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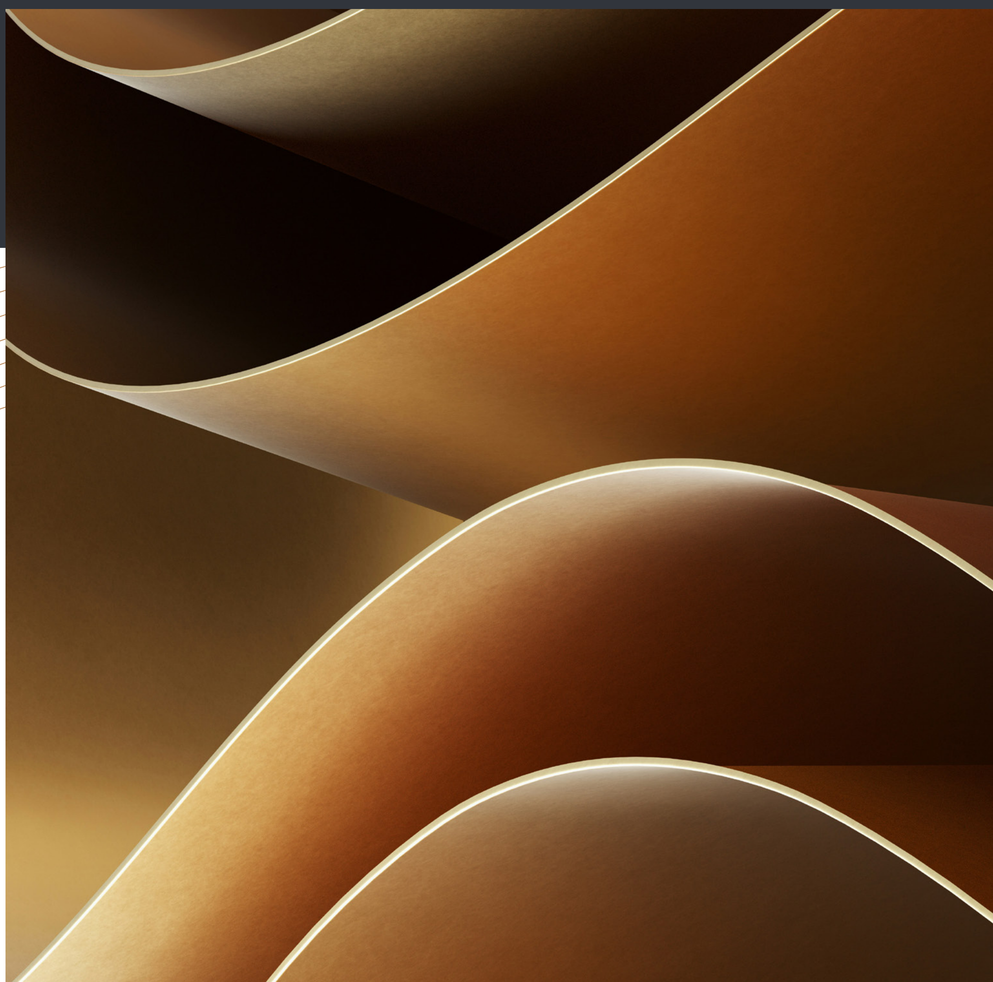
From trading desk to trading tech

Pirum's Zoë Balkwell discusses the evolution of the trading desk and connecting to post-trade



EquiLend invests in Digital Prime Technologies

EquiLend has invested in Digital Prime Technologies, a US-regulated provider of institutional crypto financing and prime brokerage technology, to advance institutional tokenised-asset and digital-markets infrastructure.

The investment responds to accelerating market structure changes and client demand for governed, transparent, straight-through workflows across lending, and financing in traditional and digital instruments.

Together, EquiLend and Digital Prime will enable workflows across trading, post-trade, and data, with an initial focus on institutional financing for tokenised assets, digital securities, and crypto through Tokenet — Digital Prime's network.

Tokenet provides multi-custodian and multi-collateral lifecycle management, exposure monitoring, and institutional reporting, with future phases deploying regulated stablecoin collateral and additional tokenised instruments.

James Runnels, co-founder and CEO of Digital Prime Technologies, says: "EquiLend's investment and network will help us scale thoughtfully while we continue to prioritise compliance, risk management, and transparency for clients."

Early priorities include aligning workflows with EquiLend's Next Generation Trading (NGT) and the 1Source post-trade platform, with aggregated activity routed to EquiLend's Data & Analytics to increase market transparency and operational efficiency as settlement cycles compress and financing activity modernises.

Rich Grossi, CEO of EquiLend, states: "As digital asset adoption accelerates, market participants increasingly expect a seamless, unified experience across traditional and digital workflows.

"Institutions expect governance, transparency and straight-through processing in every asset class.

"Investing in Digital Prime extends our infrastructure model to tokenised assets and digital markets, positioning us to support clients as our market structures evolve."

Nick Delikaris, chief product officer at EquiLend, adds: "This investment enables us to extend EquiLend's market-leading infrastructure into tokenised assets and cryptocurrencies, delivering the same transparency, institutional rigor, and automation that our clients rely on across our core platforms."

Inside this issue

DTCC expands CME cross-margining

The Depository Trust & Clearing Corporation (DTCC) and CME Group are to continue progress on their efforts to extend their existing cross-margining arrangement to end-user clients.

The Fixed Income Clearing Corporation (FICC) has now formally filed with the Securities and Exchange Commission (SEC) to expand its cross-margining arrangement with CME Group.

CME Group filed with the Commodity Futures Trading Commission (CFTC) in late September.

The CFTC has also published a proposed order granting a limited exemption necessary for CME and FICC to make their existing cross-margining arrangement available to certain customers with appropriate safeguards.

Under the proposal, both FICC and CME would be able to extend their existing cross-margining arrangement to end-user clients of dually registered broker-dealers and futures commission merchants (FCMs) that are common members of both organisations.

End-user clients would benefit from increased capital and margin efficiencies when trading US Treasury securities and interest rate futures from CME Group that have offsetting risk exposures, because the clearing organisations would consider the net risk for margin calculations.

Under the proposed arrangement, FICC will also designate cross-margin accounts, allowing all eligible positions in the account to offset with eligible CME Group interest rate futures.

CME Group will allow participants to direct futures to end-user cross-margin accounts throughout the day, making them available for offset in the cross-margin arrangement.

BNP Paribas appointed by Banco Mediolanum's depositary bank

BNP Paribas' Securities Services business has formed an agreement with Banco Mediolanum to become the new depositary bank for Banco Mediolanum in Spain, representing a total volume of over €4.7 billion assets under depositary across 10 investment funds.

This alliance is part of Securities Services' growth strategy in targeted markets across Europe and globally.

This integration reinforces BNP Paribas' existing relationship with the Mediolanum Group in Europe, including a range of securities services already provided in Ireland and Italy.

Through this partnership, BNP Paribas' Securities Services business has been appointed as the depositary bank of Banco Mediolanum's Spanish investment vehicles.

A collective joint effort between both parties and their client focus approach have been factors in the success of the transaction. Soledad Lecube, head of Spain, Securities Services, BNP Paribas, comments: "Spain is a longstanding strategic European market for our Securities Services business, and we are committed to keep developing our local expert teams and product offerings. Banco Mediolanum and BNP Paribas share common values of operational excellence and a strong European presence.

"This integration is a testament to our ongoing efforts and commitment to the region. Being the top depositary bank for independent asset managers in Spain and the fourth leading provider of depositary banking services in the country, we look forward to growing alongside our clients and provide them with best-in-class services."

TS Imagine joins PASLA

TS Imagine has become a member of the Pan Asian Securities Lending Association (PASLA).

The firm will be joining as a PASLA Solutions member, a category tailored for clearing houses, data providers, exchanges, infrastructure providers, and management consultants involved in securities finance transactions.

TS Imagine delivers solutions for prime brokerage, integrated electronic front office trading, portfolio management, and risk management across the buy side and sell side.

The firm's innovation is driven by leading technology talent working alongside former senior traders who understand the pressure points of modern markets and how to best address them.

Global securities lending revenue up 23% YoY

The global securities finance industry generated US$958 million in revenue for lenders in November, a 23 per cent increase year-on-year (YoY), says EquiLend Data & Analytics.

Despite an 11 per cent decrease from October, November's performance brings 2025's year-to-date revenue to US$10.8 billion, outpacing 2024 by 21 per cent.

The strength was driven by global equity markets, with equity lending revenue reaching US$725 million (up 30 per cent YoY), continuing the strong momentum seen throughout 2025. Fixed income revenue rose to US$232 million (up 6 per cent YoY).

Global broker-to-broker activity, where broker-dealers lend and borrow securities from each other, accounted for an additional US$283 million, up 36 per cent YoY.

North American equity revenue climbed 14 per cent YoY, driven by a 28 per cent increase in loan balances, as tech and AI securities remained highly volatile.

While fees fell by 9 per cent compared to November 2024, the resulting lending revenue rose by 14 per cent YoY to US$372 million.

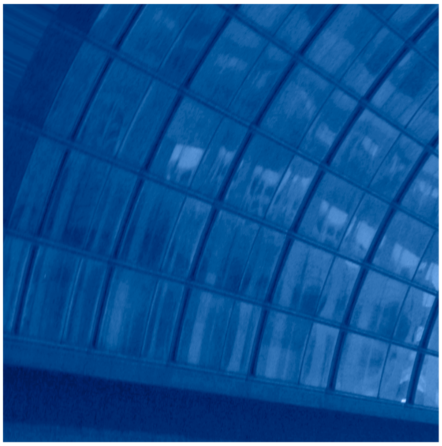
Revenue from corporate bond lending remained flat at US$40 million as a 17 per cent increase in balances offset a 15 per cent decrease in fees.

