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Looking on the horizon

Provable Markets' team discuss accelerating growth through build outs, new team players, and the strive to 'do more with less'

Eurosystem to accept DLT-based collateral

The Eurosystem will accept marketable assets issued in central securities depositories (CSDs) using distributed ledger technology (DLT)-based services as eligible collateral for Eurosystem credit operations as of 30 March 2026.

Like other marketable assets, they must comply with Eurosystem collateral eligibility criteria and collateral management requirements.

These criteria include availability for settlement in eligible securities settlement systems, which must be compliant with the CSD Regulation and reachable via TARGET2-Securities (T2S).

These assets will be mobilised as collateral in line with the Eurosystem's existing collateral management practices.

The Eurosystem will continue to align its collateral framework and collateral management practices with technological advancements in financial markets while supporting the adoption of innovative solutions, and uphold the principles of adequacy of collateral, safety, efficiency, and a level playing field.

With this in mind, the Eurosystem has launched an ambitious work plan to explore if, how, and under what criteria assets issued using DLT and not represented in eligible securities settlement systems could become eligible and be mobilised as Eurosystem collateral in the future.

To accelerate the transformation of Eurosystem monetary policy implementation for the digital era, a staggered approach is envisaged. Under this approach, subsets of DLT-based assets could gradually become eligible and be mobilised.

The approach will take into account market developments, in particular regarding the issuance of DLT-based assets, as well as legal and regulatory developments, for example in the CSD regulation, the DLT Pilot Regime Regulation, the Markets in Crypto-Assets Regulation (MiCAR) and securities laws of jurisdictions in the euro area.

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State Street completes first Eurex Repo trade for MN

State Street Corporation has announced the completion of the first reverse repo trade for MN, one of the largest asset managers for Dutch pension funds.

The trade was completed through an enhanced service under the Eurex Select Invest Repo model.

In a newly designed structure, State Street acts on behalf of its clients to facilitate the direct clearing and settlement of reverse repo transactions using a centrally cleared counterpart (CCP) framework via Eurex Clearing.

Christian Schütze, head of Financing Solutions Continental Europe at State Street, says: “We’re delighted to launch our enhanced Eurex Select Invest model for Repo — developed in close collaboration with Eurex — and with MN as our first client.

“The model streamlines buy side access to the euro-denominated repo market and enables clients to trade independently with any of the current 170 market participants.”

State Street can now enable the buy side to access the liquidity benefits of clearing, without some of the onerous onboarding, operational, and custodial requirements of a direct membership of a central securities depository.

Commenting on the milestone, Michael Jahn, product lead for repo at Eurex, adds: “This marks an important step toward greater efficiency, flexibility, and liquidity for our clients.

“Through this innovative service model, we aim to drive higher cash investor volumes and help improve both operational and economic outcomes.”

OCBC and Citi collaborate to expand securities lending in Asia

OCBC Group (OCBC) has leveraged the Citi Securities Lending Access (CSLA) platform to introduce a new securities lending programme.

The programme enables retail and corporate customers of OCBC Securities and clients of its private banking branch, Bank of Singapore, to enhance portfolio returns by lending out their idle securities to institutional borrowers for a fee.

Customers with lent securities will continue to receive dividends, coupon payments, and bonus issues, while retaining full flexibility to sell their securities at any time.

The CSLA platform is a solution that digitises and simplifies the entire securities lending lifecycle, and will provide OCBC access to institutional borrowers such as prime brokers and investment banks globally.

They borrow securities for various strategies, including short selling securities, arbitraging and hedging strategies, which require borrowing to cover their positions.

The programme is now open to OCBC Securities customers, who can currently lend out both US and Hong Kong shares.

The programme will be extended to Bank of Singapore clients in 2026, with Singapore,


Around the clock, around the globe

Hong Kong, US, and Japan shares eligible to be lent out to begin with.

