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Innovation Automation Expansion

Rich Grossi reviews his new role as EquiLend CEO and how he will take the company forward

Clearstream facilitates first triparty repo transaction in Taiwan

Clearstream has completed its first triparty repo transaction in Taiwan.

Shanghai Commercial and Savings Bank (SCSB) partnered with ANZ Banking Group in this transaction, with Clearstream acting as a triparty agent.

The repo and reverse repo market plays an important role in Taiwan's liquidity management, according to Clearstream, with triparty repos gaining popularity globally over more traditional money market instruments and bilateral repos.

Philip Brown, CEO at Clearstream Banking, comments: "This transaction in Taiwan demonstrates our dedication to supporting our clients' evolving needs and expanding access to efficient and secure liquidity management tools."

Clearstream's triparty repo service aims to offer clients access to diversified pools of liquidity, connecting global market participants as a neutral intermediary for 30 years.

Clement Lee, treasurer of SCSB, adds: "Leveraging Clearstream's robust platform and extensive network gives us a competitive edge in managing our liquidity and optimising our investment strategies.

"This transaction opens new opportunities for SCSB in the Taiwanese market and reinforces our commitment to delivering innovative financial solutions to our clients."

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Baton Systems adds Euronext Clearing

Baton Systems has expanded its Core-Collateral network with the addition of Euronext Clearing.

Core-Collateral clients can now use automated workflows powered by real-time data to optimise margin for Euronext derivatives and options products previously cleared through LCH SA that have now migrated onto Euronext Clearing.

Arjun Jayaram, founder and CEO of Baton Systems, comments: "By adding Euronext Clearing to our Core-Collateral network, we're enabling our clients to improve efficiency, transparency, and decision-making at a critical time in the post-trade process."

Baton's direct CCP connections aim to enable clearing members to automate and optimise collateral allocations with increased efficiency and agility.

Clients can access balance information, including both intraday and end-of-day positions, and aggregate this insight with access to eligibility schedules for all connected CCPs.

This enables them to execute pledge and recall instructions for both cash and securities transfers across clients and Baton's network of directly connected CCPs.

Information is accessible either through Baton's platform or integrated into a client's internal system using APIs.

According to Baton, its CCP coverage currently includes 96 per cent of initial margin worldwide, as per Public Quantitative Disclosures (PQDs).


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South Korea ready to resume short selling

The Financial Services Commission (FSC) of South Korea has confirmed that it will fully reinstate stock short selling from 31 March.

This follows the approval of a revision bill for the Financial Investment Services and Capital Markets Act (FSCMA) in September 2024.

Institutional and corporate investors can engage in short selling only if they have established relevant internal control standards and required computer systems intended to prevent naked short selling.

In addition, securities companies are obligated to submit short sale orders only after verifying the establishment of required computer systems and internal control standards by institutional and corporate investors.

The FSC says: “With the short sale reform measures and relevant policy efforts put in place thus far, it is expected that prevalent concern about short selling undermining market’s fair pricing function can be resolved to a large extent.

“Once the improved rules take effect on 31 March, a completely computerised short selling system will begin to operate on all listed stocks, which will ensure the establishment of preventive mechanisms against naked short selling.”

From 31 March, the stock borrowing conditions for short sellers will be identical for both institutional and retail investors.

This includes the cash collateral ratio of 105 per cent, with the stock repayment period being limited to 90 days and renewable for a maximum of 12 months

Naked short sale activities carried out in a deliberate manner will be subject to enhanced criminal penalties.

The FSC expects that the complete resumption of short selling, which will take place for the first time in about five years with a newly established computerised system, will enhance the external credibility and market efficiency of Korea’s stock markets.

The designation scheme for overheated short selling stocks — which restricts the short sale on the following day of individual stock items that have been subject to rapid increases in short sale orders on the previous day — will operate in an expanded capacity until 31 May.

According to the FSC, this is due to concerns over a possible rise of volatility in certain stock items following the reinstatement of short selling.

There will be continuing simulations until 27 March to test the effectiveness and stability of computer systems at institutional investors and the central monitoring and inspection system.

The FSC adds: “Once short selling is reinstated on 31 March, the government and related organisations will strengthen monitoring over market activities and enhance market surveillance to ward off unfair trading activities.”

With the anticipated return of short selling to South Korea, Securities Finance Times recently spoke with industry experts and local sources on the matter.

BUCKLER Securities increases capital to support growth

BUCKLER Securities, a Florida-based broker-dealer specialising in long and short-term liquidity solutions, has raised its capital to US$255 million to support growth.

The US$50 million increase will enable the firm to further invest in clients' financing needs.

In addition to increasing its financial resources, BUCKLER is working to expand product offerings, as well as enhancing business development capabilities with additional resources dedicated to innovation, human capital, and business expansion.

Further, the firm will help its clients by expanding service offerings to address growing balance sheet, and will offer new prime service provision options.

Commenting on the achievement, Richard Misiano, BUCKLER Securities CEO, says: "We are confident that this increased financial strength will provide you greater value and reliability as BUCKLER's valued partner."

DTCC launches new capabilities to service

DTCC's Fixed Income Clearing Corporation (FICC) has launched new capabilities within its Agent Clearing Service.

These changes were made ahead of the SEC's deadline for mandatory clearing of covered US Treasury cash activity and repo activity, set for 31 March 2025.

The service will now be able to separate house and customer activities, as well as margin segregation for users choosing to post margin to FICC, says DTCC.

Robert Crain, managing director at FICC Market Risk, comments: "With this launch, FICC also enhanced its intraday monitoring processes to measure exposure changes in 15-minute increments.

"These capabilities will further reduce risk

for participants as well as improve the safety and soundness of the US Treasury market."

CME Group completes first phase of Google Cloud's GCUL

CME Group and Google Cloud will pilot solutions for wholesale payments and tokenisation of assets to enhance capital markets efficiency.

According to the firms, CME Group has now completed the first phase of integration and testing of Google Cloud Universal Ledger (GCUL).

GCUL is a programmable, distributed ledger designed to be easy for financial institutions in traditional finance to integrate and use.

It aims to simplify the management of accounts and assets, and facilitate transfers on a private and permissioned network.