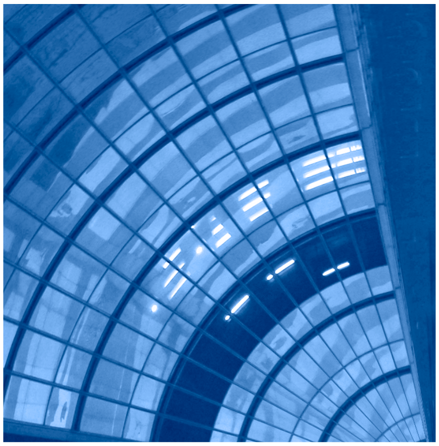
Likewise, government bond lending revenue rose by 9 per cent YoY as the Federal Reserve continued to cut interest rates.

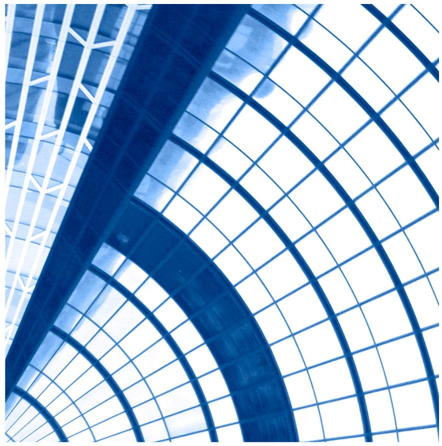
Lending revenue for EMEA equities increased by a similar margin, 31 per cent YoY. Despite ongoing policy uncertainty in Germany and France, investors rotated out of concentrated US tech positions into European equities, driving the CAC 40 and FTSE 100 to record highs.

The increased valuations improved loan balances by 36 per cent, which offset fees falling by 4 per cent YoY. Corporate debt lending yielded a minor 1 per cent increase, as an 18 per cent rise in loan balances offset a 14 per cent decline in fees.

Lending revenue from French OATs continued to bolster European government debt resulting in a 7 per cent YoY jump for the region.







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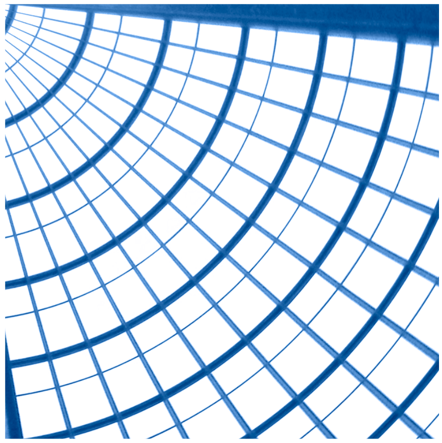

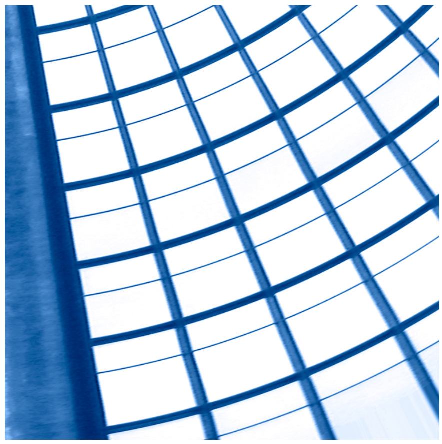

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Asia Pacific equity markets had the largest YoY growth in revenue across all regions, with a 61 per cent increase in revenue.

The region's top revenue markets include Hong Kong, Taiwan, Republic of Korea, and Japan. Both fees and balances rose by 15 per cent and 40 per cent, respectively.

Single-stock revenue leaders for November were led by the technology, real estate, and energy sectors.

The top five revenue-generating securities globally were Infosys LTD ADR, Contemporary Amperex Technology Co., Circle Internet Group, Lennar Corp, and Nano Nuclear Energy, which collectively generated US$74 million in lending revenue.

Clearstream launches Next Data Solutions

Clearstream has launched Next Data Solutions, a new generation of data solutions providing market participants with greater transparency across the post-trade value chain.

The suite combines four products — SettlementNext, LendingNext, CollateralNext, and LiquidityNext — under a single data and analytics framework.

Each product is designed to help financial institutions move from retrospective reporting toward proactive decision-making, anticipating settlement challenges, optimising collateral allocation, and managing liquidity in real time.

Supporting clients in the run-up of the accelerated settlement cycle in Europe, SettlementNext also introduces the T+1 Scorecard, giving clients insight on compliance with T+1 requirements.

Eva-Maria Keller, head of data, channels and digital operations at Clearstream, states: "In this increasingly fast-paced world, market participants need to act quickly upon current events and take precise and informed decisions within seconds.

"Clearstream's Next Data Solutions helps clients understand their activity with greater clarity, enabling them to address recurring issues and realign their positions to meet future liquidity and funding demands.

"As the financial industry prepares for significant shifts like T+1 settlement and the greater integration of European capital markets, Next Data Solutions represents a vital tool for enhancing market transparency, efficiency, and security."

Next Data Solutions is available to clients through the Clearstream Xact web portal, with more analytics modules planned for release in 2026.

Industrial and Commercial Bank of China joins Clearstream

The Industrial and Commercial Bank of China (ICBC) has joined the triparty repo service of Clearstream, Deutsche Börse Group's post-trade services provider.

ICBC is the first Chinese financial institution to do so, allowing clients to participate in triparty repo under title transfer with offshore counterparties.

This marks a significant step in strengthening the Chinese repo market with a secure and efficient triparty offering, enhancing its attractiveness and fostering further growth.

The repo market is crucial for liquidity management within China's financial system, serving as a vital funding source for institutions, says Clearstream.

The firm notes a growing popularity in triparty repos with users benefiting from a balance of high safety and a potential for greater returns compared to traditional money market instruments and bilateral repos.

For 30 years, Clearstream's triparty repo service has connected global market participants as a neutral intermediary, offering access to diverse and substantial liquidity pools.

Hailu Wang, general manager of global markets department of ICBC, states: "We are happy to cooperate with Clearstream to be the first Chinese bank joining the triparty repo business.

"Triparty repo, by tapping into the collateral management service of third-party professional institutions such as Clearstream, provides higher efficiency and lower counterparty risk in the repo market.

"Looking into the future, we would like to join hands with financial peers to promote together the development of the repo market in China."

Philip Brown, CEO at Clearstream Banking, adds: "This partnership with ICBC represents a key milestone in bringing innovative triparty repo solutions to China.

"It is a testament to our commitment to providing cutting-edge services that boost market attractiveness and support the evolving needs of our clients globally, a key ambition for Clearstream."

CFTC launches digital assets pilot programme for tokenised collateral

The Commodity Futures Trading Commission (CFTC) has announced the launch of a digital assets pilot programme for digital assets to be used as collateral in derivatives markets.

Digital assets such as bitcoin, ether, and USDC — or other payment stablecoins — will be included in the pilot programme.

CFTC Acting Chairman Caroline D. Pham says: "As I've said before, embracing responsible innovation ensures that US markets are the world leader, and drives progress that will unleash US economic growth because market participants can safely put their dollars to work smarter and go further."

The move marks a significant milestone in the expanded adoption of digital assets in regulated markets with appropriate guardrails.

Paul Grewal, Coinbase chief legal officer, comments: "The CFTC's decision confirms what the crypto industry has long known: that stablecoins and digital assets can make payments faster, cheaper, and reduce risk.

"This major unlock is precisely what the Administration and Congress intended the GENIUS Act to enable — and will allow digital innovation to transform and improve traditional areas of finance. We encourage other regulators to quickly follow suit."

According to Heath Tarbert, president of Circle, the ability to deploy prudentially supervised payment stablecoins across CFTC-regulated markets protects customers, reduces settlement frictions, supports 24/7 risk reduction, and advances US dollar leadership through global regulatory interoperability.

He adds: "Enabling near-real-time margin settlement will also mitigate settlement-failure and liquidity-squeeze risks across evenings, weekends, and holidays."

The CFTC has also published updated guidance on the use of tokenised assets as collateral in the trading of futures and swaps.

The guidance — which encourages the analysis of tokenised assets on an individual basis in accordance with the CFTC's existing regulatory framework — applies to tokenised real world assets, including US Treasury securities and money market funds.

Further, the CFTC's Market Participants Division issued a no-action position with respect to certain requirements applicable to futures commission merchants (FCMs) that accept non-securities digital assets, including payment stablecoins, as customer margin collateral or hold certain proprietary payment stablecoins in segregated customer accounts.

The no-action position aims to provide market participants with regulatory clarity regarding the application of the segregation and capital requirements to FCMs that accept these digital assets as margin collateral, while highlighting the importance of FCMs' maintaining robust risk management practices.

During the first three months from the commencement of an FCM's reliance on the no-action position, the digital assets that an FCM could accept as margin collateral will be limited to bitcoin, ether, and USDC.

In this initial period, an FCM relying on the no-action letter will be required to provide weekly reporting of the total amount of digital assets held in customer accounts, and will need to notify the CFTC of any significant issue affecting the use of digital assets as customer margin collateral.