Shares must be custodised with OCBC Securities or Bank of Singapore to be eligible for lending, and once a loan is confirmed, the shares from OCBC Securities or Bank of Singapore are then loaned to an OCBC account, before then being loaned to the borrower.

Kenneth Lai, head of global markets, OCBC, states: “We are delighted to be able to collaborate with Citi, leveraging their best-in-class technology and deep expertise in this field, to offer securities lending services to our clients.

“Securities lending brings benefits such as higher trading volumes, price discovery and market efficiency. OCBC Securities and Bank of Singapore customers can also now enjoy the benefits of earning additional return on their investment portfolios by choosing to lend their securities.

“This development marks an important milestone in our journey, and demonstrates our unwavering commitment to delivering innovative solutions and value to our customers.”

Launched in 2021, the CSLA platform provides seamless access to the securities lending market.

Citi’s collaboration with OCBC marks a notable expansion of CSLA in Asia, bringing its benefits to one of the region’s most substantial and varied investor communities.

Clearstream and LCH SA enhance access to Italian government bonds

Clearstream and LCH SA — the Paris-based EU-registered central counterparty (CCP) clearing house for the London Stock Exchange Group (LSEG) — have broadened their collaboration to enhance the settlement options for Italian government debt.

Clearing members of LCH SA will soon be able to settle all Italian government debt instruments, including cash and repos, at Clearstream.

The initiative marks a notable step towards a more harmonised and integrated European capital market infrastructure.

By providing a new settlement venue choice, the collaboration empowers market participants with greater efficiency, reduced fragmentation, and streamlined access to one of Europe’s largest sovereign debt markets.

The new service will enable LCH SA clearing members to consolidate their settlement activity within Clearstream’s robust, pan-European Central Securities Depository (CSD) solution, across Clearstream International Central Securities Depository (ICSD) and CSD accounts.

This addition further strengthens

Clearstream's Trade Flow Hub offering, which is connecting the largest trading venues and CCPs, in turn enhancing liquidity management, increasing operational efficiency, and providing a single, unified gateway to a number of European securities.

The move underscores both organisations' commitment to fostering an open access and connected ecosystem for the benefit of their clients and the wider financial industry.

The service is expected to go live in the course of 2026.

PASLA endorses Bursa Malaysia's Shariah-compliant model

The Bursa Malaysia Islamic Securities Selling and Buying — Negotiated Transaction (ISSBNT) model has been endorsed as a vital addition to the regional securities financing toolkit for Shariah-compliant products.

The endorsement comes following a review by the Pan Asia Securities Lending Association's (PASLA's) Association of Southeast Asian Nations (ASEAN) and legal working groups and executive team.

The ISSBNT model is a Shariah-compliant alternative to the conventional Securities Borrowing and Lending - Negotiated Transaction (SBLNT) Model

The model is structured based on two outright bai` (sale) transactions that includes the feature of wa`dan (two unilateral promises/undertakings), khiyar al-shart (conditional option) and the provision of collateral as security for the indebtedness.

In an online statement, PASLA states: "We commend Bursa Malaysia, a valued PASLA member firm, for their innovative efforts in developing a transaction framework that achieves results equivalent to conventional securities borrowing and lending transaction, while strictly adhering to Shariah principles."

PASLA says they recognise the importance of advancing Shariah-compliant products within the Malaysian capital markets, in line with similar initiatives across other regions.

Wematch integrates S&P Global data

Wematch has announced that it will integrate securities lending data from S&P Global Market Intelligence into its database for the benefit of shared institutional clients.

The addition of this data aims to enhance Wematch's data-driven tools across the securities lending and repo lifecycle, supporting improved transparency, analytics, and decision-making for market participants.

Further, the dataset will underpin a range of use cases, including more effective securities borrowing and lending matching, enhanced securities lending dashboards, and improved collateral optimisation across post-trade and lifecycle management workflows.

