum's FutureTech initiative?

Morgan: Our FutureTech initiative, as the name suggests, is spurring us to focus on future technology innovation. A core element is in driving operational efficiency and meeting the demands of regulatory adaptation. Effectively, our major strength as a business is to automate the complete workflow across collateralised markets, such as stock loan, repo and increasingly in over-the-counter derivatives.

Being a technology firm, we are clearly aware that distributed ledger technology, the Common Domain Model, and the move to cloud, among other things, are increasingly interesting to the market. We are looking to utilise this new technology to solve some legacy technology issues.

We are in a privileged position to have over 100 clients who come to us with their problems. Hopefully, over the past 20 years, we have shown that we can be trusted to deliver solutions to these problems. So the FutureTech initiative is designed to ensure that we maintain our position at the apex of solutions development, not only for the current but for the future — whether that involves changing the ecosystem or adopting new technology. However, there are many other components of this initiative that you will be hearing about over the course of the coming year.

Securities Finance Technology Symposium highlights

Securities Finance Times' Technology Symposium offered digital discussion of margin reform and UMR, digital markets, SFTR and the liquidity chain, from leading specialists across the securities finance industry

Drilling down into margin reform and UMR

The Uncleared Margin Rules (UMR) have meant that the industry has gotten closer to regulators and brought those previously considered competitors closer together, says John Pucciarelli, head of industry and strategy at Acadia, at the Securities Finance Technology Symposium's "Drilling down into margin reform and UMR" panel. Pucciarelli adds that this is particularly true in terms of technology.

The panel also included Katie Emerson, executive director and head of agency lending and collateral management sales, EMEA at J.P. Morgan; Nick Short, chief operating officer of HQLAˣ; and Mark Jennis, head of strategy and partnerships at Transcend.

Discussions began around the go-live of UMR phase 5 on 1 September, which panellists agreed has not presented too many surprises — the year delay from the COVID-19 pandemic, as well as lessons learned from previous phases, considerably helped firms to get everything in order.

However, the panel notes that a lot of clients were working to the deadline for phase 5 and had not fully taken advantage of the delay.

Key challenges in the implementation of phase 5 for buy-side organisations included complexities associated with the group nature of companies, which made some projects difficult to navigate and execute, along with corresponding difficulties with oversight.

In addition, legal negotiations between clients and counterparties posed a more significant challenge than was anticipated, particularly concerning negotiations around eligibility.

Looking to phase 6, panel moderator Shaun Murray, CEO of MarginReform, estimates that this is due to bring approximately 800 firms in-scope.

Pucciarelli predicts that phase 6 will be just as hard, or harder, to implement than phase 5, but indicates that the industry will have a much more comprehensive understanding of the situation when firms have disclosed whether they are in-scope.

"The message is and always has been to disclose as early as possible," Pucciarelli warns.

The panellists predict that phase 6 of UMR will see different client behaviour, as widening the net of in-scope firms will see the inclusion of less-sophisticated organisations. These firms will have one foot in as they will be captured by the regulation but are likely to remain under the threshold for quite some time.

This will require an extended toolset within the margin analytics space to help clients predict margin impact more effectively.

One panellist summarises: "Phase 6 is bigger, but the clients are smaller."

Continuing the focus on phase 6 of UMR, Jennis identifies four areas of note, beginning with the heightened importance of buy-side connectivity to triparty and third-party custodians to validate collateral pledged by dealers and to optimise collateral more effectively.

In addition, firms receiving collateral will need to validate it to ensure it meets all requirements of detailed collateralisation agreements, while harmonised data is essential for firms to gain a consolidated view of their inventory and be able to pledge collateral, particularly securities.

Optimisation was a key theme discussed throughout the panel. Short noted that as more phases of UMR are rolled out, firms will have the opportunity to reconsider their existing operating models and to consider incorporating new solutions like distributed ledger technology (DLT) which will allow them to change ownership of securities without moving these securities between custody accounts.

Jennis adds that UMR has caused firms to realise that they need to look at optimisation more holistically, as a silo-based view does not generate the optimal use of collateral and typically has significant opportunity costs.

Short added that service providers are already inter-operating to address client pain points, and to bring the benefits of these new solutions to the market as seamlessly as possible.

The session concluded by examining the future market landscape from a technology perspective. Jennis predicted that industry groups will continue their efforts to harmonise data, with extension of the Common Domain Model facilitating moves to standardise key trade data elements for example.