Jack McDonald, senior vice president of Stablecoins at Ripple, notes: "The CFTC's actions mark a pivotal moment for integrating digital assets into regulated derivatives markets.

"By recognising tokenised digital assets — including stablecoins — as eligible margin, the CFTC is providing the regulatory clarity needed to move the industry forward. This step will unlock greater capital efficiency and solidify US leadership in financial innovation."

From trading desk to trading tech

Zoë Balkwell, head of pre-trade and trading at Pirum, sits down with Carmella Haswell to discuss the evolution of the trading desk and connecting to post-trade

Having entered the trading world 14 years ago, Zoë Balkwell now leads Trading and Pre-Trade at Pirum, which includes Pirum TradeConnect. Before holding a number of senior roles within JPMorgan Chase, State Street, EquiLend, and Merrill Lynch, Balkwell began her career as a securities finance software engineer at Goldman Sachs.

Her journey onto the trading desk was unconventional. While most naturally progress via operations through the middle office, or claim their seat at the desk straight from education, Balkwell migrated as a "data nerd" and "techie".

"From the relationship management and tech side, I would absolutely idolise the desks because I thought what they were doing was totally different. Many people on the desk at that point were involved in corporate actions, were technical traders, and were more focused on the relationship side of things," she explains.

However, the role of the trader has since evolved. Now completely different to when Balkwell first joined, the makeup of the desk today is more technical and operational. "When you look at the new talent coming through the market, there's people doing Python and coding in their spare time, they are very analytical, data-focused people."

With a heavy influence from automation and data pushing this technical shift, the use of manual processes has declined while automation has become an ingrained process.

Balkwell continues: "So much of your flow is in automation that you need traders that understand that flow. Having that trader mindset and having a dynamic desk allows the desk to become a lot more diverse, which is always a good thing."

An inflection point

With the incorporation of new technology and automation, trading is at an inflection point — this statement rings true for Balkwell, who highlights that there is now more convergence of adaptation, where market participants are doing "a bit of everything".

She explains: "We are getting towards that inflection point with data and AI and towards the real turning curve of taking onboard all of the new products that come into market, as well as the different ways of doing things.

"However, there's a few aspects that we need to iron out first as an industry, and we need to ensure that we have the processes and security in place to be able to drive this effort forward in a resilient and scalable way."

Putting her techie hat on, Balkwell understands how some can get very carried away and excited with new technology, but she feels its key to focus on how to adapt and overlay this technology with the current infrastructure in place. Rather than jumping onto new trends, Balkwell advises that the industry must first understand the current infrastructure and why it has been put in place to ensure that existing frameworks and new tech can work in harmony.

As she looks forward, Balkwell states that there is no room for fragmented data. "It has to be harmonised, it has to be together, because otherwise you're going to spend all your time trying to standardise that data in different ways, and so to gel them all together is going to take a whole other process."

That inflection point is going to be an interesting one to watch, says Balkwell, "because everyone's very keen for it". The data that can be unlocked with AI — and all of the other possibilities that are coming through at the moment — is going to be "absolutely amazing".

For instance, if firms can link post-trade lifecycle data to inform trading decisions, Balkwell says that "at the click of your fingers" decision making at the point of trade completely changes and becomes much faster.

She continues: "This also applies to troubleshooting. When you realise something has gone wrong in the system but it isn't immediately evident, you can harness AI to be able to locate the issue so that you can get to the crux of the problem faster and be more efficient with your time."

On the flip side, challenges remain. The new digital era will require a shift in mentality for some traders and the ability to adapt with technology. To tackle this, Balkwell advocates for more support for traders to be able to upskill, and to create an environment where "it's good to learn". She adds: "It can be daunting to keep up with the change and to be aware of all of the new updates that are coming through from new technology."

As an example, Balkwell refers to ChatGPT which, once viewed as a gimmick, is part of the new technology that is changing the industry altogether. While previously stunted by its inability to access up-to-date information, the generative AI tool is now more incorporated.

"The trading role itself will be helped with automation, and there will still be a strong demand for specialists and for key information hubs like SMEs. It's about looking at the bigger picture of trading rather than just a small section that we have focused on in the past."

Progress in post-trade

As the market adjusts to an ever-evolving industry, and the constant need for increased efficiency in a fast-paced and demanding environment, Balkwell observes that "the distinction between pre-trade and post-trade is dissolving". She says this follows the digitalisation and the symbiotic nature of all of the groups that are working together to be more dynamic.

It has become so much of a fluid lifecycle that Balkwell asks at what point does a post-trade event trigger a new trading event? She explains: "Our market is not as linear as it's been drawn out to be in the past. The interoperability of everything, that combined nature, makes it the complexity that I love. Pirum coming into the trading space from post-trade is a natural progression, because it does reflect what's happening in the market."

Balkwell is set on driving the Pirum TradeConnect platform towards creating trading and pre-trade solutions and linking it to the post-trade suite to drive better decisions. This does not simply stop at connectivity, Balkwell highlights, it is about supporting pre-trade and trading at the same time as linking and connecting with post-trade.

"Once we break down those barriers of having the different parts of the trade, we're going to get to a much better place," she adds.

Pirum TradeConnect is designed to be scalable, robust, and in the words of Balkwell, "is exactly what the industry and our design partners are wanting". The solution works to simplify and "strip the industry back to what people actually need".

Balkwell notes that while her perfect dream is a better securities finance industry where frictionless automation is at the core, she believes that the industry is getting further down that path, noting that interoperability between vendors is "super important".

Leading the development of trading solutions, Balkwell has taken on a three-pronged approach: solve these problems, listen to the market, and ensure Pirum is completely connected to industry movements to understand client needs.

"For me, I just love solving problems — as Marie Kondo's method goes, it sparks joy."

A connector

"Pirum is a connector, we are the pipes. Clients will build out to us because it saves on their tech resources, for instance. They can build out one connection to us, and then we are able to facilitate multiple connections to venues or bilateral counterparts," Balkwell states.

In the spirit of making connections, Pirum has officially become a member of the FIX Trading Community, an industry-driven standards body. FIX aims to address business and regulatory issues impacting multi-asset trading in global markets through standardisation, operational efficiency, increased transparency, and reduced costs and risks for all market participants.

"Being a connector, it's natural for us to support a way of connecting," says Balkwell. "We've been talking about the standardisation of the messaging, and we offer that standardisation from the Pirum TradeConnect side of things. We just want to be able to support all clients within the ecosystem."

As such, Balkwell looks forward to the firm's core strategic priorities over the coming 12 months, in which Pirum will be working to support preparation for upcoming regulation, emerging markets, and retail aggregators — a particular area which is close to her heart.

In terms of regulation, T+1 will continue to be a key focus point for the industry as the UK, Europe, and Switzerland work in unison to implement the shorter settlement cycle on 11 October 2027. One of the largest challenges from a Pirum perspective relates to standard settlement instructions (SSIs). To assist with SSIs, the firm is building out SSIConnect — a holistic, across Pirum benefit, which will first focus on the Pirum TradeConnect space.

"We are purely providing that mapping within the middle, because our clients want that mapping to make things more streamlined," Balkwell adds.

Moving onto the Middle East and North Africa (MENA), Pirum is keen to continue the industry's work to open up emerging markets such as the Kingdom of Saudi Arabia. The growth in the MENA region is unprecedented, says Balkwell, who indicates that the industry should be very proud to have gotten to this point. Saudi was the first market to venture forward and, undoubtedly, other neighbouring markets will be very close behind.

Balkwell states: "Having that leadership from the Saudi markets has really shown the light and the way things can be done. Our Pirum TradeConnect platform is agnostic to market or asset class, so we're prepared, and we want to support the different regions."

Finally, retail aggregators are a core space to watch for Balkwell. "We're at that turning point where we've got new assets from different regions that we've never really seen before, we've got retail aggregators coming to the market, which is a very different trading style; it's very interactive."

The types of assets that are coming into the market have had no market data and have had to be set up in custody systems. Balkwell believes there are many assets and a lot of value in the different sizes of retail aggregators.

Concluding the discussion, Balkwell says: "On the innovation side, we look forward to adapting to the market environment to be perfectly honest, because that's ultimately how you keep talent engaged. It is key to ensure that that innovation out there is in line with what the market needs."

A new dawn

As the securities finance industry welcomes 2026, Hansa Tote gathers insights from industry experts on what they expect from the upcoming year

What do you anticipate will have the largest impact on the securities finance industry in 2026?

Africa is stepping into 2026 with strong tailwinds. South Africa's recent credit ratings upgrade and the surge in investor confidence provide a solid foundation for growth, unlocking deeper liquidity and expanding counterparties in the securities lending space. Across the continent, momentum is building: Nigeria's approval for pension funds to participate in lending introduces a vast pool of long-term capital; Kenya's pending adoption of the Global Master Securities Lending Agreement (GMSLA) aligns its market with global standards; and Botswana's implementation plans signal a commitment to modern infrastructure.

These developments echo global priorities — transparency, resilience, and digitisation — while positioning Africa as a region ready to leapfrog legacy barriers. With regulatory alignment, robust infrastructure, and new pools of capital, the continent is no longer on the sidelines; it's becoming a central player in the global securities finance narrative. For investors seeking growth and innovation in 2026, Africa is the place to be.