By incorporating S&P Global Market Intelligence's daily and intraday market data, Wematch aims to strengthen its ability to provide clients with a more complete and consistent view of securities finance activity, combining trading, data,

and post-trade capabilities within a single regulated environment.

Anne Taeib, chief product officer of Wematch, says: "We're excited to enrich our platform with S&P Global Market Intelligence's securities lending data for the benefit of our shared clients.

"This collaboration allows us to further strengthen the data foundations of our securities finance offering."

The integration will be made available to clients once the data is fully implemented within the Wematch GUI, with rollout timed to coincide closely with production availability.

OCBC becomes first Singapore bank to establish securities financing unit

OCBC has become the first Singapore bank to establish a dedicated securities financing unit to deepen the suite of solutions for institutional customers.

The securities financing unit sits within the bank's Global Markets division, which has almost doubled its contribution to the OCBC Group's operating profit year-on-year as of 30 September 2025.

Industry veteran Jansen Chua recently joined OCBC as head of securities finance to spearhead the bank's growth in this area.

Based in Singapore, he will report to Kenneth Lai, head of Global Markets.

The unit will mobilise lendable securities — both equities and fixed income — from customers across OCBC bank and its subsidiaries OCBC Securities, Bank of Singapore, and Great Eastern, to meet the growing global demand for securities financing.

In doing so, the bank says it will also create opportunities for these customers

to earn fee income by lending out their idle securities.

Commenting on the news, Lai says: "Under Jansen's leadership and supported by our regional network, we are well-positioned to support our customers as they execute trading and hedging strategies, meet settlement obligations and optimise capital usage."

Chua joined OCBC from State Street Bank & Trust Company, where he served as senior managing director and head of Financing Solutions for Asia Pacific.

In this previous role, he led teams across trading, sales, customer management, and product development.

With over 25 years of global experience spanning the US, Europe, the Middle East, and Africa, as well as Asia Pacific, Chua brings deep expertise in securities services, securities finance, and prime brokerage.
Lai continues: "The ability to access liquidity and deploy capital efficiently has become critical, especially in the context of elevated market volatility.

"Securities financing has therefore become increasingly important, and we have seen a corresponding rise in demand from our institutional customers.

"The establishment of a dedicated securities financing team is therefore timely and is a strategic milestone for us as we seek to grow our securities financing business in the region."

MUFG Securities Americas authorised as a primary dealer in the US

MUFG Securities Americas (MUSA), MUFG's registered US securities broker, has announced that it has been authorised as a primary dealer by the Federal Reserve Bank of New York.

As a primary dealer and counterparty in the New York Fed's open market operations, MUSA will participate in US Treasury auctions and provide market information and analysis to the New York Fed's open market operations desk.

The firm says it is dedicated to supporting the stability, liquidity, and efficient functioning of the US Treasury securities market.

By strengthening product competitiveness and value chains, MUFG aims to deliver unique value to its clients and meet their increasingly sophisticated and diverse needs.

Canton Network completes cross-border onchain repo

Digital Asset has completed a third set of transactions on the Canton Network, conducted in collaboration with a consortium of financial institutions.

This latest set of transactions marks a major milestone for the industry working group, spanning cross-border intraday repo activity across multiple assets and currencies.

The move saw the firm use tokenised deposits at the London Stock Exchange Group (LSEG) Digital Settlement House (LSEG DiSH) to provide greater liquidity options.

Members of the working group focused on advancing onchain initiatives with new members Euroclear, Euronext, LSEG, and TreasurySpring, as well as Cumberland DRW, Digital Asset, Societe Generale, Tradeweb, and Virtu Financial.

Commenting on the milestone, Jorgen Ouaknine, global head of innovation and digital assets, Euroclear, states: "As a trusted financial market infrastructure, we believe that meaningful progress in digital finance can only be achieved through close partnership with the market.

"By combining our strong position at the heart of global collateral flows with our strategy to become a fully digital and data-enabled infrastructure, we aim to unlock new forms of liquidity and deliver real benefits for our clients.