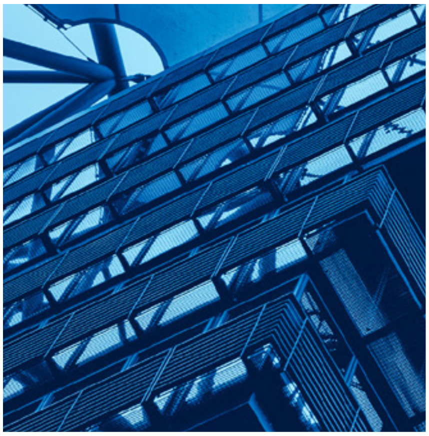
"As the President and new administration have encouraged Congress to create landmark legislation for common-sense market structure, we are pleased to partner with Google Cloud to enable innovative solutions for low-cost, digital transfer of value," says Terry Duffy, CME Group chairman and CEO.

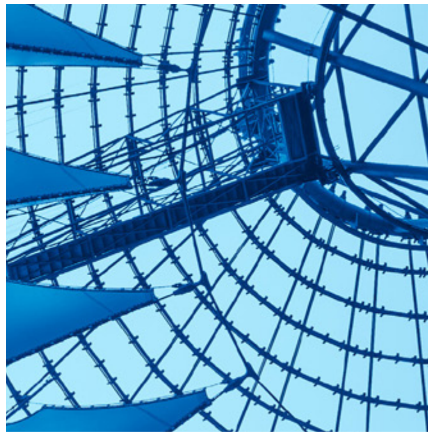
"Google Cloud Universal Ledger has the potential to deliver significant efficiencies for collateral, margin, settlement and fee payments as the world moves toward 24/7 trading."

Later this year, CME Group and Google Cloud will initiate direct testing with market participants with the intent to launch new services in 2026.

Commenting on the news, Rohit Bhat, general manager, financial services at Google Cloud, adds: "Our core mission is to provide our partners with the most advanced infrastructure, empowering them to accelerate innovation, drive efficiencies, and overcome the complexities inherent in today's financial systems.

"Partnering with CME Group to innovate with GCUL exemplifies this commitment, demonstrating how Google Cloud helps partners transform their businesses through strategic collaborations and modern infrastructure, unlocking significant opportunities for the global financial market."





BNY Global Collateral Platform goes live in the Philippines

The BNY Global Collateral Platform has now gone live in the Philippines, the company has confirmed.

Both local and international market participants can finance their Philippine inventory, including equities and fixed income, under standard pledge or title transfer arrangements.

Alexander Mount, product owner at Global Collateral, BNY, comments: "This further strengthens our offerings in APAC in addition to Taiwan, Indonesia, Malaysia, and Korea launched in recent years."

This development is in response to emerging trends in funding and collateral markets, such as increased interest in a broader array of markets across APAC, according to Gesa Johanssen, executive platform owner at Global Collateral, BNY.

He adds: "Access to the Philippine market will enable clients to further diversify their asset financing pool and benefit from seasonal funding activities, providing growth opportunities and optionality for the underlying desks."

Moreover, BNY says the product will help to support clients with the anticipated increase in SBL activity associated with the recent transaction tax reduction.

iBTC to enable Bitcoin-based margin flows on Canton Network

iBTC, a bridgeless wrapped Bitcoin solution, will deploy on the Canton Network. The collaboration brings Bitcoin-based assets on-chain, allowing institutional counterparties to use them for initial margin (IM) and variation margin (VM) solutions.

According to the Canton Network, it unlocks

new opportunities and simplifies the integration of Bitcoin into over-the-counter derivatives trading.

The solution is designed to “revolutionise” decentralised finance with institutional-grade security and liquidity.

Once integrated, market makers will be able to deposit Bitcoin into Canton by wrapping it into iBTC. Counterparties can then engage in margin workflows, using iBTC for IM and VM in trading options and structured products.

iBTC participants can generate yield opportunities through application rewards within the Canton ecosystem.

The rollout of iBTC on Canton will initially involve a select group of institutional counterparties, with plans to scale participation to 10-20 firms processing US$20-50 million in daily trading volume.

As part of the integration, iBTC will operate a Canton Network Validator, which offers additional incentives and mining rewards.

This initiative aligns iBTC with the network’s infrastructure and enhances transaction finality for institutional traders, says the Canton Network.

Eric Saraniecki, head of network strategy at Digital Asset, says: “The iBTC-Canton integration represents a significant advancement in institutional Bitcoin adoption in the financial markets.

“By delivering a scalable solution for Bitcoin-based margin flows with configurable privacy on the Canton Network, institutional counterparties can efficiently deploy BTC in structured products and derivatives trading.”

Aki Balogh, CEO and co-founder of iBTC, adds: “At iBTC, we’re proud to offer institutions a secure way to tap Bitcoin as collateral, and joining the Canton Network is expanding our ability to do so.”

Tech most shorted sector for third consecutive month

Technology remained the most shorted sector for the third consecutive month, with heavily shorted securities in February including Apple, IBM, Super Micro, SoFi, and Texas Instruments, according to a recent Hazeltree report.

The Shortside Crowdedness Report is a monthly listing of the top 10 shorted securities in the Americas, EMEA, and APAC, split into large, mid, and small-cap categories.

Tim Smith, managing director of data insights at Hazeltree, says: “Our February analysis shows the US tech sector continued to see layoffs, though at a slower pace than last year, alongside a surge in job postings, low unemployment, and a contracting IT job market.

“This points to a market in transition — not collapse — as companies recalibrate talent strategies to align with shifting priorities and economic conditions. Tech remained a top target for short sellers in the Americas for the third consecutive month, with eight of the 10 most crowded large-cap securities.”

The aggregated and anonymised data comes from the contributing Hazeltree community, which includes around 700 asset manager funds.

Hazeltree Crowdedness Score is a metric that grades securities on a scale of 1 to 99, highlighting those most targeted by investors and reflecting key demand and supply dynamics.

In the large-cap category, Chevron Corporation topped the list as the most crowded securities in the Americas, with Super Micro Computer in second place.

