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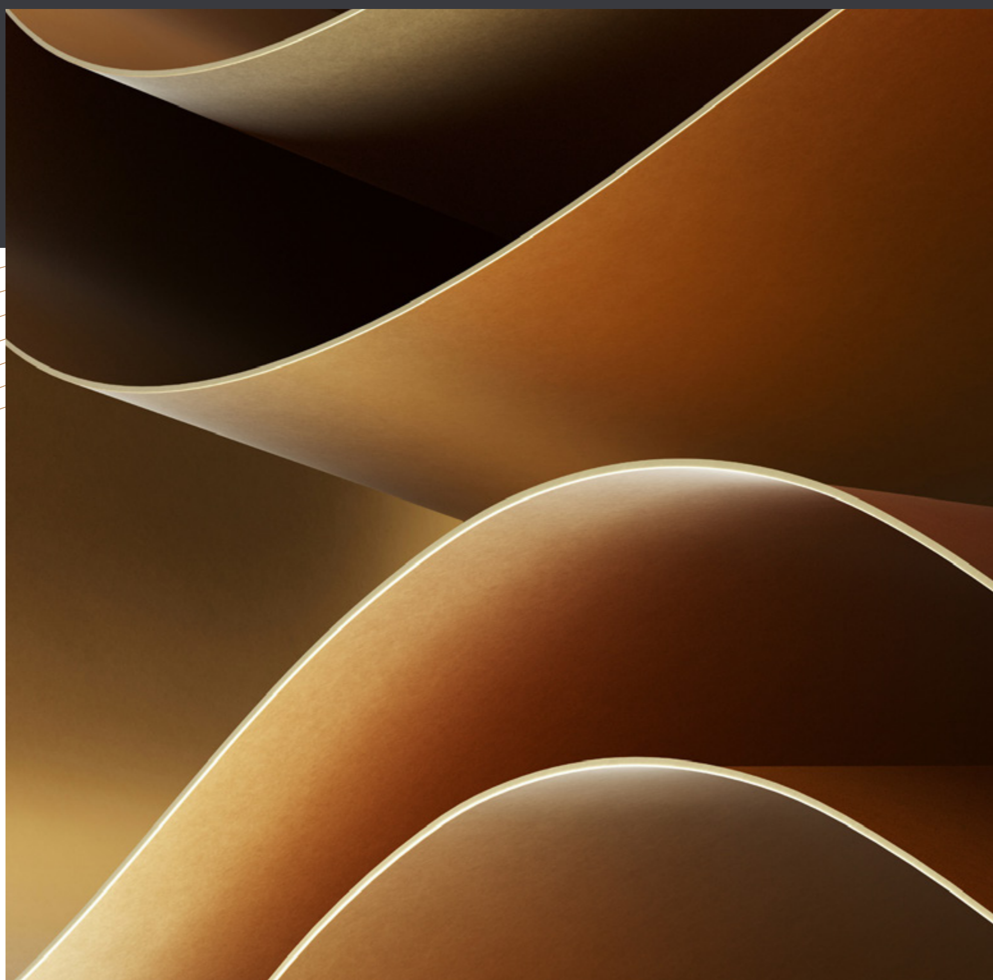
Fostering the competitiveness of Spanish capital markets

Following the region's 15-year push to create a framework for securities lending by CIS, participants discuss the prospect for change



IDX launches repo transactions on SPPA

The Indonesia Stock Exchange (IDX) has launched a new feature of repo transactions on its Alternative Market Operator System (SPPA).

Through this move, Bursa Efek Indonesia (BEI) aims to improve the efficiency, effectiveness, and liquidity of debt securities and money market trading by banks, regional development banks (RDBs), and securities companies.

SPPA service users can now use the facility to conduct repo transactions by underlying debt securities, especially sovereign debt instruments (SUN).

This new repo transactions feature will complement the outright transaction feature (outright sale), which is currently available on the SPPA platform.

Jeffrey Hendrik, development director at BEI, explains that repo transactions with underlying SUN on the same platform as SUN buying and selling transactions will make SPPA a pool of liquidity for debt securities trading in Indonesia.

This will make it easier for banks, RDBs, securities companies, and brokers who are SPPA service users to monitor the debt securities market and money market, he says.

SPPA repo is targeted to become a major part of Indonesia's financial market infrastructure in accordance with the digitalisation strategy implemented by the central bank, Bank Indonesia.

There are currently 39 SPPA service users who can directly utilise the debt securities repo transaction service starting early this year, which is an increase of 95 per cent compared to when it was first implemented, and this number is expected to increase further, according to BEI.

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BBH and MUFG Investor Services to offer securities lending service

Brown Brothers Harriman (BBH) has entered into an agreement with MUFG Investor Services, a division of Mitsubishi UFJ Trust and Banking Corporation (MUTB), for the provision of enhanced securities lending services to its asset manager and financial institutions clients globally.

The firms are developing an integrated model across BBH's workflows, servicing, and support.

As part of the integrated model, MUTB will provide securities lending capabilities and trading strategies, including fixed income market coverage and collateral flexibility.

While BBH will coordinate with MUTB to ensure seamless integration in the delivery of custody and securities lending services for BBH clients going forward, the firm says.

Chris Gothard, partner responsible for BBH's markets offerings, says: "This cooperative model with MUTB enhances BBH's position as the custodian and administrator of choice for the world's most sophisticated asset managers and financial institutions.

"Our strategy is to focus on the solutions where we can deliver premier service, innovative technology, and specialist expertise to our clients, and scale our business through the creation of strategic relationships where it makes sense for our clients."

Tim Smollen, EVP and global head of Global Securities Lending Solutions at MUFG Investor Services, adds: "The philosophy and values of our two respective securities lending programmes have always been similar in that we both provide high-touch, world class service to a relatively small number of sophisticated institutional investors."

Hidden Road launches fixed income prime platform

Hidden Road, a global credit network for institutions, has launched a fixed income prime brokerage platform.

It will initially support fixed income repo and global funding services following the firm's recent approval as a Fixed Income Clearing Corporation (FICC) clearing member.

The move represents the latest expansion of Hidden Road's product suite, which currently offers clients access to clearing, prime brokerage and financing across a diverse range of asset classes.

Hidden Road's Fixed Income and Funding business is led by Mike Santoro, an industry veteran who has led repo and funding operations at a number of global financial institutions, including BNP Paribas and Guggenheim Securities.

The team will be instrumental in building this key component of the firm's multi-asset prime brokerage, clearing and financing offering, the firm says.

Commenting on the news, Noel Kimmel, president at Hidden Road, says: "Hidden Road's Fixed Income Repo & Global Funding platform marks a significant milestone in our mission to build the industry's most comprehensive suite of multi-asset prime brokerage and institutional financing solutions.

"With the ability to cross-margin and margin finance across cleared derivatives, FX prime brokerage, OTC swaps and digital assets, we are now able to offer a truly differentiated service to the institutional marketplace."

Santoro adds: "We are excited to launch this business and become a member of FICC, a critical market infrastructure provider that brings stability and efficiency to the fixed income markets.

"Through this membership, we look forward to providing counterparties, and eventually our clients, with seamless execution and enhanced access to liquidity through our full-service, technology-enabled platform."

Global securities lending revenue up 6%

Global securities finance revenue for lenders increased by 6 per cent year-over-year (YoY) for February, generating US$703 million, says DataLend.

The market data service of EquiLend also reports that global broker-to-broker activity — where broker-dealers lend and borrow securities from each other — was up 7 per cent YoY for the month, totalling an additional US$193 million in revenue.

In its monthly review, DataLend notes that global equity revenue improved by 4 per cent as an increase in balances of 17 per cent offset a 9 per cent decrease in fees.

Despite an increase in market volatility through rising inflation, global trade tensions and declines in the US technology sector, lending revenue for US stocks continued to fall by 13 per cent, with average fees declining 22 per cent YoY.