"This initiative represents a significant step towards building a more connected, efficient, and enhanced financial ecosystem."

Building off strong momentum across the Canton Network's Global Collateral Network, this strategic milestone illustrates several new developments.

These developments include multi-asset and multi-currency versatility paired with cross-border mobility as, for the first time, intraday repo transactions were conducted cross-border using multiple currencies and multiple asset classes, including European government bonds, US Treasuries, euro cash, and US dollar cash.

Expanded participation as the working group welcomed additional institutions, LSEG, Euroclear, and Euronext, underscoring traction across European markets, with LSEG leveraging its tokenised deposit platform (LSEG DiSH) as part of each transaction, enabling its application on the Canton Network.

Bud Novin, head of payment systems, post-trade solutions, LSEG, notes: "Tokenising DiSH Cash on Canton has allowed our customers to take advantage of our unique interoperable commercial bank money solution, onchain, for settlement versus other tokenised assets."

Another development is increased liquidity through tokenised deposits, by using tokenised commercial bank deposits instead of stablecoins.

The transactions created a true onchain cash option, LSEG DiSH allows users to instantaneously transfer commercial bank deposits to any member of the DiSH network, tokenising actual cash which is transferable 24/7 in real time, without requiring users to have relationships with every bank on the DiSH network.

These deposits were tokenised on Canton for use as a true cash leg of each intraday repo transaction.

The Canton Network states that this transaction demonstrates increased global collateral mobility in action and is part of continued acceleration toward a scalable, always-on capital markets infrastructure.

The working group will continue to collaborate on additional groundbreaking onchain financing initiatives in 2026.

David Leblache, head of innovation and AI products at Euronext, says:"This initiative reflects the industry's collective effort to explore how tokenisation and onchain infrastructure can enhance collateral mobility while remaining aligned with the needs of regulated markets."

Kelly Mathieson, chief business development officer, Digital Asset, adds: "This milestone lays the groundwork for a truly global collateral network with onchain liquidity for high-quality assets.

"We've had incredible momentum over the last year: the first transactions in July demonstrated the feasibility of fully onchain US Treasury financing against USDC; the second round in October expanded participation across counterparties leveraging stablecoins; and now we've unlocked multi-asset, multi-currency, cross-border transactions leveraging tokenised deposits, which provide greater cash-leg options."

Matt Cohen and Rachel Andreassian

Looking on the horizon: Channeling systemic growth

The Provable Markets team sit down with Hansa Tote to discuss leading the industry forward as the firm maps out its next steps to accelerate growth through build outs and new team players, and the strive to 'do more with less'

Provable Markets is a New York-based broker-dealer and provider of vertically integrated alternative trading system (ATS), known as Aurora. The firm works to streamline trading workflows and enhance post-trade efficiency by offering features such as order matching, post-trade lifecycle management, as well as access to clearing through the Depository Trust & Clearing Corporation (DTCC).

Discussing the past, present, and future of Provable Markets, Matt Cohen, co-founder and CEO, Rachel Andreassian, head of product and market structure, Alec Rhodes, vice president of client solutions, Matthew Lilien, head of sales and business development, and Dan McGuiggin, director of business development, reflect on the previous year's developments, the current securities finance market, and what is next for Provable Markets.

Entering a new year, how would you describe the current securities finance market from a Provable Markets standpoint?

Alec Rhodes: One of the perspectives we most frequently hear from our clients is that securities lending programmes continue to grow in both balance and revenue, yet are continually asked to 'do more with less'. Whether that constraint is from a resourcing standpoint or a balance sheet usage standpoint, Provable Markets aims to be a key workflow accelerant.