Hitesh Harduth, Head of Securities Lending, Standard Bank Corporate and Investment Banking

In 2026 we expect that it will take the Federal Open Market Committee (FOMC) some time to analyse the recently released data, develop a policy consensus, and a subsequent cadence for policy decision action. Further progress on inflation and interest in supporting the labor market may result in a 25bp rate cut at the March meeting. This continued FOMC focus on extinguishing the last impulses keeping US inflation above two per cent likely gives the financial markets comfort; US Rates (duration), and risk assets (US Equities and Credit) may benefit thematically as a result. The incoming FOMC chair will likely take a balanced and measured pro-economic growth/lower rate policy posture.

2026 should witness continued US regulatory support and evolution towards policy structures that improve liquidity, transparency, and the resilience of the mission critical US Treasury cash and repurchase markets. This may come in the shape of continued progress towards central clearing and potentially broader access to facilities designed to help precipitate increased short-term financing market liquidity, when required. Perhaps we will also see further progress on enhanced supplementary leverage ratio (eSLR); unlocking liquidity and improving intermediation.

**Andrew Lazar, Head of Sales
Buckler Securities**

We anticipate that securities finance will continue evolving and expanding into new markets, trade structures, and trading venues throughout 2026. The ambitions for large participants in this sector have partially shifted from being primarily driven by cost discipline and ancillary income to prioritising liquidity management. This change in turn heightens resilience against market stress scenarios, and demand for high-quality liquid assets (HQLAs) continues to grow.

Adnan Hussain, Global Head of Agency Lending & Liquidity Services, HSBC

In 2026, institutional Digital Asset solutions will continue to move from promise to production. Over the last year, we have seen financial market infrastructures (FMIs) such as Clearstream, DTCC, and SIX accelerate the digital asset infrastructure they are building for collateral solutions and testing digital rails for collateral movements. At the same time, we are seeing Asia and Middle East markets advance their tokenisation frameworks bringing real-world assets into the digital space. The industry is laying the groundwork for what the Bank for International Settlements (BIS) and World Economic Forum (WEF) have long envisioned: real-time posting, reuse and reallocation of collateral across markets.

We see this shift across our footprint. In the Middle East and Asia, regulators and market operators are accelerating digital asset frameworks, while asset managers push for greater cross-border liquidity efficiency. With the tokenisation of funds and real-world assets now becoming commercially viable, the market is opening up infrastructure that could support intraday collateral mobility, programmable settlement and interoperable custodian models.

As the first global systemically important bank to offer institutional-grade digital asset custody, Standard Chartered is already seeing these ecosystems deepen. In 2026, we expect tokenised assets to move beyond isolated pilots and begin circulating within real collateral workflows — linking traditional finance with Web3-native platforms and enabling more capital-efficient financing across Asia.

Our prediction is clear: next year will mark the moment when digital asset rails start to meaningfully transform the collateral landscape. And, it will be the collaboration between FMIs, trusted banks, and emerging digital platforms that makes real-time collateral optimisation a reality.

Margaret Harwood-Jones, Global Head, Financing and Securities Services (FSS) at Standard Chartered

Regulators across major markets are accelerating the need to modernise post-trade infrastructure, creating an unusual situation where the public sector is moving faster than many of the financial institutions it oversees. The shift is considerable, with central banks across the globe advancing stablecoin focused task forces (US, UK, and International) looking at digital ledger-based models. As we head into 2026, therefore, the direction of travel around FX settlement models is clear. The what is defined, but it's the how and when that are yet to be realised on a larger scale. The focus next year needs to be on practical execution.

This year, the foundations have been built and regulatory momentum established. The risks of not embracing digital settlement now outweigh the short-term convenience of trying to maintain old systems that no longer align with market dynamics. As such, 2026 will be a decisive year in FX settlement and liquidity management, set to further widen the gap between early movers and late adopters.

Basu Choudhury, Head of Partnerships and Strategic Initiatives, OSTTRA

2026 will be a turning point for securities finance. Transparency, market integrity, and new regulatory frameworks will dominate, while automation across the trade lifecycle and optimisation will separate leaders from laggards. Early adopters of technology will set the pace for innovation and industry advancement.

We expect a strategic shift beyond Europe and the US, with diversification into APAC, LatAm, and Africa unlocking new opportunities.

MUFG is committed to leading this evolution — strengthening our position in repo and securities lending, delivering dynamic trading solutions, and staying true to the MUFG way: being a trusted partner to clients and fostering an inclusive global organisation where everyone brings their best to what we do.

Ruth Ferris, Head of Secured Financing MUFG

In 2026, we anticipate greater divergence in securities lending returns as borrowers refine sources to target low or zero-risk-weight exposures. The proliferation of capital transformation structures will amplify this trend — clients that adopt these structures will consistently outperform those that do not.

In the fixed income markets we see 2026 as a pivotal year for US Treasury clearing. Key compliance deadlines include cash trading by the end 2026 and repo by 30 June 2027. To meet these requirements, clients and counterparties will accelerate onboarding of new sponsors and access models. Expect continued growth in Sponsored repo as well as the adoption of new FICC access models, including Agent Clearing and Collateral-in-Lieu services.

Clients that meet compliance standards by strategically sourcing balance sheet needs across the sell side will be well-positioned to capitalise on these models — reducing clearing costs and lowering margin obligations.

**Travis Keltner, Global Head of Secured Financing
State Street**

Looking ahead to 2026, the securities finance industry will likely be focused on identifying and leveraging opportunities to create greater efficiencies throughout the post-trade lifecycle. As markets continue to evolve and trading activity extends, the Securities Finance and Collateral Management sector will need to assess both existing tools and potential innovations that can be utilised to meet these changes. The largest impact is expected to come from initiatives that streamline clearance and settlement processes, reduce operational complexity, and optimise capital usage. By embracing new models and approaches that enhance efficiency, the industry can deliver meaningful benefits from an overall capital perspective and position itself to respond effectively to the demands of a rapidly changing marketplace.

Bob Cavallo, Director, Clearance and Settlement Product Management, DTCC

The securities finance landscape enters 2026 at a pivotal moment. After a record year, several structural forces will define how the market evolves. A more business-friendly regulatory environment and clearer guidance around digital assets will unlock new areas of growth and accelerate innovation. Financing desks will continue to consolidate as firms look for more sophisticated ways to optimise balance sheet, liquidity, and capital efficiency.

DLT and AI will shift from experimentation to measurable workflow impact, transforming how firms manage post-trade processes, risk, and operational scale. At the same time, new centrally cleared models will offer more risk-weighted asset (RWA) efficient structures for high risk-weight funds. And with Europe’s move to T+1 in 2027, the urgency around automated SSIs, returns, and networked infrastructure will materially increase as firms work to reduce operational risk under compressed settlement timelines.

In 2026, the industry will move decisively toward interconnected platforms that require collaboration across the ecosystem. Firms that embrace shared infrastructure, automation, and intelligent data will materially strengthen decision-making and operating performance, setting the pace for the next phase of market evolution.

Nick Delikaris, Chief Product Officer, EquiLend

I believe the most significant impact in 2026 will be driven by cross continental activities aimed at fostering greater global alignment — from a European perspective, that is preparation for T+1 while locally in the Kingdom of Saudi Arabia (KSA), that is the institutionalisation of KSA's repo and securities-based lending (SBL) markets. In the European context, custodians gearing up for T+1 migration — which is expected in late 2027 — would preemptively solve for funding misalignment and collateral friction.

Given the recent regulatory enhancements and changes, I believe the Kingdom's focus will be on enabling international clients to access Saudi liquidity instantly to meet compressed global settlement cycles, while simultaneously empowering local asset owners to monetise their portfolios through more sophisticated lending programmes.

Sarah Fahad Alothman, Managing Director, Head of Securities Services at Riyad Capital

While 2025 has been marked by macroeconomic and geopolitical volatility, the resilience of funding markets has underscored the increasing sophistication of market participants and the critical importance of robust financial resource management. In 2026, the industry will be impacted by the convergence of regulatory evolution and the expansion of collateral markets.

J.P. Morgan is seeing increased demand for capital-optimised structures and is motivating both in-scope borrowers and lenders to rethink liquidity and collateral management. Liquidity management remains central for institutional clients, with a growing trend to expand variation margin eligibility to securities — providing greater flexibility and liquidity resiliency. Clients are leveraging their securities inventory through secured financing and derivative-based structures, strategically deploying cash into higher-yielding investments or operational needs.

Additionally, the opening of new collateral markets, exemplified by the recent lifting of Korea's short sale ban and increased participation from Middle Eastern and Asian counterparties, will accelerate globalisation and enhance collateral mobility. Those who adapt to regulatory change and capitalise on new collateral opportunities will deliver the greatest value.

Eileen Herlihy, Global Head of Sales for Trading Services at J.P. Morgan

2026 will be marked by significant transformation and heightened expectations from market participants across the industry. The demand for sophisticated, data-driven insights into programme performance and market opportunities is accelerating. Clients now expect their agent lenders to provide comprehensive analytics across all aspects of the business. Organisations that prioritise strategic investment in advanced technology platforms, and empower employees to leverage automation and artificial intelligence, will be best positioned to capitalise on these evolving demands. The ability to deliver meaningful recommendations and operational excellence through innovation will be a key differentiator in the years ahead.

Lisa Tomada, Vice President, Global Securities Lending, CIBC Mellon

Extending the reach of secured funding and finance: A meeting point for the market

Clearstream's Marton Szigeti and Eurex Repo's Frank Gast reflect on a year of strong growth in cleared and triparty repo, high volumes in GC lending, new entrants to financing markets, and steps to bring a wider range of digital assets into the collateral pool

The European repo market has experienced steady growth during 2025, with Eurex Repo volumes reaching all-time highs during Q4. The GC Pooling segment has been particularly strong, as the European Central Bank (ECB) continues to normalise its balance sheet and to reel in excess liquidity, supported by rising volumes from public sector cash providers and new entrants to cleared funding markets.