Equity lending revenue in EMEA and APAC saw YoY gains of 17 per cent and 39 per cent respectively.

The UK led EMEA with a 48 per cent YoY gain, driven by a 46 per cent increase in balances as the FTSE 100 reached record levels.

In APAC, Taiwan and Hong Kong securities lending markets outperformed YoY, with revenue gains of 72 per cent and 69 per cent, respectively.

While both markets cooled compared to January, the Japanese lending market saw an improvement.

Average fees for Japanese equities increased by 13 per cent, and balances rose by 12 per cent,

resulting in a 22 per cent gain in lending revenue. The top two earners in APAC were both Japanese equities, earning just under US$6 million total — Bitcoin acquirer and manager Metaplanet and semiconductor manufacturer Kioxia Holdings.

Global fixed income revenue increased 13 per cent YoY as government debt lending performance improved by 16 per cent and corporate debt revenue by 6 per cent.

While the average fees for both government and corporate debt fell by similar margins, 3 per cent and 4 per cent respectively, the volume of bonds on loan increased by 23 per cent and 29 per cent YoY.

The top five earning securities in February were Endeavor Group Holdings, Enbridge, iShares iBoxx High Yield, Plug Power, and Tempus AI.

The five securities in total generated US$46 million in revenue for lenders in the month.

Regnology acquires Heywood Business Analysts

Regnology has acquired Heywood Business Analysts, an IT software development company specialising in banking and financial institutions in Southern Africa.

The acquisition will integrate Heywood's expertise in regulatory reporting and system integration with Regnology's suite of regulatory, risk, and supervisory technology solutions.

Regnology believes this integration will deliver enhanced value to its clients through a combined suite of solutions and services.

Maciej Piechocki, chief revenue officer at Regnology, says: "[Heywood's] deep expertise in regulatory reporting and strong market presence in Southern Africa will significantly enhance our ability to deliver innovative and client-centric solutions to our combined client base."

Heywood's customer base includes South African banks such as ABSA, Standard Bank,

Discovery Bank, Old Mutual, as well as international banks like Standard Chartered and Deutsche Bank.

DixII, one of Heywood's main products, is designed to ensure compliance with the South African Reserve Bank's (SARB) Basel III requirements by providing regulatory reporting, data validation, and electronic submission of BA returns.

Christopher Strangways-Dixon, CEO of Heywood Business Analysts, adds: "This partnership will enhance client service and expand reach across South Africa, leveraging Regnology's extensive resources and expertise. The dedicated and expert Heywood team will drive continued growth and success in the region."

Eurex Repo average daily volume faces 11% drop

Trading volumes on Eurex Repo have dropped by 11 per cent year-on-year (YoY) to €308 billion for February in average daily term-adjusted volume.

While there was a 14 per cent YoY rise in GC Pooling average daily term-adjusted volume to €147 billion, special repo average daily term-adjusted volume fell by 26 per cent YoY to €161.1 billion.

For OTC derivatives clearing, notional outstanding volumes have risen 17 per cent YoY for the month, to €39,776 billion.

Growth in this area has been attributed to YoY increases in notional outstanding for interest rate swaps (16 per cent, €16,783 billion) and overnight index swap clearing volumes (30 per cent, €4,553 billion).

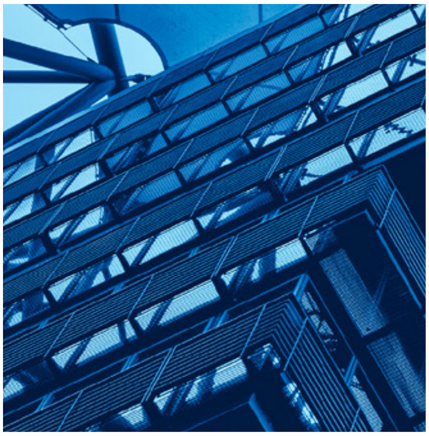
Average daily cleared volumes through Eurex Clearing have increased 11 per cent YoY for February to €258 billion.

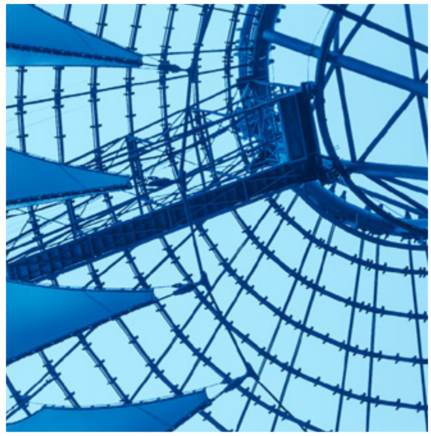
This features a 73 per cent YoY spike in interest rate swaps to €41 billion, and a 57 per cent YoY hike in overnight index swaps to €34 billion.

CMU OmniClear joins PASLA

The Pan Asia Securities Lending Association (PASLA) has welcomed CMU OmniClear as a Solutions member.

Incorporated in 2024, CMU OmniClear is a wholly-owned subsidiary of the Exchange






Fund — the primary investment arm and sovereign wealth fund of the Hong Kong Monetary Authority (HKMA).

Since January 2025, the company has been carrying out the operations and business development activities of the Central Moneymarkets Unit (CMU) on behalf of the HKMA.

CMU is a central securities depository (CSD) for debt securities in Hong Kong, aspiring to develop the CMU into a major international CSD in Asia, connecting China and global bond markets within a single network.

In March, CMU OmniClear signed a Memorandum of Understanding with Hong Kong Exchange and Clearing (HKEX) to enhance the region's post-trade securities infrastructure.

Established in 1995, PASLA is an industry association representing the interests of the securities finance market across APAC, with the aim of developing the regional securities finance market structures in line with the needs of its membership and stakeholders.

PASLA's Solutions membership is specifically aimed at clearing houses, data providers, exchanges, and fintech firms that are involved with securities finance transactions.

Tradeweb reports 30.1% YoY jump for February

Tradeweb has reported a 30.1 per cent year-over-year (YoY) rise in repo average daily volume (ADV) traded on its platform for February, generating US$716.1 billion.

According to the global electronic marketplace operator, global repo trading activity was supported by increased client participation across the platform, driving record European repo activity.

In the US, volumes were driven by the continued unwinding of the Federal

Reserve's balance sheet and reduced balances in the reverse repo facility, says Tradeweb.

For rates trades, US government bond ADV was up 21.3 per cent YoY to US$252.2 billion.

European government bond ADV increased by 12.7 per cent YoY to US$57.4 billion.

"Record US Treasuries ADV was led by record activity across the institutional and wholesale client channels, while European government bond ADV was driven by strong volumes across our institutional client channel," explains Tradeweb. "A diverse set of clients continued to trade on the platform, with growing adoption across a wide range of trading protocols."

The ADV for swaps and swaptions grew by 0.2 per cent YoY to US$503.4 billion, with total rates derivatives ADV increasing by 9.9 per cent YoY to US$867.6 billion.

Tradeweb observed strong risk trading activity YoY driven by market volatility as a result of policy changes by the US federal administration, as well as the recent election in Germany.

In credit markets, fully electronic US credit ADV was up 11.8 per cent YoY to US$8.6 billion. European credit ADV grew by 24.6 per cent YoY to US$2.9 billion.

US credit volumes were driven by increased client adoption of Tradeweb protocols, most notably request-for-quote (RFQ) and Portfolio Trading, says the firm.

Tradeweb captured 17.8 per cent and 7.3 per cent of fully electronic US high grade and US high yield TRACE, respectively.

The firm attributes record European credit volumes to further client adoption of Portfolio Trading, RFQ and Tradeweb AllTrade protocols.

TreasurySpring collaborates with Kyriba on API

Global cash investment platform TreasurySpring, in collaboration with liquidity performance firm Kyriba, has launched a public API to provide its clients with access to institutional cash investments.

Kyriba customers will be able to access TreasurySpring's suite of wholesale cash products ranging from collateralised repo from international banks to government securities and corporates.