Digital markets for securities finance

The securities lending industry has seen “a huge amount of innovation” in technology over the past few years, affirms Andy Wiblin, chief product officer at GLMX, at the Securities Finance Technology Symposium.

Wiblin adds that the value of innovation is only realised if the component parts of the industry’s ecosystem take the time to build connections to one another and adopt the same innovations.

The panel, “Digital markets for securities finance”, also featured Ken DeGiglio, chief information officer at EquiLend; Matthew Phillips, head of delivery at Trading Apps; David Shone, director of market infrastructure and technology at ISLA; and Matthew Wolfe, executive director of securities lending at OCC.

Phillips defined the digital marketplace as a huge entity encompassing app stores, online advertisements, cryptocurrencies, media streaming and more.

He went on to describe the evolution from the read-only Web 1.0, to a read-write Web 2.0 model – when online only businesses came into existence, and where data was centralised and the power to utilise it lay in the hands of individual companies.

In the context of securities finance, in Web 3.0 there is now a transition to a more democratised, trust-based web, in which platforms exist to provide connectivity and to allow transactions to take place, essentially creating “economies in code”, Phillips adds.

Shone defines distributed ledger technology (DLT) as an immutable record of transactions and positions that is shared and distributed from a network perspective, with the intention to establish a standard method of representing trades.

The panel discussed the need for shared solutions in the securities lending industry, with Wolfe advocating the use of a central bank digital currency (CBDC) to provide the market with a clearer indication of the perspective of regulators on crypto and digital markets.

Wolfe notes that this would help to drive networks closer together, since a digital coin could be moved rapidly between networks and counterparties, thereby eliminating the risk of having to wait until the next day for finality of settlement.

Other panellists affirmed the potential value that adoption of a Common Domain Model (CDM) offers in supporting digitisation through standardising the terms of a transaction in electronic format. More broadly, panellists highlighted the industry’s need to find a single source of truth through interoperability and DLT. This is critical in minimising operational inefficiencies, notes DeGiglio.

Examining the challenges currently facing the industry in terms of digital evolution, Shone highlights fragmentation of processes and data as a key issue. This arises as the marketplace experiences organic growth over time, which often results in different solutions, data representations and interpretations that need to be “renormalised” — standardised and centralised to deliver scale and efficiency.

Wolfe points to legacy systems as a significant obstacle, as these are often unable to adapt and evolve with new emerging standards.

In the concluding comments, Phillips names cyber crime as a significant threat confronting the industry, both directly as participants battle against “every barbarian, at every gate”, and indirectly as cyber crime associated due diligence and risk management hinders adoption of platforms that solve for fragmentation, connectivity and interoperability.

SFTR and now

Compliance concerns will escalate considerably once the first fine is issued, says Jonathan Lee, senior regulatory reporting specialist at Kaizen Reporting, at the “SFTR and Now” panel. In reflecting on the lessons that the industry has learnt from implementation of the Securities Finance Transactions Regulation (SFTR), panellists discussed challenges around reconciliation as well as steps that the industry is taking to promote best practice.

Panellists also included Tomas Bochicchio, SFTR director of product management at DTCC; Adrian Dale, head of regulation and market practice at ISLA and Joanne Salkeld, SFTR product manager at MarketAxess.

Speaking on these issues, Kaizen Reporting's Lee says: "The validation rules still remain quite loose and yet they're viewed by the regulators as a reliable benchmark. Unfortunately, reporting a valid transaction or a valid action is certainly no guarantee of the accuracy of that report. The vast majority of the reports that we test are valid, they pass the validation rules of the trade repository, but they are wrong in one or more of the details that are reported."

Lee adds: "Data quality is absolutely key and absolutely fundamental to the regulators being able to use this data for the intended purpose."

Given how broad and diverse the securities finance industry is, having a larger firm offers no guarantee that the quality of their reporting will be higher than that of a smaller counterparty.

"Generally, at the early stages of regulation taking effect, data quality can be lacking and over time that data quality improves, sometimes due to additional regulation or when business validation rules change. Within our first week of reporting, we had an average of 95 per cent acceptance rate and currently it tends to hover between 98 and 99 per cent," explains DTCC's Bochicchio.

Despite all of DTCC's submissions being compliant, there are still several challenges with the business validation rules. Legal Entity Identifiers (LEI) were listed as a problem, with several issuers finding it best not to report when they are without LEIs. If they were to report without LEIs, the panel noted, the report wouldn't pass the business validation rule, making it impossible to submit.