The market is broadly positive for long-financing and negative for short-coverage, observes Marton Szigeti, head of collateral, lending and liquidity solutions at Clearstream. There has been a shift from an environment of collateral scarcity to collateral abundance where cash liquidity is both fragmented and in limited supply. Consequently, cash borrowers are needing to be more resourceful to find sufficient cash. Borrowing rates have gone up, term strategies are evolving and clients are looking to borrow against wider collateral sets.

With a current pause in ECB interest rate reductions and with the Deposit Facility Rate (DFR) at two per cent, excess liquidity continues to fall and the euro short term rate-DFR spread (€STR–DFR) has narrowed, says Frank Gast, global head of business and product development repo dealer-to-dealer (D2D) at Eurex. Overnight borrowing is occasionally trading at, or slightly above, DFR, and term premia are re-emerging. The convergence in Eurozone sovereign spreads led to more inventory being financed in GC Pooling markets.

Against this background, there has been rising demand for term repo, with three, six, nine, and 12-month contracts and with Eurex Repo's first three-year repo being traded this year. "While this is not generalised across the market, we do see some counterparts now showing an appetite to step into ultra-long repo contracts," explains Gast. This is being driven in particular by specialist structured financing trades between some counterparties.

More broadly, for Gast, the ECB's recent announcement that it will join the cleared repo markets as a member from Q1 2026 underscores the importance of robust infrastructure for secure and efficient repo transactions. With strong onboarding activity to cleared repo and a continuous pipeline of new clients at Eurex, more firms are attracted by the benefits and are clearing on a voluntary basis.

From a securities lending perspective, the drivers of loan volume have changed significantly over the past 24–36 months. During 2022 and early 2023, loan demand was heavily driven by specials, particularly to cover short-interest trades and to support event-driven strategies. Now, activity is driven by high volume general collateral (GC) trading, with specials activity becoming comparatively rare. Any specials activity tends to be particularly in dollar-denominated, rather than in euro-denominated securities, notes Szigeti. "While there is significant demand for short term debt — US Treasuries of three-month and below for example — we have seen few special opportunities and, when they do emerge, they tend to be for just a few days," he says. "Policymakers have generally been keen to prevent short-squeeze situations developing as part of their wider commitment to protecting financial stability."

In the uncleared financing markets, there has been a similar appetite for term liquidity, with some of the short-term financing in the market moving to longer term over the past 12 months and with firms seeking to load up their Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) buffers — holding high-quality liquid assets (HQLA) beyond the minimum thresholds required to meet their regulatory capital requirements — while conditions for sourcing HQLA remain relatively favourable.

In its triparty environment, Clearstream has experienced growth both in uncleared repo and in central bank pledge. This pledge activity has been driven particularly by the release of the Eurosystem Collateral Management System (ECMS), the ECB platform for managing collateral used in Eurosystem credit operations, where Clearstream is currently the only triparty agent fully connected to ECMS and to the national central banks (NCBs) participating in Target2-Securities (T2S).

Eurex Repo and Clearstream are building on this position to develop central bank and commercial bank money netting for cleared repo flows, with potential to re-use collateral into central bank pledge and for meeting

"These initiatives are paving the way for a more efficient, resilient, and innovative market infrastructure."

Frank Gast
Global head of business & product development repo D2D
Eurex Repo

uncleared margin rules (UMR) requirements via Clearstream triparty.

Extending market access

Eurex Repo has continued to experience rising demand in cleared repo from non-bank financial institutions (NBFIs) including buy side firms, pension funds, public institutions and corporate treasury. With growing numbers of non-banks coming into the cleared ecosystem, this delivered new inflows into Eurex Repo that have supplemented strong activity levels during 2024 and 2025 through Clearstream's triparty service. Rather than a transfer of liquidity from uncleared to cleared repo, this largely represents new activity, particularly from corporate treasurers and other NBFI clients that have not previously been heavily active in cleared financing markets. Often these firms are exploring multiple channels, both cleared and uncleared, to manage their liquidity in a fragmented liquidity environment.

TreasurySpring, a treasury management platform with offices in London, Jersey, and New York, is a prime example, already having a triparty relationship with Clearstream but complementing this with access to cleared liquidity markets through Eurex Repo. "For our counterparties, [this] unlocks a new universe of diversified funding sources within a capital efficient ecosystem," says TreasurySpring CEO and co-founder Kevin Cook.

Subsequently, TreasurySpring has introduced next-day fixed-term funds (FTFs) via its One+ product, representing euro-denominated instruments backed by centrally cleared overnight repo with one-day maturity. The objective is to bring together next-day liquidity with the efficiency and risk management benefits of central clearing collateralised by ECB-eligible high-grade collateral.

For buy side firms, Eurex has continued to add new clients through ISA Direct, with about 10 additional firms across the pension fund, insurance and asset management segment onboarding to the programme during 2025. ISA Direct currently supports approximately 10 per cent of volume through Eurex Repo.

Streamlining access for buy side

To enhance access to market for buy side clients, Eurex has established a new custodian model, through which the custodian will fulfil account opening and other initial set up requirements on behalf of smaller buy side clients. With the introduction of this custodian model, Eurex aims to simplify the onboarding of second and third-tier clients to cleared repo. This approach streamlines operational processes and

"While there is significant demand for short term debt, we have seen few special opportunities and, when they do emerge, they tend to be for just a few days."

Marton Szigeti
Head of collateral, Lending and Liquidity solutions
Clearstream

reduces complexity for smaller participants. Furthermore, ABN Amro Clearing is pushing its agency clearing model for repo at Eurex, with the first successful onboarding of clients in Q4 2025.

In parallel, Clearstream has been working to democratise buy-side access to secured financing markets through platform solutions. Clients of Clearstream and SimCorp — the investment management platform solutions provider that Deutsche Börse Group purchased in 2023 — can now view and instruct their triparty repo positions via the SimCorp One front end.

The benefits of this arrangement have been particularly evident in the Canadian market, for example, where Clearstream has partnered with TMX Group to implement a full-service domestic triparty environment for the Canadian market. "For clients of SimCorp, which includes many of the Canadian pension funds, access to the triparty environment is streamlined through their SimCorp interface, which removes the need for technical integration and reduces their time to market," says Szigeti.

The Canadian Central Bank is scheduled to join this programme during 2026 such that all of the central bank's securities finance, repo and central bank pledge programmes will be managed through this Canadian Collateral Management System (CCMS).

"We are seeing real volumes on this Canadian platform now and these are expected to ramp up materially during the course of 2026 when the central bank comes on board, offering a highly liquid funding and financing platform," says Szigeti.

Eurex is also working to integrate the Simcorp One front end into its cleared services, including cleared repo, enabling users to post margin to the CCP via the SimCorp front end and with plans to integrate the F7 trading graphical user interface (GUI) into Simcorp One via an API.

Connecting global investors to the Saudi capital market

In Saudi Arabia, Clearstream has signed a memorandum of understanding with the Securities Depository Center Company (Edaa), the Saudi Arabian CSD which is part of Tadawul Group. Edaa's foremost priority is to establish an efficient triparty collateral management service for the Saudi market. Here, Clearstream will work in partnership with the local market infrastructure, central bank and market community to create a cohesive single collateral market supporting repo, margin management, central bank pledge and securities finance.

Managing collateral eligibility using data intelligence

It is now close to three years since Clearstream went live with its AI-based collateral agreement application Own Selection Criteria with Automated Reasoning (OSCAR).

OSCAR is now supporting over 50 clients and is being used to support hundreds of collateral schedules across this client base. This is centrally integrated into Clearstream's collateral management service offering, such that the CCMS ecosystem in Canada has gone live with OSCAR embedded from live date. "This is an important step forward," says Szigeti. "Previously, it would take days or even weeks to get a collateral schedule in place, relying heavily on manual inputs which then had to be approved by relevant divisions."

Clearstream expects to introduce upgrades to OSCAR during 2026, such that as users work with progressively more complex collateral sets, this can be managed in a straight-through-processing (STP)-environment without the need for manual inputs and interventions.

DLT-enabled collateral mobilisation

In January 2025, Eurex Clearing received regulatory consent from BaFin, the German regulator, to offer DLT-supported collateral mobilisation to its clients, enabling securities collateral to be mobilised instantly to meet CCP margin requirements, regardless of its location. This initiative is based on a collaboration between HQLA^{X} and Clearstream, with J.P. Morgan active as a pilot clearing member.

Deutsche Börse Group's D7 platform currently supports close to €58 billion in natively issued digital securities. In early November, Clearstream added a solution for tokenised securities (D7 DLT) to this platform, offering choice to the client regarding whether they opt for digital or tokenised issuance.

Through its collaboration with HQLA^{X}, Gast suggests that Eurex Repo has continued to make strong progress in developing digital repo solutions, enabling digital securities cash baskets and digital cash solutions. "Successful tests of intraday DvP GBP repo with HQLA^{X} and participation in the ECB's DLT settlement trials, demonstrate the potential for centrally cleared intraday repo transactions using distributed ledger technology," concludes Gast. "These initiatives are paving the way for a more efficient, resilient, and innovative market infrastructure."