Félix Grévy, vice president of product, open API, and connectivity at Kyriba, comments: "In an environment of continued market uncertainty, CFOs and Treasurers are turning to AI-driven SaaS solutions to automate workflows, enhance decision-making, and streamline cash forecasting.

"By integrating TreasurySpring into Kyriba's Marketplace, we are expanding access to cash investment solutions that optimise liquidity performance and efficiency for our customers worldwide."

The collaboration marks the launch of TreasurySpring's first public API release, which provides select customers with the ability to view and access TreasurySpring's fixed-term products across more than 90 issuers and eight currencies, as well as the ability to view holdings and exposures across counterparties.

Tom Ryan, global head of partnerships at TreasurySpring, adds: "Platforms such as Kyriba play a critical role in helping our customers manage, forecast, and invest their cash, and we look forward to working with additional partners to expand access to TreasurySpring.

"The launch of our public API is a significant landmark moment for us as we continue to strengthen and grow the business in the UK, US and beyond."

ISLA Americas grows its membership

Three additional companies have joined the International Securities Lending Association (ISLA) Americas following the lead of several other financial institutions over the past few weeks.

This includes the Option Clearing Corporation (OCC), which is a clearing house based in Chicago, providing CCP clearing and settlement services to a number of exchanges.

Another new member State Street, named after its headquarters location, is a global financial services and bank holding company providing asset management, custody, mutual funds, and ETF.

ISLA Americas has also welcomed the New York branch of Deutsche Bank, which is a German investment bank and financial services company dual-listed on the Frankfurt Stock Exchange and the New York Stock Exchange.

Incorporated in May 2024, ISLA Americas is a non-profit industry association, representing the common interests of securities lending agents, borrowers, beneficial owners, institutional investors, and other market practitioners in the Americas region.

Euronext to consolidate settlement on its markets

Euronext Amsterdam, Brussels, and Paris will designate Euronext Securities as the central securities depository (CSD) for the settlement of equity trades from September 2026.

These three markets will join the other Euronext markets in Lisbon, Milan, and Oslo, already supported by Euronext Securities.

This move comes as part of Euronext's 'Innovate for Growth 2027' strategic plan unveiled in November 2024.

According to the firm, it is an important step to tackle post-trade fragmentation in Europe, improve its capital markets' competitiveness, and open up new trading and investment opportunities, particularly across borders.

Stéphane Boujnah, CEO and chairman of the managing board at Euronext, comments: "Euronext is tackling post-trade fragmentation, one of the key obstacles highlighted by the Draghi report on the future of European competitiveness to the establishment of a large, integrated capital market in Europe.

"Euronext, with its European single trading platform and single liquidity pool gathering 25 per cent of European equity trading activity, is uniquely placed for this strategic move to expand Euronext Securities settlement in Europe, after the successful migration of its clearing activity in Euronext Clearing."

The Euronext integrated model aims to provide clients with streamlined post-trade operations, enhanced liquidity, and simplified market access across Europe.

Clients will be able to consolidate the settlement of equity trades and related custody activities for a number of local markets in one single CSD — as opposed to more than 30 different CSDs currently in place across Europe.

They will also benefit from easier adaptation to regulatory changes, says Euronext, in particular during the preparation for the move to T+1 in Europe in October 2027.

In parallel, Euronext has also announced the move of its shares to Euronext Securities on 12 March.

This move demonstrates the concrete opportunity available for equity issuers to benefit from the positive impact of consolidation, says the firm.

OCC average daily loan value up 12% YoY

The Options Clearing Corporation (OCC) has recorded a 12 per cent year-on-year (YoY) rise in average daily loan value for securities lending trades, generating US$173.3 billion for February.

Total securities lending transactions cleared on the OCC platform climbed 38.22 per cent YoY to 276,596 for the month.

The total volume for all futures and options cleared through the equity derivatives clearing organisation increased 15.5 per cent YoY to 1.1 billion contracts.

The OCC experienced a 23.9 per cent YoY hike in equity options contracts in February to 645.9 million, while index options contracts grew 4.1 per cent YoY to 86.2 million.

ETF options contracts cleared on the OCC were up 6.4 per cent YoY for the month to 390.7 million, and cleared futures contracts grew 7.4 per cent YoY to 4.5 million.

Fostering the competitiveness of Spanish capital markets

Following the region's 15-year push to create a framework for securities lending by collective investment schemes, market participants discuss the current developments in Spain's capital markets and the prospect for change

In January 2024, the Bolsas y Mercados Españoles (BME) released a whitepaper which proposed several measures to increase the competitiveness of Spain's capital markets and, consequently, to contribute to strengthening the growth of its economy.

Following its release, participants in the market have been working diligently on new developments, namely the use of securities lending by collective investment schemes (CISs) — a motion which has been encouraged by the market over the past 15 years to no prevail, leaving Spain as the only country in Europe without this possibility.

"Spanish Undertakings for Collective Investment in Transferable Securities funds have traditionally been prohibited from engaging in securities lending, a restriction that has limited their ability to enhance returns and manage liquidity effectively," notes Matthew Chessum, director of securities finance at S&P Global Market Intelligence.

He believes that if this rule were to change, it could open up new avenues for these funds, allowing them to participate in securities lending markets, "putting them on an equal footing with other UCITS funds across Europe".

Poised for growth

Situated on Europe's Iberian Peninsula, and known as the largest country in Southern Europe, Spain is admired by many, exhibiting diverse geography and cultures across its 17 autonomous regions. In terms of its securities lending market, Spain's position in the global securities finance arena seems to be evolving.

According to José Manuel Tassara de León, head of agency securities finance at Cecabank, Spain has historically been "somewhat behind" in terms of securities lending by CIS, but with the upcoming regulatory changes, Tassara believes this market is "poised to catch up".

There are several factors as to why Spain has traditionally lagged behind larger European markets in terms of the breadth and depth of its securities lending activity, says Roy Zimmerhansl, head of capital markets at WTS Hansuke. These factors, which include regulatory constraints on certain domestic investors, have limited the pool of lendable assets. But despite these challenges, Zimmerhansl also remains optimistic.

He explains: "Ongoing regulatory developments, combined with the presence of prominent financial institutions and a well-established exchange, underline Spain's potential to evolve from a relatively niche securities lending market into a more active participant in the global arena."

Over the past two years, securities lending activity in Spain has exhibited notable trends in balances, fees, and revenues. Balances have generally shown an upward trajectory, indicating a growing interest in Spanish equities among investors, explains Chessum.

In 2024, the total balances reached approximately €7.61 billion, reflecting a significant increase from the previous year, which stood at around €6.89 billion, according to S&P Global Market Intelligence data. Chessum indicates that this 10.46 per cent year-over-year growth suggests that more Spanish assets are being utilised for lending purposes, as institutions seek to optimise their portfolios and enhance liquidity through securities lending.

Exploring the market further, Enrique Verdu, senior managing director in securities finance at Santander, says the bank has been promoting securities finance for over 30 years, but so far only banking entities have been active in Spain.

He notes: "It has been a very interesting development, something I am very proud of, moving away from just equity short coverage to more sophisticated financing driven trades, including the possibility to combine cash and non-cash collateral, triparty, integration of fixed income and equity capabilities across different products, mainly repo, securities lending and TRS."

Verdu also highlights interesting developments in this market linked to the digital space, where Santander has been active in lending and borrowing native digital assets and trading intraday digital repos.

> "The current trend shows a commitment from Spanish authorities and financial entities to continue adapting and strengthening their position."

While securities finance is core to any market or treasury division, and is constantly evolving, Verdu says that part of this development has been linked to being able to connect to asset managers across Europe — which have been a key part of this ecosystem for many years, whether through agency programmes or directly, key liquidity providers and active participants.