In EMEA, Kering returned to the top for the second consecutive month in the same category, and H&M had the highest institutional supply utilisation (76.34 per cent) for the eighth successive month.

Disco Corporation was the most crowded large-cap securities in APAC, while MTR Corp had the highest institutional supply utilisation (21.07 per cent).

Dayforce dominated the mid-cap category in the Americas, with Wolfspeed holding its place as the most crowded security for the seventh consecutive month in the small-cap category.

In EMEA, the mid-cap category saw a tie between Kingfisher, BE Semiconductor Industries, and Delivery Hero, while Kokusai Electric Corporation held the title of the most crowded security in APAC.

Alphawave IP Group topped the list in the small-cap category in EMEA, with Tokai Carbon Co. keeping its position in the same category for a second month in APAC.

ProCapital selects BNP Paribas’ Securities Services

BNP Paribas’ Securities Services business has been mandated by ProCapital, an investment services provider and subsidiary of Crédit Mutuel Arkéa, to provide a wide range of services in Europe.

The mandate covers European markets and includes local and global custody, clearing, securities lending, AutoForex, execution and clearing of listed derivatives.

ProCapital will have access to BNP Paribas' Execution-to-Custody solution, which ensures the integration of cash equities trade execution in Germany, Switzerland, and Austria with their local and global custody.

The solution, combining the execution capabilities of the Global Markets business line with the custody and settlement offer of the Securities Services business, allows ProCapital to streamline and automate transaction flows, from execution to settlement.

ProCapital also leverages the centralised booking model offered by Securities Services, which provides direct access to multiple European markets through a unique infrastructure for clearing, settlement, and local custody.

This new mandate extends ProCapital's relationship with BNP Paribas — the Securities Services business has been providing the firm with local and global custody services in the US since 2021.

Alexandre Grimault, chairman of the management board and CEO at ProCapital, says: "Following our first successful collaboration in North American markets, we are delighted to expand our partnership with BNP Paribas to new markets.

"BNP Paribas' teams and ProCapital share the same commitment to delivering ever greater service quality and agility to ur clients."

Pauline Bernard, regional head of France and Belgium, Securities Services, BNP Paribas, adds: "With this new mandate, we are pleased to strengthen our trusted relationship with ProCapital, with whom we share common values of professionalism, rigour and client satisfaction.

"We are committed to harness the strengths of our integrated banking model and the multi-local expertise of our teams to support ProCapital's growth strategy."

HKEX confirms date for new collateral options

Foreign investors can now use Chinese government bonds (CGBs) and policy bank bonds through Bond Connect as margin collateral, says Hong Kong Exchanges and Clearing (HKEX).

This will apply to all derivative transactions cleared by OTC Clearing Hong Kong from 21 March.

Glenda So, head of platform and market structure development at HKEX, says: "This initiative will provide greater flexibility to international investors and improve their capital efficiency, further enhancing the attractiveness of renminbi denominated assets and promoting the internationalisation of the RMB."

OTC Clear provides clearing services for interest rate swaps, including China onshore interest rate swaps via Swap Connect, non-deliverable currency forwards, cross-currency swaps, and deliverable FX.

Since January, CGBs and policy bank bonds have already been permitted to cover initial margin requirements for Northbound Swap Connect transactions.

It comes as part of new policy measures introduced by the HKMA and the People's Bank of China, with the aim to deepen the financial market connectivity between the two entities.

Innovation, automation, and expansion

Rich Grossi joined EquiLend as its new CEO in November 2024. He sits down with Carmella Haswell to discuss the last six months and how he will take the company forward

How have you found the past few months in your role as EquiLend CEO?

It's been an exciting and fast-paced several months. Since I started, I've focused my time on getting to know our employees, meeting our clients, and establishing key strategic priorities to shape the future of EquiLend. I've found it to be extremely rewarding to validate the strong foundation we have in the securities finance market, and I've come to learn just how deeply clients rely on our solutions and the pivotal role we play in these important functions within their businesses.

I'm excited about the progress our team has made over the past few months. I'm particularly excited about how we have started to engage more deeply with our clients, and I'm pleased with our progress on outlining and delivering increased value through our offerings. We are receiving fantastic feedback on our plans, and the client reception has been overwhelmingly positive.

Given the length of your tenure in the financial industry, how do you currently view the securities lending market and EquiLend's role in it?

I've spent a good amount of my career developing financial market decision-support solutions that drive automation and digital transformation, and I see similar opportunities at EquiLend. I've come to understand the important role that our company plays in ensuring market connectivity, optimising liquidity, and reducing friction across securities finance operations. I believe we are positioned to help our clients further their automation programmes and navigate market changes while unlocking new opportunities in securities finance.

A consistent theme I've heard from clients is that companies are increasingly reassessing their business and technology strategies to better align with evolving market conditions. Our clients are looking to enhance automation, improve transparency, and enable scalability to ensure they remain competitive in this environment. Clients have identified several areas of current needs, but more importantly, they have also asked us to innovate and anticipate their future needs.

This is a sizeable responsibility that I think we are uniquely positioned to solve. From trading and post-trade lifecycle management to regulatory reporting and data insights, we are aiming to optimise our clients' operations and enhance their workflows, all while ensuring compliance with global regulatory standards. Our vision is for an expanded ecosystem of integrated products providing solutions for all aspects of the securities finance workflow.

It starts with NGT, our trading venue, where our global counterparties are conducting hundreds of thousands of trades each day. We also offer our ECS Loan Market for those looking to benefit from a centrally cleared model via the OCC.

> “It is an invigorating time to be innovating in this market and an exciting transition from our original consortium owners.”

Our Data & Analytics Solutions are a bit of a hidden gem for our company. We have recently enhanced the analytics and insight capabilities of our solutions, incorporating AI to further improve the user experience. Our new GenAI will allow our clients to unlock market intelligence, explaining trends in the market and answering key questions about market and security level performance.

At the core of our portfolio is EquiLend Spire, a rule-driven, front-to-back platform that empowers traders, middle office, and operations teams to streamline securities finance workflows. Spire covers a wide range of functions, including locates, automated order management, collateral, cash reinvestment, books and records, real-time inventory management, and more. With over 15 years of development behind it, Spire is designed to be deployed module by module, which helps with the adoption of new functionality while minimising disruption to existing environments.