Speaking about the challenges presented by reconciliation, DTCC's Bochicchio observed that eligibility rates in the EU and UK are hovering at 10 per cent across each reporting regime. There is a heightened focus from regulatory authorities on the pairing and matching rates for the trades eligible for reconcilliation.

> *From previous experience of regulations, there is always going to be a ton of reconciliation breaks and we're not going to easily get away from those*

David Lewis, senior director of securities finance at FIS Global, who led the discussion, turned to ISLA's Dale for a response to this compliance concern. Lewis says: "Everyone would agree that regulatory compliance is expensive but it's also vital to be able to undertake your business. When SFTR was introduced everyone thought this was going to be a regulatory imperative to improve data quality in all of the systems and processes that the industry undertakes. But is it really going to take fines to make that leap forward?"

Dale responds: "I don't think we're there quite yet. If someone's done something wrong, you don't immediately jump in with fines all over the place." He goes on to explain that a "much more mature" approach should take place in this situation, suggesting if one firm is reporting incorrectly then there is a possibility that "a bunch of other firms are doing something incorrectly."

Expanding on these points, Lewis explains that firms can pass the regulatory tests and send valid data in. However, if the data isn't being measured properly then it cannot be managed properly.

Speaking on how to combat reconciliation issues, MarketAxess' Salkeld suggests: "SFTR has had a huge impact on operations. From previous experience of regulations, there is always going to be a ton of reconciliation breaks and we're not going to easily get away from those. Understanding large sets of data and the number of breaks that can be received is very difficult to interpret or manage, so having something in place to manage that data is key."

The challenge of improving the liquidity chain

Liquidity is still strong within the securities finance marketplace and the ability to access liquidity via multiple channels remains crucially important, according to industry leaders at the fifth SFT Symposium panel, where panellists discussed the current state of the liquidity landscape.

Panellists included Staffan Ahlner, head of Collateral+, senior vice president of State Street; Grant Davies, head of sales EMEA at EquiLend; BJ Marcoullier, head of sales and business development at Transcend Street Solutions; and David Raccat, CEO of Wematch.

In his opening remarks, State Street's Ahlner says: "Beyond the various avenues that people are utilising to access funding, be it through the repo market, the Total Return Swaps (TRS) market or the securities lending market, there are more avenues to access that funding.

"We can't just look at liquidity in isolation, if we are looking at the three large collateral markets— derivatives, lending and repo—

"The key is to manage these processes efficiently while minimising latency, ensuring that you are able to manage your post-trade connectivity so that if you do trade, the transaction settles."

Davies indicates that by streamlining liquidity access and by reducing the frictional constraints, this means it is easier and more cost-efficient for clients to enter this market and find access to that liquidity. He circled back to his main point, stating: "If it's a booked trade, you need to find liquidity, you need to be able to settle the transaction and you need to do the reg reporting component of it as well. It is meant to be complex, but we can break it down, we can make it easy for people to access and that means we can enable the market."

By streamlining liquidity access and by reducing the frictional constraints, this means it is easier and more cost-efficient for clients to enter this market and find access to that liquidity

they are all interconnected. One trade can feed the other trade, transforming one asset into another to reach that liquidity. It is that toolset and that workflow that we believe is very important for the client, particularly on the buy-side when they're coming in through the market. There are great partners to work with nowadays, compared with 10 years ago."

Adding to Ahlner's analysis of the changing landscape, Wematch's Raccat says his company's users, which are mainly traders, are fundamentally and completely different compared to 20 years ago. In 2021, Raccat has found their understanding of capital costs, balance sheets, and liquidity ratios has become more advanced, with their expectations and attention to the workflow drastically changing.

Led by Gabriele Frediani, managing consultant at ZBO International, the panel notes that the liquidity space is less daunting with the influx of technology and solutions.

EquiLend's Davies says: "We want to encourage liquidity, whether that comes through on securities borrowing and lending (SBL), repo or TRS.

Moving the agenda forward, moderator Frediani asked whether liquidity had become more available and accessible over time.

Responding to this, Davies says that liquidity for them continues to grow for their market. There is latent inventory that "sits on the sidelines" but there is a lot of liquidity out there. With central banks starting to unwind their asset purchase programmes, this will have a huge effect on the market. There are more participants coming, which is welcomed, as "diversity of liquidity is incredibly important".