Building on the matching capabilities we developed to support securities financing transactions (SFT) clearing, Provable launched our Marketplace product in 2025. The Marketplace is an all-purpose securities finance trading venue that utilises a modified continuous limit order book model — enabling significantly reduced time to execution and true straight-through processing. This approach allows traders to leverage a one-to-many trade flow, reaching all of their counterparties simultaneously, while still maintaining optionality for directed one-to-one flows across both bilateral and cleared settlement.

Whether it is order book-style trading flows, Financial Information eXchange (FIX) connectivity to reduce integration overhead, or balance sheet relief through access to the National Securities Clearing Corporation's (NSCC's) SFT programme, every foundational aspect of the Aurora platform is purpose-built to help our clients do more with less.

The firm announced a number of developments in 2025, including the addition of Matthew Lilien and Daniel McGuiggin. How do you both intend to shape the firm's forward trajectory in your new respective roles?

Matthew Lilien: I am excited to join Provable Markets at such a pivotal moment in the firm's evolution. The team has built an incredibly strong foundation over the years, and my role is to help accelerate our growth trajectory by bringing together relationships, sales disciplines, and leadership approaches that have served me well throughout my career.

My focus will be on driving sustainable platform growth across both our existing product suite and new offerings. This means establishing robust sales processes that scale, leveraging the deep industry relationships I have cultivated, and fostering a high-performing sales culture that aligns with Provable Markets' values and long-term vision.

What excites me most is the opportunity to build on what is already here. The groundwork has been laid — now it is about channeling that momentum into systematic growth, expanding our market presence, and ensuring we are delivering exceptional value to our clients at every stage of their journey with us. With the talented team in place and the strategic developments the firm has announced this year, I see tremendous potential for Provable Markets to strengthen its position as a leader in the space.

Dan McGuiggin: Joining Provable Markets at this game-changing moment is incredibly exciting. Its unique take on approaching trade execution and forward thinking approach to being at the forefront of the NSCC SFT programme are key components of what drew me to joining them. I hope to bring the agent lender's approach and mindset to the platform so that we continue to be a well rounded and versatile option for all to use. I am excited about what the future holds for us at Provable Markets.

"We know clients have options, and we think that is good for the market. We also believe we are strongly positioned – either directly or through partnership – to lead the industry forward"

Matt Cohen: The addition of Matt and Dan, as well as Alec on the client side earlier this year, provide us with the right people at the right time to help new and existing clients realise maximum value from our product offering. Most importantly, products and technology can make immeasurable improvements in workflows and efficiency, but that is nothing without the right people behind them. This market, like all markets, is ultimately built off trust and strong long-term relationships; and Matt and Dan could not be better additions to the team to foster that.

In 2025, Provable Markets expanded its network of partnerships to facilitate interoperable securities lending flows. Can you explore the significance of these advancements and any notable developments planned for 2026?

Rhodes: Provable has always approached our products and services through an infrastructure lens — recognising that seamless integration is often the highest hurdle to implementing innovative workflows. With that understanding, we know that connecting efficiently with the broader securities lending ecosystem is paramount to both our and our clients' success.

In 2025, we made significant progress toward that goal. We expanded our relationship with FIS to offer straight-through processing for both Smartloan and Loanet, partnered with BetaNXT to deliver seamless operational flows for their clients participating in the NSCC SFT cleared programme, and collaborated with S&P Global to help mutual clients maximise their access to critical market data. Additionally, Andreassian co-chaired the FIX Securities Lending Working Group to help establish an industry-standard FIX protocol that our clients can now leverage through Provable's FIX APIs.

Looking ahead to 2026, we are actively working with several additional infrastructure providers to further enhance the trading and post-trade experience for our clients.

Cohen: The partnership with BetaNXT was a datapoint of our strong belief that providers in the market infrastructure with complementary skillsets can provide real-value in working together for mutual clients. In this case, we were able to create a direct integration with one of the leading providers of back office infrastructure in the US for a seamless integration experience with our trading and post-trade solution. Over time, this partnership will grow as we enable further collaboration in our solutions.