For Tassara, initiatives such as the Securities Financing Transactions Regulation (SFTR) and the Central Securities Depositories Regulation (CSDR) have improved market transparency and efficiency, allowing for greater integration with other European markets. Additionally, he says digitalisation has strengthened operations in Spain.

"Despite these advances, the Spanish market still faces challenges in terms of liquidity and depth compared to more established financial hubs," he continues. “Nevertheless, the current trend shows a commitment from Spanish authorities and financial entities to continue adapting and strengthening their position in the global securities finance market.”

Moving the needle

As it stands, collective investment undertakings cannot carry out securities lending operations — except in certain limited circumstances. Although they are empowered to do so in accordance with article 30.6 of Law 35/2003, the mandatory ministerial development has not been implemented to date, despite efforts to introduce a regulatory development.

“In general, the ability to lend securities is in most other countries adhering to ownership, so investment funds have not needed to adopt regulations to be able to do this,” says Domingo García Coto, director of the BME Research Department. “But in Spain, however, the literal wording of the law requires a specific development to establish the conditions under which securities lending can be carried out.”

> “The ability of CISs to lend will increase supply and therefore enhance liquidity.”

BME’s ‘Whitepaper on fostering the competitiveness of Spanish capital markets’ brought to light a number of underlying handicaps in the functioning of the Spanish securities and capital markets, one key point related to securities lending by CIS.

Consequently, the paper proposes to accelerate the regulation of securities lending operations for CISs and for urgent approval of the corresponding Ministerial Order to allow Spanish collective investment institutions to access these operations, without being subject to current legal limitations.

Since its release, the report has garnered much support, for example, from independent reports such as the Draghi report, the European Securities and Markets Authority (ESMA) EU Securities Financing Transactions report, and the latest Organisation for Economic Co-operation and Development (OECD) report on Spanish capital markets.

Several measures proposed in the latter report — titled ‘OECD Capital Market Review of Spain 2024’ — coincide with those in the BME whitepaper. The first position in the summary of more than 30 recommendations of the OECD report is dedicated to securities lending operations.

The Comisión Nacional del Mercado de Valores (CNMV), through its chairman Rodrigo Buenaventura, has expressed its support for the necessary regulatory development — as described by BME — to be carried out, dispelling doubts about the potential risks of encouraging short selling.

In addition, Cecabank has been actively engaged with stakeholders to support the development of securities lending by CIS, leveraging its expertise in securities lending to prepare for the launch of securities lending operations.

The BME made a call to government to accelerate the regulation of securities lending operations for CIS and requested the approval of a Ministerial Order that would authorise the Spanish regulator, CNMV, to carry out regulatory developments (dating back to 2007).

“On the 5 September 2024, after years of advocacy from our industry, the Ministry of Economy, Trade & Business issued a public consultation on a Draft Ministerial Order Regulating the Loan of Securities,” confirms Farrah Mahmood, director of regulatory affairs at the International Securities Lending Association (ISLA).

According to García Coto, the issue of securities lending by investment funds has now become a “high priority”. And fortunately, it is a change that has already enjoyed the consensus of regulators and market participants.

He adds: “The Ministry of Economy continues to adjust the content of the law, and it is expected that it will soon be sent to the Council of State. We hope that approval will occur in the short term.”

On 10 January 2025, the Spanish government issued an updated Draft Ministerial Order Regulating the Loan of Securities. Despite a need for further improvements and additions, Mahmood believes this to be “a significant improvement from the previous versions”.

Market participants agreed that the approval of the regulation could provide a number of benefits to Spain's capital markets including the generation of additional income through lending fees — which could be reinvested to improve fund performance; enhanced competition of Spanish UCITS funds; and adding additional market liquidity.

Approval could also welcome new players into the market, including new agent lenders that can facilitate the development of the industry on behalf of the new participants.

"If the Ministerial Order is approved in the coming months, this will be a monumental development for Spain," says Mahmood. "The ability of CISs to lend will increase supply and therefore enhance liquidity. As more funds participate in securities lending, it can attract additional borrowers, enhancing overall market participation and creating a more dynamic lending environment."

Furthering the discussion, Tassara adds that it is critical to highlight the importance of the depositary entities in supporting CIS and asset management companies, with the aim of strengthening the processes and the confidence of unit holders.

He continues: "Management companies need to be supported by experienced and solvent partners committed to the local industry and guarantors of best market practices. In this sense, a specialised depositary enables asset management companies to stay current with changes in the market and regulations.

"Depositaries must remain prepared as regulatory pressure and operational requirements intensify. In addition to key responsibilities for settlement, collateral exchange, and custody, they also provide essential oversight across these processes."

The approval, which is expected in the short term, is "only the first step", according to García Coto, with more positive developments set to follow. He notes that there is a much greater awareness not only in Spain, but also in Europe, of the role of the securities and capital markets to promote the competitiveness of companies, the productivity of workers, and therefore economic growth.

In addition to the BME's work on securities lending by CIS, it is also working on extending securities lending operations to pension funds as it, in García Coto's words, "is a long-awaited need for the Spanish fund sector and will be important in the future".

"The competition with the United States is important, and so it's time to improve the framework for the European capital markets to be competitive," he declares.

Pension funds and preparation

In line with the BME, players and representatives of the market are eager to extend securities lending operations to pension funds. ISLA sees "great merit" in creating an additional Ministerial Order to regulate securities lending for other types of institutional investors such as pension funds, which Mahmood notes is common throughout Europe.

The OECD Capital Market Review of Spain 2024 report, within its recommendation relating to securities lending operations, also proposes to extend eligibility to other vehicles, such as, in this case, pension funds.

Regarding CISs and pensions funds, Zimmerhansl says this regulatory initiative is highly significant and marks a turning point for Spain's securities finance ecosystem. "By allowing collective investment schemes and pension funds to participate more extensively in securities lending, the market gains a much-needed increase in lendable supply."

Furthermore, he highlights that the broader participation not only deepens liquidity but also makes Spain "more comparable to other European markets" in terms of both regulatory alignment and market robustness.

Analysing the market's reaction to these potential regulatory changes, Zimmerhansl notes a positive outlook from local and international participants, who view these changes as a "long-overdue enhancement", which they expect will stimulate trading volumes, attract foreign investment, and reduce lending fees through greater competition.

On the other hand, there remains a cautious optimism. Zimmerhansl explains that some stakeholders remain cautious, focusing on the precise regulatory requirements, the pace of adoption, and that the right operational structures and governance are in place.

Over the past six months, Zimmerhansl has been focussed on helping Spanish banks and other financial institutions that are new to securities lending — both as potential borrowers and lenders — prepare for the impending regulatory changes. This has involved training and education, operational assessments, and developing comprehensive Target Operating Models (TOM) that outline technology requirements, governance frameworks, and operational processes to ensure a smooth implementation.

In terms of preparation, during the last year BME has been creating working groups, including the securities lending working group which was launched jointly with Inverco — the Spanish Association of Collective Investment Institutions and Pension Funds.

> "While Spain still has ground to cover relative to other leading European hubs, its recent steps to modernise securities lending signal a positive trajectory for the country's financial markets."

The SIX Group company and operator of all securities markets and financial systems in Spain is actively promoting a number of its 56 measures, alongside the working group members which include the main entities of the Spanish securities finance sector, both domestic and international, and other trade bodies like ISLA.

On the horizon

"This piece was missing in the securities lending sector in Spain and we hope that with its approval it will be fully aligned with Europe," says García Coto.

Gathering their final thoughts on the potential approval of the Ministerial Order Regulating the Loan of Securities, and the future of the Spanish market, participants echo its importance and look positively toward the country's future in this respect.

For Tassara, the approval of the regulation will have a "profound impact" on Spain's securities lending market, marking a significant milestone in the evolution of the region's financial markets, "promising substantial benefits for both domestic and international stakeholders".