You join at a transformative time for EquiLend, moving the company from a consortium-owned entity to a private equity structure. How will this move impact the company going forward?

It is an invigorating time to be innovating in this market and an exciting transition from our original consortium owners. We have retained the majority of our original owners as new investors in EquiLend and have added several more strategic shareholders, all of whom now have a vested interest in our company's success and the wider industry that we serve.

With our new owners, we have a longer-term investment approach that aligns nicely with our growth ambitions and will provide us with additional resources to accelerate product innovation, expand our market presence, and continue to enhance our technology infrastructure.

In 2025, we plan to add 90 additional employees and invest significantly across our portfolio of offerings, with specific attention placed on NGT, Spire, and our 1Source solution. We will also announce new partnerships, engage with our clients through Special Interest Groups and bilateral collaborations, and ensure that we continue to be the trusted partner for this market and our clients.

You have mentioned innovation and investment. Are there specific areas of focus for EquiLend in the upcoming years?

We do have some very exciting initiatives that we are working toward, including improving our existing suite of solutions and introducing new innovative offerings into the market. We feel a sense of responsibility to expand our capabilities to support the full range of our clients' securities finance needs and have outlined clear plans to drive this expansion.

Historically, we have played a significant role in front-office automation, but over the years, we have expanded our solutions to encompass a broader range of securities finance workflows. With the introduction of EquiLend Spire and the substantial enhancements we have made to the platform over the last few years, we now provide a truly end-to-end solution, covering everything from trading and post-trade to books and records, market data, and regulatory reporting. Spire now integrates within our larger EquiLend portfolio, ensuring that firms can manage their entire securities lending lifecycle through a single platform. We are seeing strong demand for our Spire solution as firms look to migrate off legacy platforms.

We have also found that the industry is in need of a transformational change to eliminate costly errors and the resultant time-consuming reconciliation processes that come at each stage of a contract lifecycle. To address this industry-wide challenge, we are nearing a production launch of our EquiLend 1Source solution. This new industry standard establishes a single source of truth for securities finance transactions and lifecycle data, always ensuring data accuracy and integrity for all parties utilising smart contracts and distributed ledger technology (DLT).

We have made significant progress over the past few months, with several major financial institutions committed to moving the solution into production later this year. For us, 1Source represents a transformative shift in how securities finance firms manage data and reconciliations, bringing automation and digitalisation to securities lending to help drive improved efficiency while reducing costs.

Looking over the next 12 months, what will be EquiLend's core priorities? Does the firm have anything in the pipeline that you can share with us?

In addition to the 1Source launch, our focus remains on innovation, automation, and the expansion of our product suite to meet the evolving needs of our clients and the market. Over the next 12 months, we will continue enhancing our trading and post-trade solutions and are already prepared for some of the upcoming and pending regulatory needs. We are currently building increased automation into our NGT offering and preparing to launch a new order management system (OMS), providing an insight-driven, consolidated view across multiple business lines. This new solution will offer real-time inventory tracking and seamless integration with messaging protocols, allowing for faster, smarter decision-making.

As mentioned, we are also making significant investments in data analytics and integrating AI in a variety of ways, including how clients access our data insights. AI will play a key role in our roadmap, and we are developing new solutions that leverage these capabilities — so stay tuned!

We are also heavily investing in Spire, not only in our core modules but also adding new features. One example is our Client Asset Lending solution, which has been popular among clients launching retail-focused lending solutions, which is a trend we see growing rapidly. Spire has a great deal of attention in our company, and many of our new resources will be focused on further improvements in this area.

We are also focused on progressing solutions to address the challenges around collateral management, transparency, and mobilisation. Optimisation will also feature in our roadmap as we set about growing our global trading footprint and look to deliver value past trade execution.

This is an extremely exciting time for both EquiLend and the broader industry, and I'm excited to be a part of it. I've made a strong commitment to our clients that EquiLend will lead the way in innovation, delivering world-class solutions that empower the industry to grow and succeed.

Firing the starting pistol on T+1

The UK Accelerated Settlement Taskforce held an industry event to kickstart the move to a shorter settlement cycle. Jack McRae reports

"This is day one of our journey to T+1," Andrew Douglas announced to the attendees gathered at KPMG's offices in Canary Wharf as the chair of the UK Accelerated Settlement Taskforce (AST) welcomed a new era in financial services at their industry event.

"It has been a long time coming, we have been talking about this for two years now," Douglas continues. "I hope today we will make some progress towards everyone having a common understanding of what this transition means."

The industry event, held on 20 February, comes off the back of 11 October 2027 being confirmed as the day the UK will settle securities on a T+1 settlement cycle by the AST and the UK Government.

The UK's Chancellor of the Exchequer, Rachel Reeves, had confirmed the date in a meeting with members of J.P. Morgan, Blackrock, Abrdn, Morgan Stanley, Goldman Sachs, Citi, Fidelity, and Schroders the previous day. She said: "I am determined to go further and faster to drive growth and put more money into people's pockets through our Plan for Change. Speeding up the settlement of trades makes our financial markets more efficient and internationally competitive."

Similarly, Emma Reynolds, Economic Secretary to the Treasury, said she would "strongly encourage everyone to read the report thoroughly and use it as a basis to begin your planning and budgeting processes in 2025".

She added: "Moving to T+1 is the right thing to do, and, dare I say it, an exciting time for the financial markets."

Douglas welcomed the government's backing but pointed to how the industry now needs to support each other to help achieve this switch. "It sounds like it is miles away, but trust me, it isn't. I remember calling Charlie Geffen two years ago about the Taskforce and that feels like yesterday," Douglas recalled. "I want nothing to happen on 11 October 2027, because we would have already done the work. It will just be like flicking a switch."

With work already underway to prepare for the monumental shift, Douglas explained that a survey produced by Value Exchange has revealed that 51 per cent of the 150 respondents had already started work on getting ready for T+1.

A statistic that offers a stark warning. "If you haven't started, you are now in the minority and you have got some catching up to do," Douglas said. "If you're in the 49 per cent you need to be asking why haven't we started on this? The window closes very rapidly. You've got kids, you know those three years will go very quickly."