As the industry navigates shifting regulatory requirements and potential for increased balance sheet constraints, can you explore how the firm

Alec Rhodes, Matthew Lilien and Dan McGuiggin

offers clients a solution from both a technology standpoint and through connectivity to the NSCC SFT cleared programme?

Rachel Andreassian: As an approved submitter for the SFT clearing programme, Provable operates the interface for clients into the benefits of clearing SFTs through the NSCC. Our technology combines with DTCC's thoughtful approach to the clearing programme to unlock benefits beyond the traditional novation of trades to a central counterparty. DTCC's SFT programme — not dissimilar to the Treasury Clearing programme — will be a pivotal solution this year as market participants look to reduce their balance sheet constraints and realise the potential of doing so through the SFT programme trade's repo-like structure.

"Provable has always approached our products and services through an infrastructure lens – recognising that seamless integration is often the highest hurdle to implementing innovative workflows"

Simultaneously, through Provable Market's interface, participants can unlock streamlined workflows to elevate their use of the programme. The programme features real-time affirmation and a single shared ledger between all parties through Provable Markets — lender, borrower, and CCP — reducing many of the pain points of the market.

Founded in 2021, how does Provable Markets differentiate itself, and where will your focus be in the coming years?

Andreassian: Since inception, a key focal point of Provable Market's offering has been building to scale — and we do not just mean our modern technology. We have designed our systems with flexibility-first to adapt to the changing needs of the securities financing market. Near term, we have our sights set on international markets, and we believe that growth will speak to our ability to create seamless workflows across different types of trading products and markets. We have laid a foundation of complimentary, light-weight products which seamlessly connect — featuring order and execution management, trade matching, post-trade lifecycle, data, and analytics — and we look forward to partnering with our clients to grow these solutions to meet their needs.

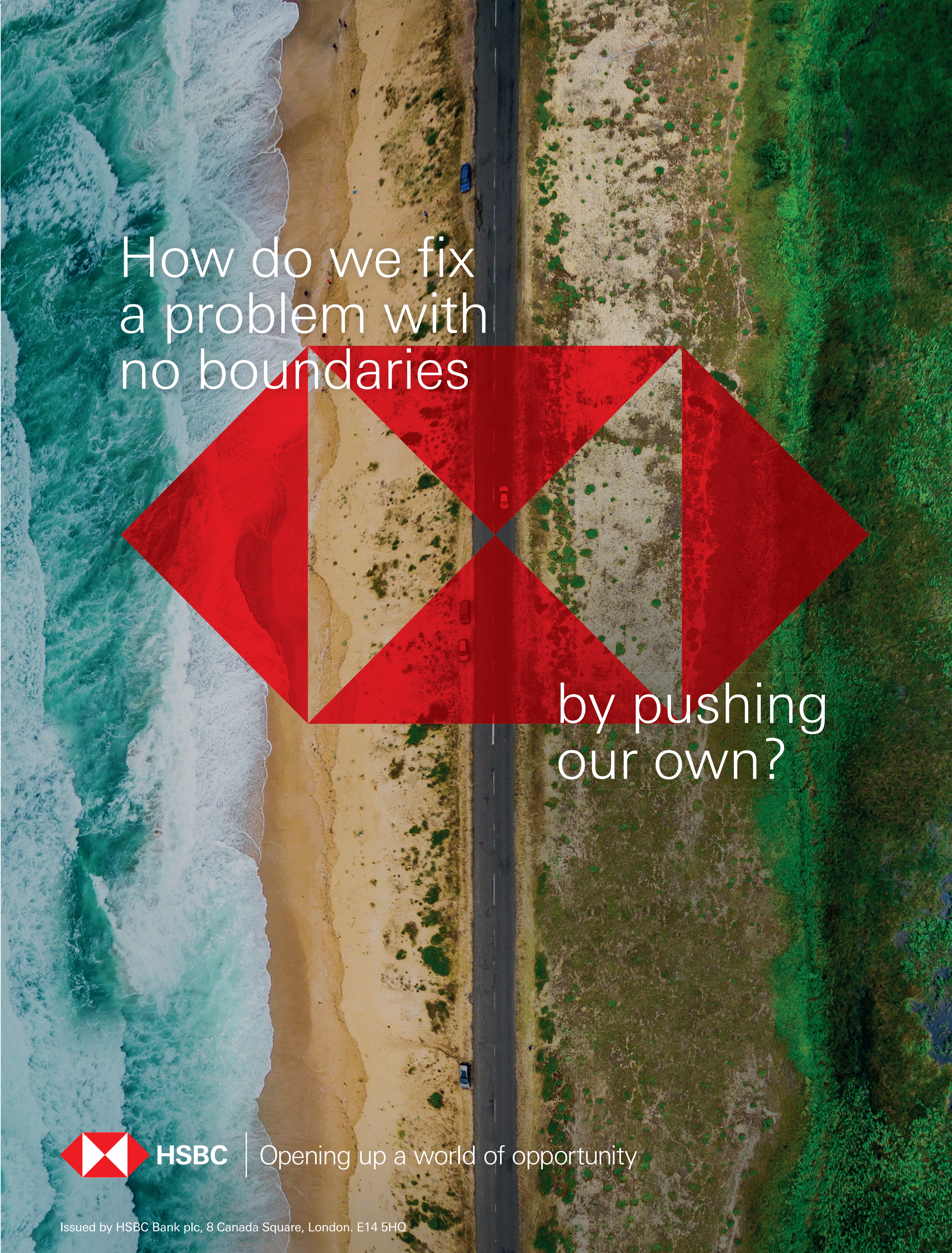
Cohen: From our founding, we have operated on two principles: firstly, innovate where it creates real value, and defer to what already works well — whether that is in our product design or in partnering with providers who do things right. Secondly, relationships matter. Our approach with clients is a mutual partnership focused on solving problems at scale.