"The new regulation will align Spain's financial practices with international standards, fostering greater confidence among global investors. Moreover, the enhanced market liquidity resulting from the regulation will provide domestic investors with more opportunities for portfolio diversification and risk management," he explains

"This development is anticipated to stimulate innovation in financial products and services, contributing to a more dynamic and competitive financial sector in Spain."

As and when the regulation is approved, Verdu anticipates that Spanish asset managers will be able to leverage on the back of a "very well developed European market", where their peers, directly or through their agent lenders, have daily interaction with other securities finance participants. He states that the Spanish asset management industry is among the biggest in Europe and should facilitate additional market liquidity across regions.

Zimmerhansl declares that a promising future for Spain's capital markets is driven in large part by a broader involvement from domestic investors — particularly CIS and pension funds — will deepen the lending pool and boost trading volumes. Furthermore, as more assets become available for borrowing, spreads should tighten, and price discovery will improve, leading to a more efficient market overall.

He adds that with better infrastructure, technology adoption, and a supportive regulatory environment, the industry can expect new products, more sophisticated trading strategies, and a sustained uptick in market activity.

Moving forward, García Coto expects a "more favourable situation" in the next few years. He says that the BME whitepaper identifies specific points to be improved regarding fiscal or operational issues and regulations — all of which promote the role of capital markets in developing the economy.

Concluding, Zimmerhansl says: "Overall, while Spain still has ground to cover relative to other leading European hubs, its recent steps to modernise securities lending and encourage broader participation signal a positive trajectory for the country's financial markets."

ECB trials in review: The French perspective

In the second instalment of this two-part series, Daniel Tison invites Banque de France and BNP Paribas to join the discussion on the recently completed ECB DLT trials and experiments

Three main ingredients

The Eurosystem, comprising the European Central Bank (ECB) and EU national central banks, provided three interoperability-type solutions for its distributed ledger technology (DLT) experimentation programme, running from May to November 2024, commonly known as the 'ECB trials'.

DL3S, the full-DLT interoperability solution, developed by the Banque de France, allowed 40 entities from nine jurisdictions to settle wholesale financial transactions in central bank money, in a token-based account held on a DLT platform provided by the Eurosystem.

Five entities from four jurisdictions tested the TARGET Instant Payment Settlement (TIPS) Hash-Link of Banca d'Italia. This enabled the settlement of wholesale financial transactions in central bank money in accounts on a TIPS-like platform set up for the Eurosystem. The solution tested interoperability between a market DLT platform and a central bank-operated payment system — a copy of TIPS — via an API gateway.

Last but not least, Deutsche Budesbank's Trigger Solution, used by 25 entities from five jurisdictions, consisted of a DLT infrastructure acting as a technical bridge between T2 and market DLT platforms.

Natacha Dezert, blockchain and digital assets programme manager for Securities Services at BNP Paribas, comments: "The programme was a great opportunity for industry collaboration with various market participants getting together to build and work on relevant use cases, as well as a great opportunity to further collaborate with our clients and better understand their needs and expectations regarding digital assets."

BNP Paribas was the only bank to test all three solutions, with six trials and four experiments conducted throughout the exploratory work. This included real transactions with Neobonds, BNP Paribas' private tokenisation platform using Canton blockchain, and test transactions with AssetFoundry, its Ethereum-based platform.

As both a market participant and DLT operator, the French multinational bank utilised its integrated and diversified model across business lines, including ALM Treasury, BNP Paribas Asset Management, FIC Official Institutions Coverage/FIC Investors Coverage, Global Markets, and Securities Services, to build expertise across multiple roles.

"It was extremely positive internally because we have worked on different use cases, covering the whole security lifecycle and intervening with various roles such as wallet manager, issuing and paying agent, custodian, and depositary bank," adds Dezert.

"This allowed us to foster transversal collaboration and coordination across BNP Paribas' entities and to engage many different teams across the group. It was a great learning experience to strengthen our knowledge and expertise at many levels — operational, legal, risk, compliance, and more."

One combined solution

As one of the three participating central banks, Banque de France conducted 19 trials and experiments throughout the exploratory work, while providing an interoperability solution for the exploratory work organised by the ECB.

Audrey Metzger, director for innovation and financial market infrastructures at Banque de France, explains that the French central bank started with similar experiments as first in 2020 — three years before the Eurosystem project was announced.

"We had a lot of requests from the market players explaining to us that they wanted to explore a way to make transactions on digital assets or tokenised, and that it would be much more efficient if the cash leg could be central bank money, and we realised that it is very promising," says Metzger.

Her deputy Adeline Bachellerie adds that working together with other market participants across Europe is particularly important in the geopolitical context and with the EU's objective of the Saving and Investment Union.

"It's important to see what history teaches us, and the last financial crisis was important in that respect," she notes. "Central bank money is at the heart of the financial system as the most liquid asset without any risks, which allows a secure financial transaction."

"The appetite for the market is clearly for wholesale CBDC or central bank money because it is the safest settlement asset."

Central bank digital currency (CBCD) was one of the three digital cash mechanisms tested during the ECB trials, along with commercial bank money and tokenised deposits, explains Matthieu Herbeau, CBDC experimentation manager at Banque de France.

"The appetite for the market is clearly for wholesale CBDC or central bank money because it is the safest settlement asset," he states. "Nevertheless, there are initiatives for tokenised deposits and commercial bank money on the ledger. The idea, of course, is to make sure that all three can coexist, and we support the coexistence of those assets by providing the right infrastructure and the right level of control."

Herbeau continues by describing use cases where transactions between participants in commercial bank money were ultimately settled in central bank money.

"We also had some use cases with tokenised deposits, which is quite encouraging, and we look forward to more experiments and trials around the coexistence of the settlement assets," he adds.

Following this train of thought, Bachellerie says: "We already have a coexistence between commercial bank money and central bank money, and the idea with DLT is, of course, to maintain this coexistence, but maybe to go further."

She explains the vision of a European shared ledger, which would bring together token versions of central bank money, commercial bank money, and other digital assets on a shared, programmable, DLT platform, on which market participants could provide their services.

> "We have gained momentum with the market players, and in particular in the geopolitical context, it will be important for Europe to be able to offer its own solutions."

Metzger shares the sentiment, adding: "Both types of cash could be taken on board by this new, combined solution, which may help to avoid any additional fragmentation. Additional fragmentation is something we should absolutely avoid because it would go against our goal, which is to have a union for saving and investment inventory markets in Europe."

Keeping the momentum

The first phase of the exploratory work, running from May, focused on the initial testing and feasibility of DLT for issuing and settling tokenised securities. Participants worked on integrating DLT platforms with existing systems, testing basic functionality, and assessing the viability of the three cash mechanisms.

"The objective was to prepare ourselves from a technical and functional perspective across the organisation in order to answer our clients' requests to accompany them as a service provider in their trials during the second wave," explains Dezert.

Commenced in July, Wave 2 explored advanced use cases, particularly in collateral management and margining. Trials in this phase demonstrated how DLT could enable real-time, 24/7 access to tokenised assets, significantly improving liquidity management and operational efficiency.

This kicked off with BNP Paribas accompanying the Republic of Slovenia in the first digital bond issuance for a Eurozone sovereign, where the French bank provided the tokenisation platform while also acting as the arranger, dealer, and paying agent for the issuer, and as transaction and wallet manager for the investors on both the securities and cash DLTs.

In November, France issued its first digitally native note (DNN) in bearer form as part of the trials. The DNN of €100 million was issued by Caisse des Dépôts, a public financial institution, using Euroclear's Digital Financial Market Infrastructure (D-FMI), and settled through BdF's DL3S platform for digital currency, with BNP Paribas' Securities Services business acting as the issuing and paying agent.

Along with HSBC Continental Europe and NatWest Markets, BNP Paribas arranged a €100 million three-year digital bond settled with an experimental mechanism of wholesale central bank digital currency (wCBDC) in the same month. According to the EIB, a key feature of wCBDC is its ability to enable atomic settlement, where cash and ownership of tokenised securities are exchanged simultaneously, reducing counterparty risks.