Reinforcing this point, Transcend's Marcoullier explains: "We've seen improvements in liquidity — whether you think about liquidity in terms of reducing unsecured funding usage or whether you think about liquidity as reducing buffers for intraday flows. Everyone is making strides towards improving their efficiencies and controls. Liquidity is the grease that allows our clients to scale and respond to market conditions."

Concluding this final point, Ahlner notes that the market is operating extremely efficiently. There are capital constraints that make some trades unprofitable, but overall liquidity is definitely in the market.

Provable Markets, ION and Broadridge latest hires and more

Provable Markets welcomes Caroline O'Connell to its advisory board.

O'Connell brings more than 20 years of executive experience in public Fortune 500 global companies across the financial services, wealth management, and insurance industries.

She is currently an independent director and member of the Compensation Committee of Kingwood Acquisition Corp, a New York Stock Exchange-listed special purpose acquisition company (SPAC) focused on the wealth management industry. She is also a senior advisor and member of the Omega Network for Omega Venture Partners, and member of the Strategic Advisory Board of FTV Capital.

Prior to this, O'Connell sat on the Operating Committee of BNY Mellon and the Executive Committee of BNY Mellon Investment Services, where she was the first chief marketing officer for three years.

Additionally, O'Connell spent almost 20 years with BNY Mellon Pershing, where she held a number of positions including global chief strategy officer and chief marketing officer. She built Pershing's marketing function from the ground up and led strategy, communications, the chief of staff function for the CEO, innovation, and product management.

Commenting on the appointment, O'Connell says: "The cryptographic technology deployed by the company, paired with the brilliance and character of the founders and team, is truly market-differentiating and inspirational. I look

ION appoints Robert Cioffi

ION, a global provider of trading, analytics and risk management solutions for capital markets, has announced the hire of Robert Cioffi as global head of equities product management.

Based in London, Cioffi's leadership and expertise will be essential in developing talent, forging cross-functional partnerships, and promoting cultures of engagement, collaboration, and transparency at ION Markets.

He brings more than 25 years of experience to the role, with 15 years spent at UBS Investment Bank where he recently held the role of executive director and product manager, securities eCommerce.

During his time with UBS, Cioffi led the Cash EQ product management team before moving to product management of the UBS Neo Platform.

Prior to this, Cioffi was vice president at Instinet, an institutional broker and independent equity trading arm, and the electronic trading platform MarketXT. He joins ION with a deep understanding in low touch, high touch, and block trading workflows.

Speaking on the announcement, Hishaam Caramanli, ION Group chief product officer, comments: "Robert's in-depth knowledge of the sector will help strengthen ION Markets as it continues to innovate in the increasingly complex equities trading space. Advanced technology is required for businesses to grow, facilitating the unification of business operations, simplification of automation of workflows, and improved efficiencies."

forward to helping the company achieve the amazing growth that I believe it's capable of."

Thomer Gil, co-founder and president of Provable Markets, adds: "Caroline's experience and track record as a thoughtful visionary aligns with Provable's long-term goals and mission. Above all else, Caroline brings with her a foundation of values and character that are at the core of what we are building within our company."

Broadridge has announced the hire of Trip Chong to director of business development for its Securities Class Action solutions.

Based in London, Chong will be responsible for selling Broadridge's Class Action solutions to markets outside of North America. Her previous leadership roles in business development, operations and client services have enabled her to build strong, long-term relationships with institutional clients and industry partners, delivering services in the securities litigation arena, says Broadridge.

Chong has over 13 years of industry experience in securities group investor actions with a particular focus on international jurisdictions.

She joins Broadridge from specialist investor litigation monitoring, advisory and recovery firm, Institutional Protection, where she was head of strategic partnerships. Chong worked closely with law firms, litigation funders and investor rights groups to help clients navigate the landscapes of international securities litigation.

Speaking on the announcement, Manuel Baptista, vice president, head of investor communication solutions international sales at Broadridge, says: "Her accomplishments, expertise, and industry experience in securities class actions are certain to be an asset to our company and our clients. Trip is a welcome addition to our team, and we look forward to her invaluable contribution."

BNP Paribas Securities Services has appointed Frédéric Pascal to head of markets and financing services (MFS), effective 1 November.

Pascal will replace Eric Deudon, who held the position of head of markets and financing services for the past five years. Deudon will leave BNP Paribas Securities Services next year to pursue other opportunities, after more than three decades with the bank.