The report

The AST has established an implementation plan for the industry to help get firms ready for the moment that lightswitch is flicked to a shorter settlement cycle.

The taskforce has produced 12 'critical' actions that must be implemented as soon as possible to help ensure readiness. If the UK is to have as smooth a transition as possible, firms must make steps towards meeting these critical measures.

These critical actions are divided into different areas; scope, settlement, financial market infrastructures (FMI), static data, and securities financing transactions.

Under 'scope', critical action 'Zero A' states that the treasury should amend UK CSDR to set the scope of T+1. 'Zero B' requires UK trading venues to amend their rulebooks to reflect the scope of T+1 and 'Zero C' demands that all trading parties must comply with the T+1 obligation.

Under 'settlement', 'SETT 01' states that all allocation and confirmation processing, where carried out, will be completed as soon as reasonably practicable and electronically using a recognised industry standard and corresponding data dictionary by 31 December 2026.

'SETT 02' says that all settlement instruction submissions to the central securities depository (CSD) will be completed as soon as is reasonably practicable before the T+1 switch. Meanwhile, 'SETT 03' says policies and procedures for allocations, confirmations and settlement instructions will be put in place by market participants to ensure they meet the deadlines.

For FMIs, 'FMI 01a' calls for system and process reviews before 31 December 2025.

The report states: "All FMIs, including their third-party providers where appropriate, and Swift, will review all existing procedures, policies, operating frameworks, and technology to ensure that there are no unexpected barriers to T+1, for example in their platform coding."

'FMI 01b' says that all parties will communicate any proposed updates to their users and implement identified updates as required by 31 December 2026.

'FMI 02' focuses on the EUI's CREST modernisation project and the AST recommends changes that benefit operational efficiency and resilience should be prioritised and implemented before T+1, where feasible.

For 'static settlement', 'STAT 01' says that "all market participants will implement the core principles and templates contained in the Financial Markets Standard Board's (FMSB) Standard for Sharing of SSIs" by 31 December 2026.

Finally, under 'securities financing transactions', 'SFT 01' calls for the automation of stock lending recalls and 'SFT 02' says that there will be a market cut off for stock lending recalls.

These must be completed by 31 December 2026 and 11 October 2027 (and then ongoing), respectively.

These 12 critical actions have been established by the AST in order to try and ensure the industry can settle securities on a shorter cycle by 11 October 2027. The importance of meeting these actions is underscored by the Financial Conduct Authority (FCA).

Speaking at the AST industry event, Mark Francis, interim director of wholesale markets sell side at the FCA, stressed: “If there is only one message I would like you all to take away today is that you should start thinking now and put a plan in place as soon as possible to move to T+1 by the deadline.

“Change is always hard, but firms should use this opportunity to enable their digital strategies and create the bridge they need to accommodate a DLT-based future.”

“Firms must plan and prepare early for the move to T+1. Firms should not wait until 2027 to put in place relevant changes. Firms must start planning and putting plans into action from now.”

Onto a good thing

“A shift to T+1 marks an important shift in its financial market infrastructure,” James Maxfield began.

The chief product officer of the data automation company Duco welcomes the benefits a move could bring in terms of reduced counterparty risk and enhanced market efficiency, he believes that "it also introduces significant operational and liquidity challenges that must be addressed well in advance by UK firms".

He added: “The UK should look to learn from the challenges that North America has faced in their own shift to a shorter settlement cycle at the end of May 2024. In the UK and Europe, market structures are more fragmented and complex and a priority must be to ensure collateral mobility and cash efficiency.”

Maxfield continues to stress the importance of automation in the preparation for T+1. He points to North America’s own shift as an example to learn from. “In the US, many firms relied on additional headcount rather than technology upgrades to meet the new T+1 deadlines.

“This is an unsustainable approach for firms in the long-term as it increases their costs, and the UK and EU must take note of this and prioritise trade process automation to avoid this,” he said.

Chris Biddick, managing director of transfer agency at Bravura, explained that “we all know T+1 isn’t a near-term reality for the funds industry. But, the decision to settle the underlying securities on a T+1 basis does create a strong case for change".

“I believe the legislators are doing the right thing by helping to maintain the UK’s competitive position and protecting the investor," he commented. "So, we need to find a way for fund managers to transition whole fund ranges to T+2 quickly and efficiently to avoid issues like funding gaps, which could be costly to the industry, and investors.”

Biddick believes that the industry must embrace a DLT-based future and make steps towards digital evolution to ensure the shift to T+1 is smooth.

“Change is always hard, but firms should use this opportunity to enable their digital strategies and create the bridge they need to accommodate a DLT-based future,” he noted. “This means having a digital-first transfer agent to enable any change that comes through at low cost. It also means having one holistic view of all their client and investor transactions — one connection to all the different fund transaction networks.”

The underlying message across the industry is ‘start now’. Speakers at the AST industry event compared the event to the firing of a starter’s gun — the race has begun.

Biddick is no different in his sentiment. He added: “These are all solutions that are available today and implementations aren’t as challenging as people think. Fundamentally, if you can reduce risk and cost, whilst getting more control over your liquidity then you are onto a good thing.”

The kingdom of tradition and innovation

Following the recent introduction of short selling and securities lending facilities, Daniel Tison explores the rapidly growing capital market of Saudi Arabia

The securities finance market of Saudi Arabia is experiencing exponential growth, with increasing participation from both domestic and international investors, says Andrew Dyson, CEO of the International Securities Lending Association (ISLA).

He adds: “This growth is fuelled by initiatives such as the introduction of short selling and the development of the derivatives markets, which requires securities lending to facilitate it.”

Dominated by vast deserts, with mountain ranges stretching along the Red Sea and coastal plains accompanying the Persian Gulf, the Kingdom of Saudi Arabia (KSA) is the largest country in the Middle East region, covering the bulk of the Arabian Peninsula. As the birthplace of Islam and the location of its two holiest sites, Mecca and Medina, the KSA’s identity and daily life are deeply intertwined with religious principles, influencing both its culture and legal framework.