Among the many tested use cases, the tokenisation of cash and securities for collateral and margining stood out as a "game changer", according to Barnaby Nelson, CEO of the ValueExchange — which published a comprehensive report on the ECB trials.

The key advantage of this mechanism is 24/7 cash availability, which reduces idle cash and removes the need to pre-position funds before central bank or market infrastructure cutoffs. Meanwhile, the ability to move securities just in time for margin calls helps minimise over-provisioning and unnecessary buffering.

Nelson explains: "If you put tokenisation in place, you very quickly get to a point where intraday repos and intraday activity are completely okay. It's the operational processes that block intraday lending at the moment. If you get rid of those blockages, you can move to intraday financing, which opens up a huge market.

“And then if clearing houses and collateral takers are completely comfortable that they're going to get their collateral at a specific moment in time with complete security, then they're okay to move to real-time margining. The only reason they do end-of-day margining today is because the market can't keep up with anything faster.”

However, he adds that because the trials have ended, the digital central bank cash has been switched off and become nonviable as a result. In addition, the ECB currently does not recognise tokenised securities as collateral, which creates another barrier.

Dezert believes that it is now important not to lose the momentum created by the successful completion of the ECB trials, with the majority of participants expressing their appetite to continue the exploratory work in 2025.

She says: “As we have tested all three of the central banks’ solutions and built our connectivity around them, we can understand them from a technical and functional perspective, and we are now in a good position to contribute to the ongoing discussions at the Eurosystem level to design the future solution.”

Bachelleries echoes this statement: “We have gained momentum with the market players, and in particular in the geopolitical context, it will be important for Europe to be able to offer its own solutions.”

The next step: Unlocking the value of blockchain

As the securities finance industry continues to evolve, the results of the ECB DLT trials provide a glimpse of a more efficient, interconnected future. The question now is not whether DLT will become a part of the financial landscape, but how quickly it will transform core market operations.

“The whole thing about the DLT journey is that we learn as we go,” says Nelson. “You take one step forward, and new risks present themselves. You manage those risks, and then you move forward again.”

On that note, Metzger states: “The direction that we have chosen is to use our experiments and trials to learn by doing, helping us to better understand what we can do, what these technologies can do, what are the will and expectation from the market players, and with all those aspects, we are progressively moving through this challenge.”

Nelson sees a large potential in the tokenisation of cash and securities for collateral and margining, adding: “The numbers are so compelling that it would be very hard to see why in the next five to eight years this does not become the way of exchanging collateral.”

In contrast, Herbeau wants to pay more attention to repo, but acknowledges that there are issues with the eligibility of digital assets for such operations.

“This is still work in progress because repo’s digital assets tend to be of a nature that needs to be thoroughly analysed,” he explains.

Dezert anticipates that there will be a long transition period where traditional and digital assets will coexist, adding complexity to the framework.

“It will be our focus during this transition period to provide a seamless operating model to our clients across both types of assets to facilitate their integration,” she says. “It will also be important from now on to address the fragmentation of the digital asset ecosystem with more industry collaboration to build DLT infrastructures with critical mass and liquidity, allowing the digital capital markets to further develop and the full value of blockchain to be unlocked.”

Building on the exploratory work, the ECB has decided to expand its initiative to settle DLT-based transactions in central bank money by developing a platform that is interoperable with existing infrastructures.

Following that, the Eurosystem will look into a more integrated, long-term solution, which will also allow international operations, such as foreign exchange settlement.

According to the ECB, this initiative will contribute to establishing an integrated European market for digital assets.

Piero Cipollone, executive board member at ECB, who oversees the initiative, says: “We are embracing innovation without compromising on safety and stability.

“This is an important contribution to enhancing European financial market efficiency through innovation. Our approach will pay due attention to the Eurosystem’s goal of achieving a more harmonised and integrated European financial ecosystem.”

South Korea's short selling comeback

With the anticipated return of short selling to South Korea, Daniel Tison sits down with industry experts to discuss if the green light will result in traffic

After a series of regulatory enhancements, South Korea is reopening its securities finance market to the world by lifting its short selling ban on 31 March. While it may seem like a necessary step to establish the country as a competitive market in the global securities finance landscape, there are also concerns about potential implementation challenges.

The Financial Services Commission (FSC) of South Korea imposed a ban on short selling in November 2023, after it had discovered significant violations by foreign firms, including subsidiaries of the former Credit Suisse Group. These firms were fined for engaging in illegal short selling activities.

While short selling is an essential part of securities finance which improves market efficiency, the practice of selling shares without first borrowing them or even confirming their existence — known as naked short selling — is risky and now illegal in many jurisdictions, including the US, Europe, and most developed markets in Asia.

Lessons learnt: Closer monitoring and stronger penalties

A revision bill for the Financial Investment Services and Capital Markets Act (FSCMA), introduced in September 2024, requires institutional investors to set up their own electronic short sale processing system, with both institutional and corporate investors obliged to prepare relevant internal control standards.

Under the new regulations, the conditions for borrowing stocks will be equal for both institutional and retail investors to level the playing field, with a 105 per cent cash collateral ratio and guaranteed minimum 90-day repayment period.

In addition, the bill aims to enhance the effectiveness of punishment and sanctions by strengthening monetary penalties that can be imposed on unfair trading and illegal short sale activities. The new sanctions mechanisms include a ban on trading financial investment products and restriction from being appointed or serving as an executive at listed companies.

At the same time, the Korea Exchange (KRX) has been developing a naked short selling detection system (NSDS), which is to go live once the short selling ban has lifted. The FSC explains that the NSDS will receive information about the status of stock balance and over-the-counter (OTC) transactions from institutional investors, and compare it with their order history stored at the KRX to monitor and ensure detection of naked short selling activities within three days of orders being placed.

The financial regulator adds: “Through these measures, the authorities will work to foster a sound market environment, where short selling can be used as a proper trading strategy that can help to facilitate the market’s price discovery function. The authorities also expect that these measures will help to contribute to ensuring fair market order and trust for all market participants.”

> “The return of short selling to South Korea will enable investors to hedge equity risk on a single-stock basis, which will increase risk appetite in the Korean market.”

A local source in South Korea told Securities Finance Times that many diverse and inconsistent regulations had caused chaos among market participants, undermining trust in the Korean financial market. However, he believes that the newly introduced regulations primarily focus on restoring trust among Korean retail investors. Additionally, these regulations are designed to enable most transactions to be systematically monitored, which is expected to reduce the likelihood of further confusing and unnecessary regulations in the future.

The knock-on effect and increased risk appetite

By reopening its borders to short selling, South Korea is expected to attract greater foreign investment and enhance its competitiveness among other Asian countries active in this sector, such as Japan, Hong Kong, or Singapore. By addressing regulatory gaps and aligning with international standards, the FSC aims to enhance market efficiency and investor confidence.

Stephen Howard, CEO of the Pan Asia Securities Lending Association (PASLA), believes that the return of short selling to South Korea will enable investors to hedge equity risk on a single-stock basis, which will increase risk appetite in the Korean market because investors will have more flexibility to manage their exposures.

> “It would be disingenuous to say, or to think even, that the market will switch on like a dime on 31 March.”

He says: “If you are an issuer of an equity-linked product in the Korean market, the risk appetite to buy your product, such as a convertible bond, is probably quite low at the moment because the range of hedging solutions available to you is quite limited and prescriptive. [Lifting of the short selling ban] expands that range of hedging solutions, which means that you become more investable for that type of product.”

Secondly, short selling helps with price information in the market, making it clearer whether stocks are over or undervalued. This improves the pricing of derivatives, structured products, and above all equity securities, as these particularly rely on accurate price discovery. Investors with long-term positions can use short selling to manage portfolio risks more efficiently.

“[Short selling] is making that price discovery more visible,” says Howard. “It’s making that price formation process for derivatives more accessible, and therefore, hopefully, a little bit more effectively and efficiently priced for market participants.”