In this role, Pascal will be responsible for driving the growth of MFS products and services, including securities lending, foreign exchange services, triparty collateral management, and financing.

Pascal joined the bank in 1999 and has extensive experience within the financial and securities services industries, having held several senior management positions within the bank's fixed income, structured products and strategy departments.

More recently, Pascal was responsible for BNP Paribas Securities Services' finance and asset liability management and treasury departments.

Recent developments within MFS include the extension of principal lending to wealth managers, the development of a reporting application for Automated FX and an investment in HQLA^{X}, which uses blockchain to facilitate the exchange of collateral.

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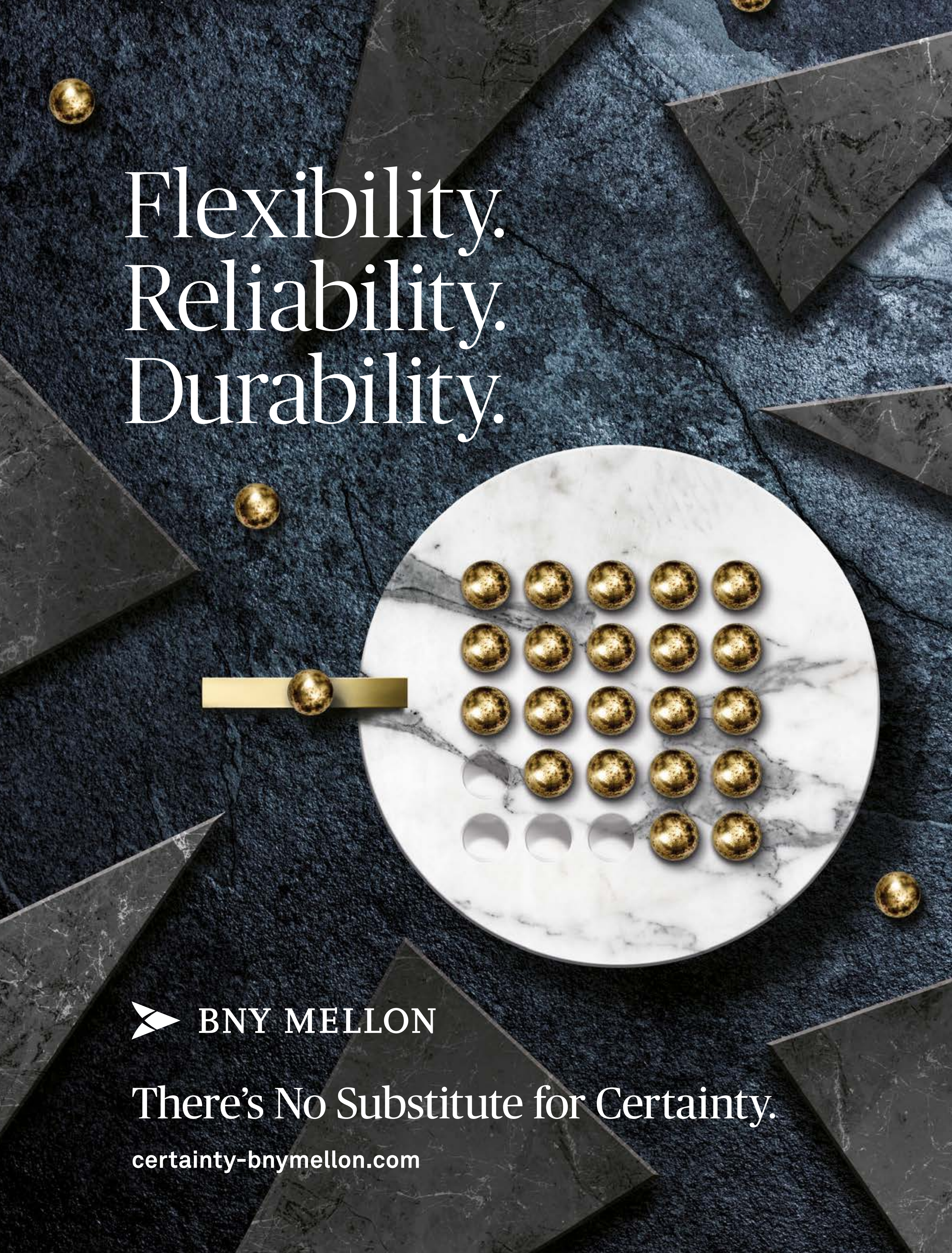
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