With Islam being the official religion of Saudi Arabia, the Quran and Sunna form the foundation of its legal and governance system. Sharia law, derived from these sacred texts, applies to all individuals within the kingdom, regardless of their faith. This includes the securities finance sector, which must avoid interest payments and excessive uncertainty to align with religious values.

Nevertheless, market participants agree that Saudi Arabia stands out as an emerging market, with the recent introduction of securities finance playing a key role in increasing liquidity and attracting foreign investment.

Based in Riyadh, Jalal Taji Faruki, head of custody and securities services at SNB Capital, observes some unique dynamics in the local securities finance market. This includes its historical drive by retail and high-net-worth (HNW) investors acting on a self-directed basis, a large flow of foreign investment since the Kingdom's inclusion in major emerging markets indices in 2019, as well as a notable shift towards institutional managers in the local investor population.

"Combined, these dynamics lead to a very compelling opportunity for SBL to grow quickly," says Faruki.

He adds that Saudi Arabia's securities lending market is characterised by technological advancements, including the adoption of agency lending and pooled principal models, along with ISO/SWIFT messaging, introducing operational efficiency.

Gaining exposure

With Saudi Arabia strengthening its position in global financial markets, foreign investor interest is increasing.

"As this exposure grows, institutional investors look to deploy hedged and long/short strategies," says Faruki. "These types of mandates drive demand and the requirement for capacity in the securities lending area."

He adds that custodians, asset managers, and brokers are developing capabilities to offer securities borrowing and lending (SBL), while elements like collateral management and investment accounting are being upgraded to support these types of transactions.

Based on data from S&P Global Market Intelligence, the Saudi equity market demonstrated robust growth in 2024, with total securities lending revenue surpassing US$12 million. As of 28 February 2025, the value on loan increased by 15 per cent year-on-year (YoY) to US$5.7 million, while the lendable inventory in Saudi Arabia has seen a remarkable increase of 190 per cent YoY, surging from US$3.1 billion to US$8.9 billion.

Shaan Jivan, product specialist for securities finance at S&P Global Market Intelligence, comments: "This substantial growth in lendable inventory indicates growing market participation as more agent lenders and custodians are able to offer securities lending services in the region and local asset owners start to participate in the market."

Dyson notes that recent regulatory reforms have aimed to align the Saudi market with international best practices, thereby bolstering transparency and investor confidence.

"Consequently, the market has witnessed a significant increase in liquidity and efficiency, alongside an expanding investor base, marking a substantial step towards global financial integration," he states.

The Middle East, and Saudi Arabia in particular, has been a focus for ISLA for several years, with the association's growing presence and membership in the region. In September 2023, ISLA entered into a partnership with Latham & Watkins to promote the advancement of securities lending activities in the Middle East.

Five months later, in February 2024, the association released the first of a number of SBL guides covering the region, with the first one dedicated to Saudi Arabia. In this guide, ISLA provides members with insights into the Saudi SBL market, as well as an annex setting out various scenarios in accordance with the specific regulatory framework.

In collaboration with the International Capital Market Association (ICMA) and the International Swaps and Derivatives Association (ISDA), ISLA hosted its first conference in Riyadh in February, with almost 200 market participants attending.

ISLA members can also join its Developing Markets Working Group, which brings together members and relevant stakeholders in the region to help drive the development of SBL and formulate ideas around industry best practice, legal frameworks, and post-trade procedures. SNB Capital, EFG Holding, Riyad Capital, as well as the Saudi Central Bank (SAMA) and the the Securities Depository Center Company (Edaa), are all members of the association now.

Regulatory overhauls

As conventional SBL activities, which often involve interest payments and speculative practices, do not align with Shariah principles, Islamic financial institutions have developed alternative mechanisms to ensure compliance.

According to Faruki, one of the most prominent alternatives is Murabaha with double wa'ad structure, offering a Shariah-compliant framework for both securities lending and short selling. This structure begins with an actual Murabaha transaction that is executed immediately, allowing the borrower to acquire the securities through a Shariah-compliant sale. Alongside this, both parties make separate unilateral promises (wa'ad) to potentially enter into a future transaction under pre-agreed terms. These promises are not binding until one party requests the other to fulfill the wa'ad. If both parties choose to proceed, the borrower sells the securities back to the original seller, completing the cycle in a Shariah-compliant manner. Additionally, it is essential that the underlying securities in these transactions exclude instruments related to prohibited sectors, such as alcohol, gambling, or conventional financial services.

Faruki comments: "Shariah compliance is a very important aspect for local investors, and enabling compliant securities lending is one of the key priorities for us to access the large local retail and HNW lenders."

Dyson emphasises that the introduction of short selling has enhanced market efficiency and provided investors with greater trading flexibility, fostering increased liquidity and improved price discovery.

"This development, coupled with the establishment of robust securities lending infrastructure, has been crucial in supporting the growth of sophisticated trading strategies, and attracting both domestic and international investors," he states.

The Saudi capital market first opened up to foreign investors in 2016, with the introduction of 'Rules of Qualified Foreign Financial Institutions Investment in Listed Securities'. These rules were amended with the formation of Edaa, acting as the central securities depository (CSD) for Saudi Arabia.

Providing an infrastructure and regulatory framework for SBL activities in the kingdom, Edaa has soon become a key player in this sector, along with the Capital Market Authority (CMA), Saudi Stock Exchange (Tadawul), and SAMA.

SAMA primarily regulates the banking sector, insurance companies, and payment systems, with a focus on maintaining monetary stability and ensuring the soundness of the financial system, while the CMA is responsible for setting and policing financial rules and regulations, which includes Tadawul.

The KSA issued its initial SBL and short selling regulations in 2017, but these underwent significant changes in subsequent years to enhance market efficiency and align with international standards.

The CMA's approval of the Securities Central Counterparties Regulation in 2020 paved the way for the introduction of a central counterparty (CCP) in the kingdom. Since its establishment in 2018, the Securities Clearing Center Company (Muqassa) has completed its full coverage of all exchange-traded products in Tadawul.

In 2021, Tadawul approved amendments, which allowed all types of investors to engage in short selling and SBL activities under specific conditions, aiming to boost market liquidity and provide diversified investment opportunities. In 2022, Edaa updated the SBL regulations to reflect ongoing enhancements in the capital market infrastructure as part of the Kingdom's comprehensive post-trade transformation programme (PTTP).