New year, new regulation

Carmella Haswell sits down with Peter Gargone, founder and CEO of n-Tier, to discuss what may be in store for the year ahead

Looking forward to 2026, which regulatory initiatives will be capturing the attention of the securities finance market?

Although the US Securities and Exchange Commission (SEC) announced that the go-live date for reporting of Securities Loan Transactions under SEC Rule 10c-1a and FINRA's 6500 Series SLATE has been shifted to 2028, there will be notice and comment periods for the agency to collect information on the economic impacts of these rules (and the SEC Short Reporting Rule 13f-2 — which was also pushed back to 2028). Both introduce far more demanding expectations for transparency in securities lending and require accurate, same-day submission of detailed loan data.

In addition, the mandatory clearing of US Treasury cash and repo transactions is slated for 2027. Meanwhile, in Europe, the UK and EU are conducting reviews of their post-trade and transaction reporting regimes that will likely result in changes to reporting requirements.

The European markets are also making the transition to T+1 settlement in late 2027. These rules arrive at a time when regulators are looking for consistency across jurisdictions, systems, desks and asset classes, which means firms will need stronger foundations and tightly governed workflows to meet expectations.

Reviewing the list of these upcoming regulations, which do you believe the industry is least prepared for and why?

The regulation the industry is least prepared for is SEC Rule 10c-1a. In early 2025, the SEC extended the initial reporting date from January 2026 to September 2026, and later postponed it again to September 2028, acknowledging the complexity of the rule and the need for a more orderly implementation. While the extension offers additional time, it also underscores how significant the operational lift will be.

Firms must prepare for same-day reporting of detailed securities lending data, adapt to still-evolving technical specifications and plan around the uncertainty created by ongoing litigation. Most organisations have not historically captured or validated lending data at the level of precision 10c-1a requires, and many still rely on fragmented or manual processes. As a result, building the centralised data controls and scalable validation architecture needed to comply with the new reporting date remains one of the industry's most challenging tasks.

There seems to be a growing reliance on automation and centralised reporting systems. Do you agree, and if so, how can firms shape their systems to support ever changing regulation?

We fully agree. The shift toward centralised, automated reporting has accelerated as regulators demand consistency across rule sets. Firms are increasingly moving validation earlier in the lifecycle, standardising controls, improving audit trails and reducing manual bottlenecks. To support constant regulatory change, systems need to be configurable rather than hard-coded, capable of aligning compliance, operations and technology around shared infrastructure. Intelligent automation and scalable validation frameworks help firms adapt quickly while strengthening data integrity. This evolution marks the transition from reactive compliance toward proactive, data-driven control.

High-quality data is a critical component to navigate reporting fields. Which avenues are firms venturing into to attain quality data, and how is AI assisting in this journey?

Firms are enhancing source-system coverage, expanding reconciliation programmes, and deploying independent validation frameworks to elevate accuracy. Many are also rationalising their data flows to eliminate silos and ensure reporting inputs are consistent across asset classes and internal teams. AI is beginning to support this work as an extension of strong data architecture. n-Tier's roadmap leverages AI for high-speed anomaly detection and emerging causal analysis capabilities to surface issues earlier and pinpoint break origins. These tools help clients increase reliability at scale while reducing the operational strain of manual review.

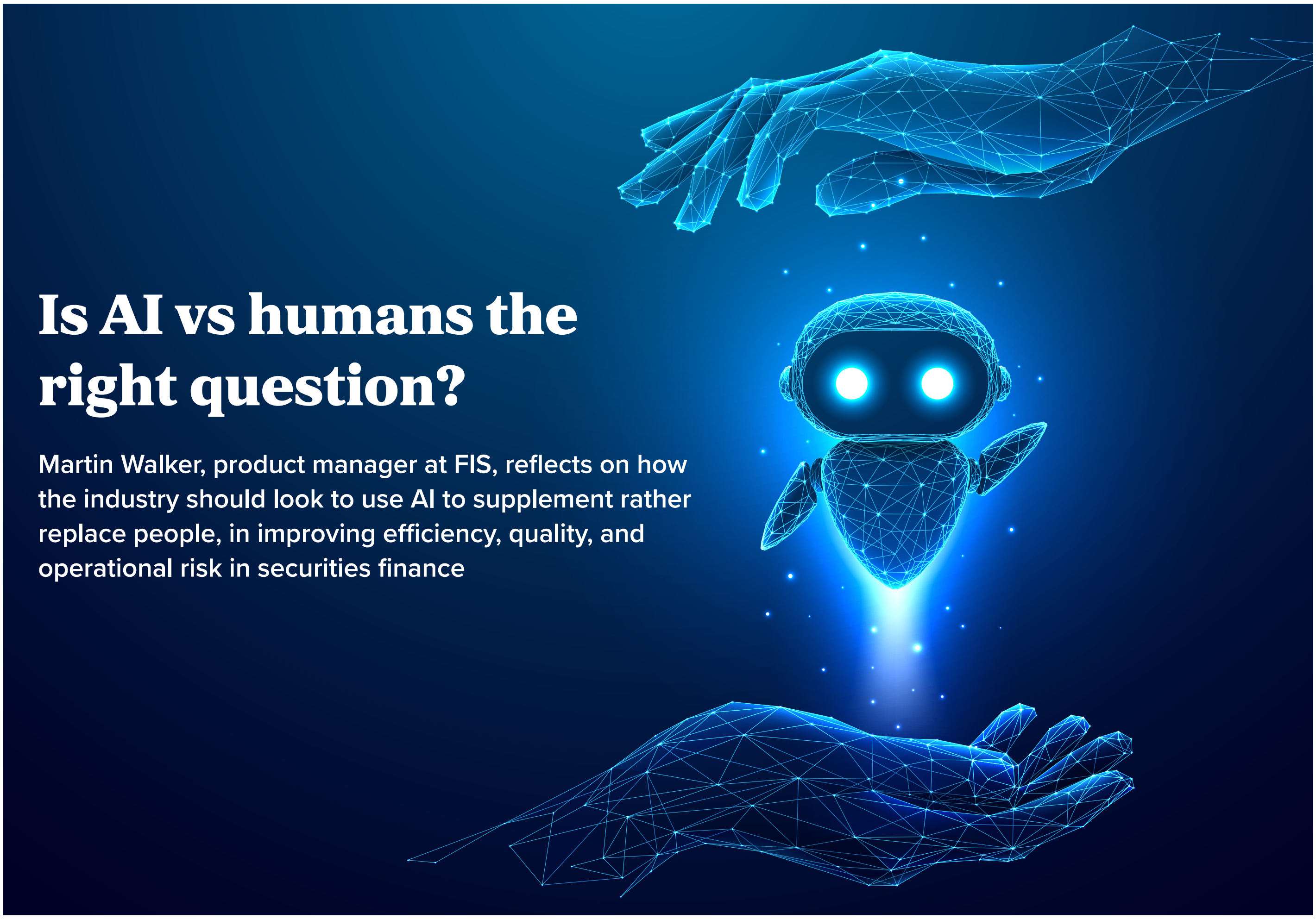
Can you explore how the firm is adapting to meet client demand, and how you are seeing this demand evolve?

Client demand is shifting toward resilient, centralised infrastructures that can support multiple regulations simultaneously and adapt quickly as requirements evolve. Over the past year, firms have accelerated efforts to modernise validation workflows and build the governance needed for richer, more frequent reporting. In response, n-Tier has continued to advance the flexibility of our Compliance Workbench, expanded our rule libraries and embedded intelligent automation that helps clients identify issues before they escalate. We are seeing clients prioritise scalability, transparency, and earlier-stage controls, and we are aligning our platform enhancements to meet those expectations.

As the market takes its first steps into the new year, how is n-Tier shaping its strategic priorities over the next 12 months?

Our strategic focus for 2026 is on strengthening the data foundations that underpin high-quality regulatory reporting. We are prioritising scalable validation, intelligent automation, and deeper cross-regulatory capabilities to support emerging mandates such as 10c-1a and SLATE. We are also expanding our AI-enabled anomaly detection tools, reinforcing our commitment to helping clients make the shift from reactive reporting to proactive, data-driven control. As reporting regimes continue to evolve, our goal is to provide the infrastructure that allows firms to keep pace with regulator expectations while supporting growth and operational efficiency.

Peter Gargone
Founder and CEO
n-Tier



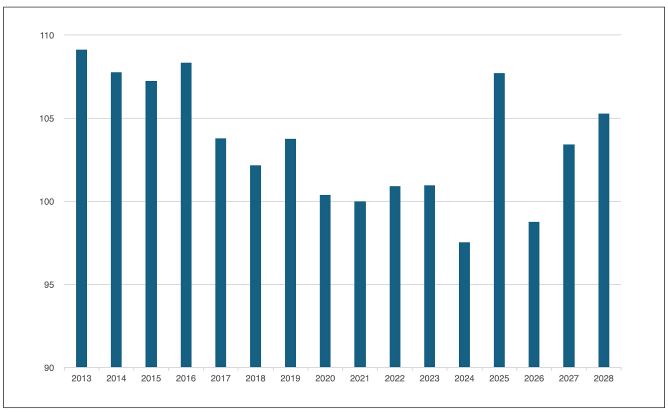
Is AI vs humans the right question?

Martin Walker, product manager at FIS, reflects on how the industry should look to use AI to supplement rather replace people, in improving efficiency, quality, and operational risk in securities finance

One of the major claims made for artificial intelligence, in particular generative AI, is that it can replace humans in many routine tasks. Many commentators question whether the entry-level jobs in a lot of business areas will simply disappear. Looking across the business processes involved in stock borrow loan (SBL), a more fundamental question arises: do you want to improve the way problems in the trade lifecycle are resolved or avoid them happening in the first place?