Last but not least, short selling increases demand for borrowing stocks, which in turn stimulates securities lending. This leads to more activity in asset financing and collateralised transactions, benefiting the broader financial ecosystem.

Howard says: “The knock-on effect for this would be that it’s going to create a demand and stimulus for borrowing and lending of securities and the financing of assets, which can only be a positive for the securities finance market as a whole.”

Overall, Howard suggests looking at it top-down, starting with how short selling affects a range of risk management tools, then the market participants’ activity, and finally how it drives demand for securities lending.

“You sort of cascade through,” he says. “It makes a lot more sense because the short sale mechanism is more effective and utilised by the market risk participants than anybody else.”

Testing the waters

With the scheduled ban-lifting, South Korea’s securities lending market is poised to gain momentum, but the international implications will depend on various factors. The FSC’s reforms signal a commitment to developing a transparent and efficient financial ecosystem. However, the effectiveness of the regulatory framework is yet to be tested. As the March 2025 deadline approaches, the focus will be on ensuring a smooth and transparent transition to this new phase.

According to a financial services firm in South Korea, it is difficult to expect a sudden change, but many investors who had previously overlooked the Korean market are now turning their attention back to it. Therefore, the foreign participation rate in the Korean market, which has sharply declined over the past few years, is expected to increase.

Looking ahead, Howard says: “It would be disingenuous to say, or to think even, that the market will switch on like a dime on 31 March – I cannot imagine that would be the case.

“What we would expect to see, like with any new market opening or reopening, would be a series of test trades undertaken by market professionals in a variety of different ways – market professional to another market professional, offshore to an onshore entity, and so on and so forth, so that they get a high level of confidence over that transaction activity. This will also give all stakeholders that same high level of confidence in the market structure.”

From data to dollars: Harnessing intraday data for superior securities lending

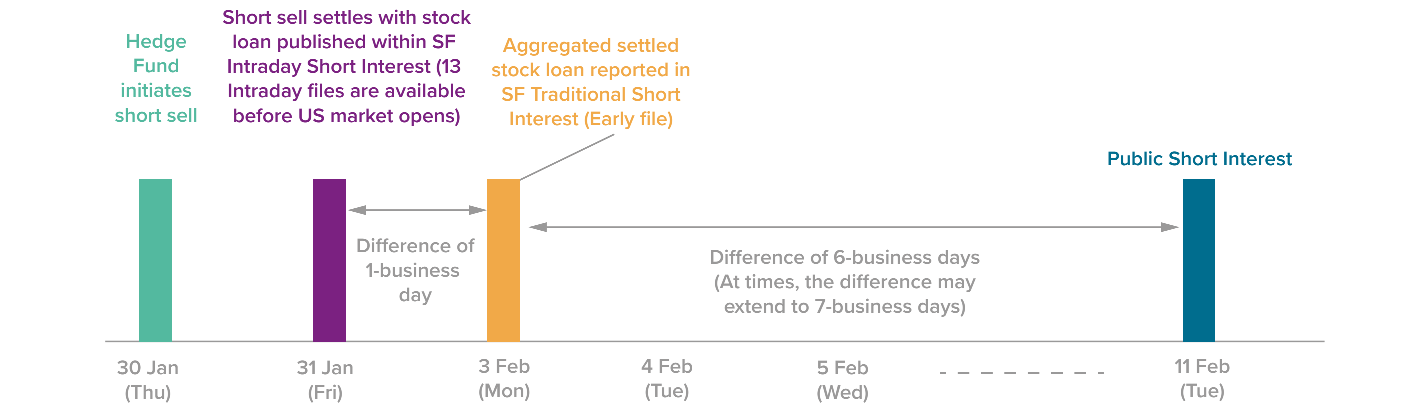
Matthew Chessum, director of securities finance at S&P Global Market Intelligence, explores the use of intraday data and what it brings to securities lending

The securities lending market has long been a cornerstone of financial markets, providing liquidity and facilitating short selling, hedging, and other investment strategies. As the market evolves, the introduction of intraday data has emerged as a significant advancement, offering numerous benefits to market participants. This development enhances the ability to manage risk, optimise strategies, and improve overall market efficiency.

Intraday data refers to the availability to receive multiple data points at continuous intervals throughout the trading day, as opposed to traditional end-of-day data delivery. This granular level of data provides a more accurate and timely reflection of market conditions, allowing participants to make informed decisions based on the most current information available. The growing adoption of intraday data in the securities lending market is driven by its ability to offer a clearer picture of market dynamics and enhance risk management capabilities.

A recent analysis of intraday data by S&P Global Market Intelligence showed a significant improvement in the ability to generate alpha signals through the use of the intraday data service. The study showed that a hypothetical US equity long-short strategy based on semi-monthly rebalancing, for two weeks between two public short interest dissemination dates, yielded an annualised return of 15.4 per cent and an information ratio of 0.99 using both early and intraday data files.

Exhibit 1: Publish timeline for the 31 Jan 2025 Dataset



Source: S&P Global Market Intelligence

An information ratio of 0.99 suggests strong risk-adjusted performance for the hypothetical long-short strategy. This result represents an improvement of 23 per cent over using just the traditional early file data alone, which itself showed a 43 per cent improvement over using just public short interest data. These results underscore the value of intraday data in enhancing investment strategies and optimising returns.

One of the primary benefits of intraday data is its impact on risk management. By providing near real-time data, market participants can better assess the value of their collateral and the securities they are lending or borrowing. This is particularly important in volatile markets, where prices can fluctuate significantly within a single trading day. With intraday data, lenders and borrowers can adjust their positions more swiftly in response to market movements, reducing the risk of collateral shortfalls or overexposure.

Intraday data also facilitates more efficient portfolio management. By having access to up-to-date data information, portfolio managers can make more informed decisions about which securities to lend or borrow, and at what rates. The ability to monitor market conditions in real-time allows for more dynamic and responsive portfolio adjustments, aligning with the fast-paced nature of modern financial markets.

Moreover, intraday data contributes to greater transparency in the securities lending market. With more frequent data points, market participants can gain insights into intraday trends and patterns that may not be apparent when looking at end-of-day data sets alone. This transparency can lead to more comprehensive dataset and improved market confidence, as participants have a clearer understanding of supply and demand dynamics.

The introduction of intraday data also supports regulatory compliance and reporting requirements. As regulators increasingly focus on transparency and risk management in financial markets, the ability to provide detailed and almost real-time data can help market participants meet these demands. Intraday data allows for more accurate reporting of positions and exposures, reducing the risk of regulatory breaches and enhancing overall market integrity.

In addition to risk management and transparency, intraday data continues to enhance liquidity in the securities lending market. By providing a more accurate reflection of current market conditions, intraday data can attract a wider range of participants, including those who may have been hesitant to engage in securities lending due to concerns about price volatility and risk. This increased participation can lead to deeper and more liquid markets, benefiting all participants.

Advances in technology are significantly transforming the securities lending market, making it more dynamic and efficient, particularly through the growing adoption of intraday data. Innovations such as blockchain, artificial intelligence, and advanced data analytics are streamlining processes, enhancing transparency, and improving risk management. Ultimately, these technological advancements, coupled with the benefits of intraday data, are not only increasing the speed and efficiency of transactions but also expanding market access, fostering a more robust and competitive securities lending environment.

Where product innovation, problem-solving, and strategy converge

Sofia Pavlidou, product owner at BNY's Global Collateral Platform, speaks with Daniel Tison about the current momentum for collateral management and the sense of accomplishment that comes from "figuring things out"

Can you tell me about your journey into the securities finance industry?

My journey began at university when I completed an industrial placement at BNY, which gave me firsthand exposure to the financial services ecosystem, and led the way to join BNY's Market and Wealth Services graduate scheme.