For instance, the dual portfolio was discontinued, which removed the requirement to link client securities accounts to broker-managed portfolios and allowed for faster market access. The PTTP has also brought greater flexibility in trading and settlement cycles, enabling buyers and sellers in negotiated deals to agree on a settlement period ranging from T+0 to T+5.

Additionally, the introduction of average pricing and post-execution trade allocation to investor accounts has helped investors to capitalise on market opportunities, according to HSBC. Last but not least, recent enhancements to the fails mechanism have also resulted in a substantial reduction in failing trades.

In November 2024, the Saudi Tadawul Group announced the implementation of additional post-trade enhancements, introducing new products and services to diversify offerings and investment opportunities for local and foreign investors.

Commenting on these developments, Sarah Al Othman, managing director and head of securities services at Riyad Capital, says: "The number of securities on loan and their value have grown significantly over the past year, indicating increased market activity and acceptance.

"Developments such as the establishment of Muqassa and flexible settlement cycles have bolstered market stability and efficiency."

The Kingdom's regulatory capital requirements for financial institutions are often based on net exposure rather than gross exposure when

netting agreements are in place. Dyson explains that this allows participants to engage in more securities lending activity with the same amount of capital, increasing market efficiency and liquidity.

On the back of the close-out netting draft regulations issued by SAMA in February 2025, Faruki expects the activity and interest from foreign investors to continue growing in this area. Meanwhile, the CMA is working on netting legislation, following a recent consultation on the draft rules.

On that note, Al Othman adds: “This regulation provides a robust legal framework for the enforceability of netting agreements and financial collateral arrangements, particularly in the context of bankruptcy proceedings.

“By ensuring that netting agreements are enforceable even during bankruptcy, the regulation reduces credit risk and promotes financial stability, aligning Saudi Arabia’s financial infrastructure with international standards. This will contribute to reducing the credit risks of the transactions and protect against negative changes in the market, as well as the risk of the counterparty’s default on payment.”

To Dyson, close-out netting acts as a crucial risk management tool in securities lending, as it transforms a complex web of interconnected obligations into a manageable net exposure, thereby safeguarding individual participants and the overall stability of the financial system. Otherwise, the potential for significant losses and systemic disruptions in the securities lending market would be considerably higher, he emphasises, hindering its growth and effectiveness.

Edaa is currently working with market participants to propose further amendments to the rules in order to allow greater foreign participation in the market. As a direct clearing member of Muqassa in the derivative market, SNB Capital actively engages with the Saudi Tadawul Group to stay aligned with regulations while providing feedback to regulatory bodies on any practical challenges that may be addressed in future revisions.

Bright future ahead

Saudi Arabia is currently halfway through its transformative journey towards economic diversification as part of its Vision 2030 initiative, which was first announced by the Saudi government in 2016.

“This ambitious plan aims to reduce the country's dependence on oil revenues, and foster a more sustainable and diversified economic landscape,” explains Jivan. “By investing in sectors such as tourism, entertainment, and technology, Saudi Arabia is positioning itself as a regional hub for innovation and economic activity.”

Securities finance plays a pivotal role in this development, according to Jivan, as it increases the efficiency of financial markets and promotes greater participation, essential for economic growth.

“Enhanced liquidity through securities lending can lead to narrower bid-ask spreads, lower transaction costs, and improved price discovery, contributing to a more vibrant capital market,” adds Jivan.

Dyson agrees that recent regulatory reforms, together with Vision 2030, are setting the stage for a rapid transformation of Saudi Arabia's securities finance market in the near future.

“The Kingdom's robust economic performance is attracting substantial international capital, expanding beyond its traditional regional focus,” he states. “Couple this with increased investment in infrastructure, increased presence of international firms, and greater collaboration across all market participants — the future of securities lending looks very bright.”

However, he notes that to allow the Saudi market to reach its full potential, international institutional investors need to see a market structure that is comparable with other G20 economies.

“It will be important for all the relevant stakeholders to work together to align the market in the kingdom with those other developed markets from a best practice perspective,” says Dyson.

Over the next few years, Faruki expects increased participation and liquidity in the market from both local and international investors, in addition to enhanced market infrastructure that will support a larger market, streamline securities lending processes, and increase access to liquidity.

Al Othman shares this sentiment, adding: “The securities lending market in Saudi Arabia is expected to expand steadily, driven by regulatory reforms, increased foreign investor participation, and the implementation of Vision 2030 projects. These factors are expected to enhance market accessibility and liquidity, fostering further development in securities lending.

“Expansion into derivatives and other financial instruments will likely provide more opportunities for market participants.”

Stepping foot into the world of securities finance

No two days are the same for Suhail Chaudry, assistant vice president at MUFG, who speaks with Daniel Tison about his unconventional journey from retail banking to securities finance

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

My journey into the securities finance industry would be what some call quite unconventional, as I did not really follow the usual path. After completing my degree in business economics, I entered the world of retail banking, where I managed to pick up some great skills, including how to work in a large financial organisation.

However, having always had an interest in the financial markets, global economics, and global affairs, I had an eye on moving into a role focused on the financial markets. I managed to secure a career move to a stockbroker, where I worked in their settlements team covering UK equities and fixed income, with this role also involving an element of transaction reporting.

It was this experience, and more so the transaction reporting, that eventually helped me make a move to London, with a role as an analyst at MUFG. Here, I started to work on the second Markets in Financial Instruments Directive (MiFID II) in more detail, and thoroughly enjoyed the faster-paced life that the role and London had to offer.

As with the city itself, opportunities to learn and expand my network were abundant, and during the pre-go-live days of the Securities Financing Transactions Regulation (SFTR), I was asked to join the project team to set about how MUFG would tackle this new and complex regime.

It was here where I first stepped foot into the world of securities finance, and where I remain today. As we all know, it is a thoroughly fast-paced industry and with the ever-changing nature comes so much to learn and so many great people to meet. I am grateful to some incredible individuals in the industry who helped shape my knowledge and expand my network.