Successful firms in sectors such as manufacturing, have shown continual improvements in productivity and quality by looking for the root cause of problems and fixing them. For decades banks and other financial sector intermediaries have invested billions in technology, process re-engineering, organisational change, and offshoring. Huge improvements have resulted in some areas but at an industry level the return on investment has been poor. In the United States, the Bureau of Labor Statistics data on banking productivity shows an improvement in recent years, but the overall level has yet to return to levels of 15 years ago. The data from the Office of National Statistics in the UK shows an even worse picture.

Figure 1: US banking productivity (2017 = 100)



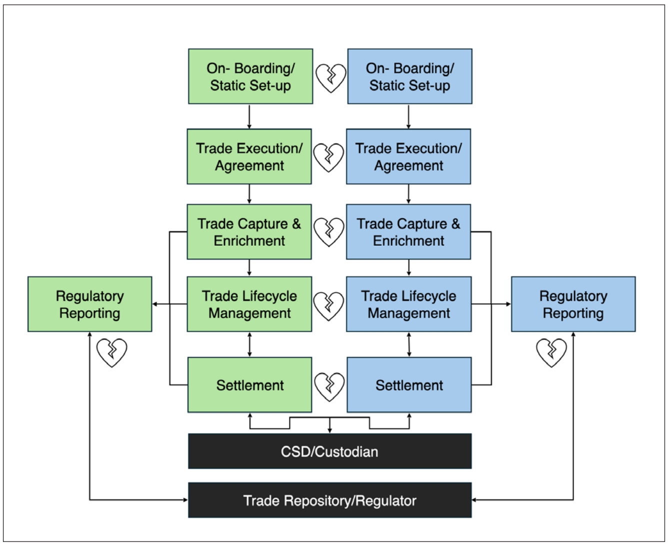
Source: Bureau of Labor Statistics

Some of that reduction in productivity clearly results from the burden of increased regulation, but it can also be argued that the costs of complying with regulation were magnified by failing to deal with pre-existing problems in systems and business processes. In much of capital markets but particularly in SBL there has often been a focus on improving the process for identifying and resolving issues, rather than avoiding them. Some may point to issues in getting budget or creating business cases for more fundamental change but there is an underlying historic reason.

Made to fail

Modern infrastructure in capital markets is based on the concept of straight-through processing (STP). Trades (or other transactions) are captured or executed in one system and the relevant data is fed through to one or more other systems to generate confirmations, settlements, accounting entries, risk adjustments, and regulatory data. A completely straight-through process does not require human intervention. In practice allowance is made for exceptions i.e. deviations from automated processing where a human being can intervene to either resolve a problem or fill a functional gap.

Figure 2: The many places for breaks



This is a pragmatic way of designing systems and business processes, it recognises that the cost of designing systems to deal with every possible scenario can be more expensive than a system that relies on humans to resolve the most complex or difficult issues. Unfortunately, allowing exception-based processing opens the door to customised manual processes, hides flaws, and creates key person dependencies. It can also make it easy to lose sight of the real costs, especially when those exception management processes create the need for tactical and third-party tools.

Firms with better infrastructure and processes have higher STP rates. However, many processes are bilateral so for example, one party's processing cash marks can ultimately be as error free as that of the counterparty on the trades. How though, can we address the specific root causes of some of the costs in securities finance?

Onboarding

The trading process really starts with client onboarding — a process that generally remains complex and error prone. Fortunately, there are multiple industry initiatives around onboarding but firms should reflect on the key drivers of failure:

- Non-standard agreements and inconsistently structured collateral schedules.
- Agreements that only exist as text and have to be converted into data for ingestion into system.
- Communication of standard settlement instructions in documents rather than as data.

In addition to addressing the above root causes there are more radical approaches to reducing the costs and risks of onboarding. Clearing (with the right economic model) can potentially reduce the need for a web of bilateral relationships. Also there are potential models for recording the agreement of preferences between counterparties for processing trades in a consistent data driven model.

Trade execution and trade capture

If each party manually enters trades into their own trading system it invites errors and mismatches. Some asset classes have almost entirely removed post-trades exceptions through electronic trading or affirmation. These ensure both parties start with a consistent view of the trade. The clearing of trades, with rejection by the CCP of any trades that do not match, is also a proven method to eliminate most mismatches in trades throughout the lifecycle.

The cost equation for using electronic platforms should include:

- Savings through error reduction,
- The minimisation of platform fees for the simple cases where data such as availability is directed to known counterparties,
- Savings in front office costs where sophisticated logic in matching/directing orders replaces some of the efforts of traders.

Trade lifecycle management

A unique feature of SBL is the volume of lifecycle events. Every time a lifecycle event is entered into a trading system there is risk of a break that could add costs, create operational risk, and drive wrong trading decisions. The contract compare process adds much value but there are obvious costs, both fees and the costs of analysing breaks. The lesson from other asset classes is that consistent processing of trades between parties reduces breaks.

There are three main models for doing this:

- Clearing all trades via a CCP that manages the lifecycle and provides the golden source of trade data.
- The Common Domain Model (CDM), an industry initiative that aims to bring in consistent modelling of trades and events. Though progress on adoption since it started in the derivatives world in 2017 has been slow .
- Use of a centralised trade and lifecycle management system such as the Loanet Full Service. Where both parties use Loanet Full Service as for trade processing it can reduce the number of breaks by 60-70 per cent.

Regulatory reporting

The regulation that probably causes more pain than any other is the Securities Financing Transactions Regulation (SFTR). Processes work, in as much as data is processed and sent to trade repositories, but the costs of data enrichment, matching, and break resolution can be very high. Even then data is often unusable by regulators. The complexity of regulation drives much of the cost but there is scope to deal with root cause issues such as agreeing a Unique Trade Identifier (UTI) for trades at execution (some platforms provide for free). Not to mention consistent lifecycle management as discussed above.

Settlement

Improving any of the areas above can reduce errors in settlement processes; as would making greater use of regulatory mandated information such as UTIs and Legal Entity Identifiers (LEI). Another catalyst for solving root cause problems is making the data about fails more granular. The common practice of combining settlement of financing and cash trades can obscure securities lending specific problems. This does not mean securities finance settlement should have segregated processes and systems but it should be possible to see the specific data for SBL or repo. For instance, in the repo world, there is very limited industry-level data about fails on repo start or end legs, because it is intermingled with normal bond settlements, making it hard to see the root cause of problems.

AI versus people

Many of the outputs of generative AI tools such as ChatGPT, Gemini, and Claude have been so impressive that the technology has rapidly captured the imagination of millions. Microsoft provides a very clear and hype free explanation of generative AI — it “analyses large amounts of data and generates new content, including text, images, and code, that mirrors human expression”. The downside to Gen AI is the statistical models that can produce convincing text that is not real (‘hallucinations’) or based on incorrect data. The concept of STP aims to remove sources of error, not add them. A Gen AI process fixing a trade problem by making up a dividend rate would cause catastrophic problems. Gen AI needs to be carefully applied in SBL, starting with an understanding, by a human, of what type of problem needs to be solved and whether or not Gen AI can help. On the other hand, other forms of AI, such as deep learning, could help provide powerful and objective insights into the root cause of problems. They can also help to train systems how to fix recurring problems.

Conclusion

The forms of AI currently gaining the most attention are not necessarily those most suitable for dealing with problems in front-to-back SBL processes. Other forms of AI, such as machine learning, when used by the right people with the right data still have the potential to transform the industry. The future for SBL is to be more automated and efficient, but it's still a future with people in it.

Note – no bots or agents were harmed, or even used, in writing this article.

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by informa

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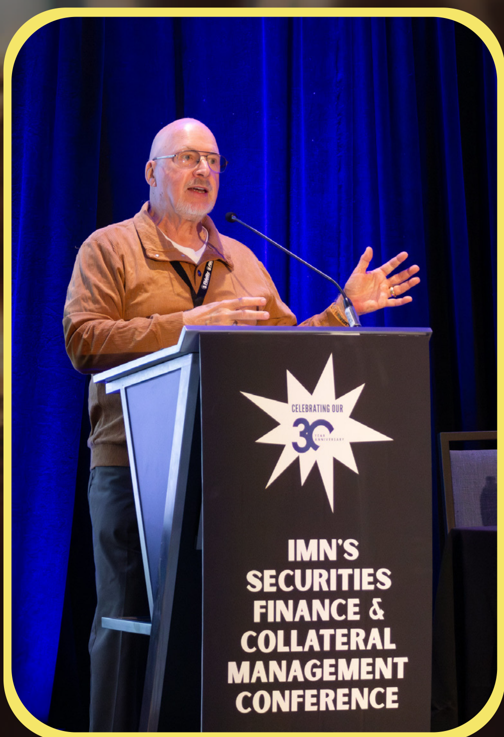

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Russell 3000 short interest and financing trends

Sam Pierson, director of research at S3 Partners, looks at how integrating short selling data into Bloomberg's Tearsheet offers a single, intuitive workflow

Highlights

- Rising short demand: Notional short interest continued climbing into year-end.
- Financing dynamics: Broad squeezes and single-name catalysts keep revenue elevated and volatile.
- Positioning persists despite returns: Short interest grows even as the index posts strong gains.

Rising prices alongside higher short interest suggest that meaningful gross exposure has been rebuilt since the April market low. Russell 3000 index and notional shorts are at an all-time-high.