The programme was a great opportunity to explore the industry from multiple angles, through four distinct rotations. Throughout the programme, I worked in various BNY platforms — including Treasury Services, Global Clearing and Collateral, Markets, and Pershing — and took various roles in product, sales, and strategy.

This experience helped me appreciate the breadth of the industry, and inspired me to pursue a product role in our global collateral platform. I find this role particularly exciting because it is at the intersection of product innovation, problem-solving, and strategy, and involves working with both internal and external stakeholders.

As a young professional, what aspects of your role or the industry do you find most exciting?

I find my current role particularly rewarding. I am lucky to be involved in a project at a point in time where there is a lot of growth and opportunity. This is an important moment for our collateral platform.

Central clearing is evolving rapidly, and being part of a team that ensures efficient and secure operation of government securities markets is incredibly fulfilling. It requires knowing the fine-grained detail, technical problem-solving, partnering with various stakeholders, and helping our clients navigate the upcoming changes. The sense of accomplishment that comes from "figuring things out" is what makes it unique.

I have also had the chance to do many exciting things alongside my job. I was part of BNY's 240th anniversary bell-ringing celebration at the London Stock Exchange, I have travelled to our global offices, and as part of a trip to our New York headquarters, I experienced BNY's Cyber Technology and Operations Center (CTOC), which has huge screens displaying our advanced business monitoring through AI and machine learning.

In parallel to my rotations, I worked on an exciting infrastructure project, and attended several executive-level meetings, where I learned how to articulate our strategic pillars and principles to our clients.

Many companies offer various training and development opportunities for their employees. How has your company supported your growth?

BNY's graduate scheme was key in my development. It provided me with rotations across different BNY platforms, each with a distinct focus. This diversity of experiences helped me build both technical and soft skills, equipping me with a well-rounded foundation in the industry and a good understanding of how the bank operates.

> "Embrace opportunities that push you outside of your comfort zone, whether that is a new role, a challenging project, or even relocating to a different country."

And of course, you meet people along the way. I have had great opportunities to work with experienced professionals who have acted as my mentors and sponsors, encouraging me to step into new challenges and think boldly and strategically. Our employee resource groups and volunteering initiatives are great for networking and meeting people in an informal setting.

Beyond on-the-job training, there is the BNY learning portal, which has extensive content for all levels — including AI capabilities and its application in finance, which is a hot topic for us.

What misconceptions about working in the financial industry have you encountered, and how do you address these challenges?

One common misconception — that I also had myself before joining — is that working in finance is purely numbers-driven. There is actually a strong human element to the industry — it is about relationship-building, innovative problem-solving, and getting things done.

Another misconception is that young professionals have limited opportunities to contribute meaningfully. BNY wants fresh perspectives and new ideas. Of course, it is up to the company to create an environment where people can thrive, but if the culture is there and the individual is up for the challenge, great opportunities are there to be taken. BNY focuses on creating an environment that is both high-performing and human-centric.

I have tackled these various perceptions by proactively taking ownership of projects and attending leadership meetings, which has helped me build on my confidence and content. By asking thoughtful questions, staying adaptable, and passing on the knowledge I have attained through the rotations, I have been able to demonstrate my value within my teams.

Looking ahead, where do you see yourself in the next five years in terms of your career goals and aspirations?

I plan to continue growing my knowledge and staying up-to-date with market direction, while continuing to build cross-functional and international experience. My goal is to remain adaptable and gain skills that allow me to make impactful contributions to the industry. I have found that becoming an expert is invaluable, and I really admire it — but remaining open-minded and flexible is key.

I would love to explore leadership positions. I am particularly interested in roles that focus on creating solutions that harness technology and being part of a team with a strong vision that is passionate about driving change.

What advice do you have for other young professionals aspiring to pursue a career in your industry?

Build a solid foundation. It enables you to follow the vast and constantly evolving financial services industry. Take the time early on to explore and really understand different concepts, and develop expertise, strong technical skills, and soft ones as well. A strong foundation will give you both confidence and flexibility as you advance in your career.

Embrace opportunities that push you outside of your comfort zone, whether that is a new role, a challenging project, or even relocating to a different country.

Seek out mentors. They will help you see opportunities and provide invaluable guidance along the way from their own experience.

Be a mentor and a reverse mentor. Share your experience and learnings. It pushes you to reflect on your own journey, gives perspective to others, and helps you develop your listening and leadership skills.

Lastly, have fun — it is rewarding to figure things out and get stuff done.

Sofia Pavlidou

Sofia Pavlidou is a product owner at BNY's Global Collateral platform, where she focuses on the implementation of the US Securities and Exchange Commission's rule on mandatory clearing — developing new central clearing solutions and enhancing the platform's connectivity to US-based CCPs.

Prior to that, Pavlidou completed the BNY Market and Wealth Services graduate scheme, and worked in Treasury Services, Global Clearing and Collateral, Markets, and Pershing. She also worked in BNY's Depositary Receipts division as part of an industrial placement year.

Pavlidou is a member of BNY's Future Leaders group, a PRISM ally, and a member of the Heart employee resource group.

Born and raised in Greece, she holds a bachelor-of-science degree in management from the University of Bath, where she received dean's list recognition.

In her free time, Pavlidou loves travelling, mediterranean food, and working out. She is a dancer and takes acting classes on the weekends to embrace her creative side.

Citi appoints Cox

Chris Cox has been named by Citi as head of Investor Services and will be responsible for custody, fund services, and execution services businesses.

With over three decades of experience, Cox was previously head of trade and working capital solutions for Citi.

In this role, he focused on growing business revenues and client share of wallet gains.

Shahmir Khaliq, head of Services at Citi, says: “Our Investor Services business is critical to our institutional investor clients.

"Chris’ wealth of experience will ensure that we are delivering a best-in-class proposition as we serve their needs more holistically.”

Pirum hires Chapman

Pirum has appointed Rhys Chapman as global customer success director.

Based in London, he will oversee the customer success, client services, and client onboarding teams.

In addition, he will ensure Pirum’s client support models meet the demands of the company’s growing client base.

Chapman brings over 14 years of experience in building and optimising client support teams and functions to this role.

Prior to this new position, Chapman worked for Rimes, an enterprise data management services and investment platform.

During his tenure with the company, he was most recently EVP global head of client account management, where he led the firm’s client-facing functions, including customer success, relationship management, and key account management.

Wematch onboards Beazley

Wematch.live has hired Nick Beazley to its institutional buy side sales team for EMEA, where he will focus on equity total return swap (TRS) solutions.

Based in London, Beazley brings more than 15 years of experience in institutional sales across equities, bonds, foreign exchange, and global macroeconomics to his new role.

He was previously the head of institutional sales at Longview Economics for two years, and prior to that, he held the same title at Tellimer for more than seven years.

As director of institutional sales, he also spent a year at global investment research firm Third Bridge, where he focused on independent equity research sales.

Between 2007 and 2013, he worked within institutional equity sales at Credit Suisse.

QNB hires Servak

QNB Group has onboarded Philip Servak as custody client management and securities lending business development.

Based in Manchester, UK, Servak brings more than 15 years in financial services to his new role.

He joins from BNY, where he spent more than six years, working in client services and securities lending.

Prior to that, he was FX options derivative analyst at Bank of America Merrill Lynch for more than two years.

Servak holds a bachelor's degree in business management from Sheffield Hallam University.

Established in 1964, QNB Group is one of the largest banks in Qatar and the EMEA region.

SAMA promotes AlSadhan

Saudi Central Bank (SAMA) has promoted Aliya AlSadhan to head of fintech partnerships.

In her role, AlSadhan will focus on regulatory frameworks, building strategic partnerships, supporting fintech companies, and fostering the growth of the fintech ecosystem in the region.

She joined the institution in August 2023 as an assistant fintech development specialist.

Prior to that, she was a business development analyst at Tabby and commercial associate at Sary.

AlSadhan holds a bachelor's degree in finance from King Faisal University.

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