Navigating this industry can be tricky at first, as there are many areas of expertise. I have always made sure that I asked questions and joined industry groups and events, such as from the Securities Finance Times, the International Capital Market Association (ICMA), or the International Securities Lending Association (ISLA), to name a few, to learn as much as I can.

From personal experience, the best way to learn is to listen and take notes from those with experience. But I am trying to pass on what I have learnt too, as we can all pass on knowledge to others who are entering this industry.

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

The personal and team achievements are most fulfilling, and when I combine this with the excitement that comes from an ever-changing industry, I very much enjoy what I do. While we all have tasks that are somewhat repetitive, no two days are ever the same, as challenges can appear at any stage during the day.

I also regard giving back as something that I hold close to me. As I mentioned, I learnt from a number of excellent mentors over the years, some of whom have become good friends. I have always valued their time and efforts, so for me, to now be able to give this back to others, who are younger than myself, is very rewarding. We can only move forward as one industry by working smarter, but also by working together.

Fortunately, I have been involved in numerous projects, but the standout for me has to be the SFTR. Learning about securities finance was a challenge in itself, so being able to pick this up and then go on to be a key person in my department is very rewarding!

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

Fortunately for me, MUFG has always been very happy to support these types of initiatives — in the form of on-the-job learning, courses around new technology, or even product training. Most recently, I have started studying for the Chartered Financial Analyst (CFA) exam, which MUFG supported, for which I am grateful.

In terms of other initiatives, we have a great mentor programme which I have been a part of since I joined the company. This has helped me expand my network, build relationships, and grow my confidence, which I believe is vital for any young person entering the industry. It is something I very much encourage others to be a part of too.

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

The biggest misconception is that many people see this world through TV shows or movies, and while some things can be relatable, it is not quite the same! While we all work very hard and we can often work under challenging situations, it is always very rewarding. As I previously mentioned, no two days are ever the same so while this brings added challenges, it also helps us during our careers to learn how to navigate some of the complexities of the industry.

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

In the short term, I would love to have finished my CFA. My goal is to keep on listening and learning, building up my knowledge to be an asset to the industry, as with this comes greater opportunities. Being someone who is competitive and aspires to be successful, I just want to work hard to reach my goals and with this, I would like to climb the ladder within this industry.

On the other side of this, I would also like to give back and help others grow their knowledge and build up their confidence in the same way that my mentors helped me get to where I am today. I think this would also help me should I want to gain management responsibilities.

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

Never give up — this is not only for your professional life but your personal life too. There will always be difficult times, but please persevere, listen, and learn. If you do all of these, then I am sure you will be successful.

This is also something I learnt along the way, as I remember being uncertain and afraid to speak up at times, but always ask questions, show an interest, and put effort into all tasks that you are given every day. There will always be someone willing to take a chance on someone who they see as wanting to be a better individual. ■

Suhail Chaudry

Suhail Chaudry is an assistant vice president at MUFG, with nearly 10 years of experience in the financial services industry, including securities finance and settlement.

He joined the company in 2020 as a regulatory control transaction reporting analyst. Prior to that, he was a market settlement analyst at AJ Bell and settlement officer at The Co-operative Bank.

After growing up across the world, from Borneo to London, Chaudry earned a bachelor's degree in business economics from Aberystwyth University.

Leonteq adds Doublet

Leonteq has onboarded Emmanuel Doublet as head of securities finance and collateral management.

Doublet brings nearly three decades of experience in the industry to his new role based in Switzerland.

He joins the company from a 25-year tenure at Natixis where he was most recently executive director and head of trading.

During his time here, he worked within the firm's Paris, New York, and London offices.

Earlier in his career, Doublet worked in convertible bonds sales at BNP Paribas and HSBC.

He earned a master's degree in international finance from Université Paris Dauphine.

Pirum welcomes Corral

Pirum has appointed industry veteran and former J.P. Morgan global head Ed Corral as head of collateral services.

Based in New York, he will lead the expansion of CollateralConnect — the firm's collateral management and optimisation solution — to meet demand and grow its footprint in the US.

Corral is a seasoned expert with over 30 years of experience covering collateral management and optimisation, as well as wider securities finance.

He joins Pirum from J.P. Morgan, where he spent a total of 25 years, taking on a number of senior positions at the bank and its predecessor firms. Most recently, he was managing director, global head of collateral management.

In addition, he headed tripary repo and collateral optimisation at Morgan Stanley during his almost 10 years with the company.

Wematch.live promotes Taieb

Wematch.live has promoted Anne Taieb to chief product officer.

Based in London, Taieb has played a key role in implementing Wematch's matching and lifecycle solutions, and spearheading major connectivity projects across key market players.

Prior to this appointment, she served as the head of securities finance product at Wematch for more than three years.

Taieb joined the firm's coverage team in 2020, with the responsibility of promoting and managing delta one indices franchise across European markets.

Before that, she was at Deutsche Bank for nearly a decade where she started her career as an index delta one trader.

SIX elevates Santos

SIX has promoted María Santos to head of REGIS-TR, effective 1 April, succeeding Thomas Steimann who is set to retire.

Santos has been working at REGIS-TR as a managing director since March 2024, where she was responsible for client, regulatory, and business development, as well as product departments.

She also led the REGIS-TR's migration to the SIX Group, after the firm acquired Clearstream's remaining 50 per cent stake in March 2022.

Before joining REGIS-TR, Santos held various management positions within the company.

Between 2019 and 2024, Santos worked at Iberclear, a subsidiary of Bolsas y Mercados Españoles (BME) which serves as Spain's central securities depository.

ISSA welcomes Chandok

The International Securities Services Association (ISSA) has appointed Vijay Chandok, managing director and CEO at the National Securities Depository Limited (NSDL), to its executive board.

Based in Mumbai, Chandok brings more than three decades of experience in banking, financial services, and the insurance sector to the board.

In this position, he succeeds Padmaja Chunduru, the former managing director and chief executive officer of NSDL.

Prior to joining NSDL, Chandok was at the Industrial Credit and Investment Corporation of India (ICICI), where he grew from a management trainee to an executive director at ICICI Bank, and later acquired the role of a managing director and CEO at ICICI Securities.

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