The Russell 3000 provides a broad lens on US equity finance activity, and S3 short interest and securities finance data within Bloomberg's Tearsheet (TRST) surfaces these dynamics in a single, intuitive workflow. By aggregating short-interest, borrow-cost, and price signals at the index level, it turns complex data into a clear narrative of how positioning and financing pressures evolve in real time. This note uses that framework to contextualise recent trends across the broader market.

Daily financing trends

Figure 1 shows the total value of short positions in the Russell 3000 and the daily financing revenue those positions generate. Short interest has climbed steadily through 2025, rising from about US$1.2 trillion at the start of the year, to roughly US$1.5 trillion by the end, signaling stronger demand to borrow and short stocks. Daily financing revenue, however, has been much more volatile, driven by sharp moves in individual names and market-wide squeezes in hard-to-borrow stocks. Together, these trends show how the Tearsheet captures the link between rising borrow demand and the changing cost of shorting across the index.

Short interest vs. market performance

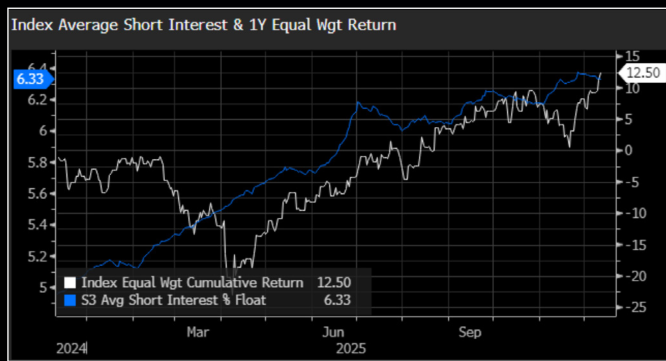
This companion chart tracks average short interest as a percent of float against the one-year equal-weighted return of the Russell 3000. Over the past year, that index has gained about 12.5 per cent, while average short interest has risen from roughly 5.0 per cent to 6.3 per cent, showing that investors continued adding short exposure even as prices moved higher. This pattern suggests a cautious form of risk-on positioning, with hedge funds increasing gross exposure by expanding both their long and short books.

Integrating these signals in workflow

Together, these charts provide a clean view of how borrow demand, financing costs, and market performance interact across the index. Alongside the visual trends, the TRST dashboard surfaces top borrow rates, largest week-over-week fee movers, and names with the sharpest utilisation increases, giving users a real-time sense of where constraints and crowding are building. Using S3's BQL-enabled fields within TRST, clients can extend this analysis to utilisation shifts, fee dynamics, volume signals, and squeeze risk, building a more complete picture of short-interest behaviour and its underlying drivers across any index on Bloomberg terminal.

Figure 1. Source: Bloomberg Terminal Tearsheet {TRST <GO>}

Figure 2. Source: Bloomberg Terminal Tearsheet {TRST <GO>}



Sam Pierson
Director
S3 Partners

Looking to the next generation

Olivia Russell, vice president of sales at GLMX, speaks with Carmella Haswell about the importance of networking, the growth of GLMX from a small company to a global force, and supporting the next generation

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

While studying finance in college, I was particularly interested in a capital markets class. This led me to an internship at a voice broker — which was my first look into a trading floor — and, eventually, a full time role on the money market desk. There I learned about the nature of the securities finance market, how traders and sales people interact, and the opportunities available in the market. I was introduced to GLMX and enjoyed learning about electronification of the market. It has been fun and fulfilling to see GLMX and the electronic repo market in general grow so much.

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

I find the access to the entire securities finance market one of the most exciting things about my current role. Working in sales, I interact directly with clients. Working on a trading platform gives me the opportunity to speak with firms on both the buy and sell side across multiple products. I have found it easier to understand the challenges of the market and how to solve them by being able to look at the repo market from different perspectives, understanding our clients needs, and how an enhancement for one client can build up the market as a whole.

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

I have been fortunate to see GLMX grow from a small company to a global force in the securities finance market. When I first started at GLMX over six years ago, it was important to understand all aspects of the business, as we were a small but growing firm. I learned how the various teams within the company worked together, and the operating processes of different groups like integration, client support, and even legal. Having this base of knowledge has helped me further understand the sales process and made me a more well rounded team member. Having the opportunity to travel overseas has also helped me grow my network in various markets and interact with our teams around the globe.

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

One of the most common misconceptions about the financial industry is that it is a male-dominated space and is difficult to break into. I have found the securities finance market to be anything but this. I have been fortunate to meet a lot of women in executive positions who are going out of their way to offer career advice and are welcoming of newcomers of all types. The best way to address this challenge is to look to the next generation entering the market and be a resource for advice and opportunity.

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

My biggest advice is to network and use your network. Especially in a sales role, your network is your biggest asset and will help you grow in your role and your career. It is important to not limit yourself as you advance in your career. Speak with anyone you can across different firms, products, and roles. Your knowledge base grows with your network. Do not be afraid to ask questions and dive into topics that you are unfamiliar with.

> “My biggest advice is to network and use your network. In a sales role, your network is your biggest asset and will help you grow in your role and your career.”

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

I look forward to growing my knowledge base in the securities finance market and expanding my cross product expertise. As the market evolves and the need for technology increases, I hope to continue to drive growth across the securities finance space and expand my network. ■

Olivia Russell

Olivia Russell is vice president of sales at GLMX, a global financial technology firm that provides electronic trading for securities finance products. Olivia has spent the past six years at GLMX growing the subscriber base across repo, securities lending, and money markets. Olivia holds a Bachelor of Science degree in Finance from Fairfield University.

BNY welcomes AlMashhadi

BNY has welcomed Alaa AlMashhadi as managing director and BNY Saudi Arabia country manager.

In this role, AlMashhadi will also serve as CEO of BNY's legal entity in Saudi Arabia, leading BNY's efforts to advance the Kingdom's capital markets infrastructure, fostering sustainable growth, and enhancing the financial ecosystem.

Commenting on the hire, Hani Kablawi, head of international at BNY, states: "Alaa's appointment comes at a transformative moment for the Kingdom's financial services industry.

"Under his leadership, BNY remains steadfast in its commitment to supporting Saudi Arabia's Vision 2030 by partnering with government entities, local financial institutions and businesses to achieve their ambitions."

AlMashhadi joins the firm from The Saudi Credit Bureau (SIMAH), where he served as chief business development officer and board member of its analytics subsidiary, Qarar.

AlMashhadi states: "BNY's recent establishment of its regional headquarters in Riyadh strengthens our local presence and reflects our long-term commitment to the Kingdom's strategic investment objectives."

Gomm leaves SIX

Richard Gomm has left SIX Group, having spent more than three years as an associate director, product management and business development.

He joined the firm's London office from CloudMargin, where he was formerly director of product management.

Earlier in his career, Gomm worked at Lombard Risk (now acquired by VERMEG) for six years, where he held a number of senior positions such as head of COLLINE Business Solutions UK, head of EMEA — collateral management, and product consultant.

During his time with VERMEG, he was responsible for lead generation, as well as providing solutions to clients in relation to collateral management, inventory management, clearing and optimisation requirements.

With 29 years of industry experience, Gomm has worked for hedge funds, Tier 1 investment banks, and asset managers. He continues to explore other opportunities in the financial space.

Macquarie appoints Vereker

Macquarie Group has appointed William Vereker as an independent group only non-executive director of the firm, effective 1 February 2026.

Based in London, Vereker brings significant global financial services experience, including organisational change management and managing risk to the role.

He is currently a non-executive director and chair of the Board Remuneration Committee of London Stock Exchange Group (LSEG), a member of the investment committee of Delancey Real Estate Credit Fund, an advisory board member of Celonis GmbH, and chairman of the Gonville and Caius College, Cambridge, advisory board.

He has previously held positions such as vice chairman of Europe, Africa, and the Middle East at J.P. Morgan, adviser to the Cabinet Office on COP26, and business envoy to the Prime Minister.

Gentek.ai adds Romero

Gentek.ai has welcomed Fabien Romero as senior EMEA sales.

Based in London, Romero will work alongside the team, bringing agentic AI to strengthen controls frameworks and automate complex workflows across regulatory reporting, securities finance, and post-trade.

Prior to joining Gentek.ai, Romero held a position at Reg-X, where he worked in EMEA sales and business development.

Before Reg-X, he held roles at a number of firms across the globe, including S&P Global, Commerzbank AG, and Deutsche Bank in London, and Crédit Agricole CIB, and Societe Generale in Tokyo.

Formed in 2024, Gentek.ai is a AI-native ecosystem, designed for adaptability, intelligence, and seamless integration to help organisations across the industry to automate processes, reduce costs, and increase efficiency.

SimCorp promotes Chabanis

SimCorp has appointed Hugues Chabanis to the newly-created role of head of SimCorp Alternatives, as the company focuses on the growing importance of innovative solutions within private markets.

Chabanis, who has been with SimCorp for 10 years, will also become chief operating officer of Domos by SimCorp, the organisation SimCorp acquired in September while launching SimCorp Alternatives.

Based in Copenhagen, he will report to chief revenue officer Oliver Johnson.

During his tenure with SimCorp, Chabanis has led the development of the company's native alternative investment features and spearheaded front office transformation initiatives.

Most recently, he served as SimCorp's head of product management for the investment product line.

He has spent more than 20 years working in private markets and driving innovation across the asset class, as well as serving on the board of Domos for the past four years.

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