The result is that in just a few years, we have built end-to-end market infrastructure from the DTCC level forward. While most know us for our NSCC work, which is gaining rapid momentum in early 2026, that entry point laid the foundation for what came next: our matching platform with its unique workflow and market data feedback loop, downstream settlement and subledger reporting, and now early-stage order management system (OMS) and regulatory reporting capabilities. This is not a collection of point solutions — it is a holistic platform that lets us solve more than just the problem of the moment.

2025 was about reaching equal footing from an internal tech perspective, and this year will be about rapid growth. Looking ahead, we will continue building out our OMS, settlement processing, and B&R capabilities, along with horizontal expansion into other asset classes at the venue level.

We know clients have options, and we think that is good for the market. We also believe we are strongly positioned — either directly or through partnership — to lead the industry forward.

We are excited about what is coming.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Primed for growth and prosperity

As hedge funds flock to the Middle East and Saudi Arabia moves to open its capital markets, industry participants anticipate exciting developments on the horizon as they explore the prime brokerage landscape and words of wisdom for future investors. Carmella Haswell reports

Markets within the Middle East continue to open up, providing key incentives for potential foreign investors who look to a region with a promising future. The prime brokerage landscape here has proven to be an intriguing one as hedge funds continue to invest — evident through recent activity within the ADGM and the Dubai International Financial Centre (DIFC).

Over the past two years, the ADGM has experienced a marked increase in hedge funds and the asset management sector more broadly, reflecting the growing appeal of Abu Dhabi as a global asset management hub. Assets under management (AUM) in ADGM surged by 48 per cent year-on-year in the third quarter of 2025. For the same period, the number of funds managed out of ADGM reached 220, supported by 161 asset and fund managers.

This upward trend has been visible in the past few years, according to the international financial centre, with the annual numbers for 2024 showcasing growth of 245 per cent in AUMs and significant global asset management entities establishing operations within ADGM's jurisdiction.

On the other hand, the DIFC registered its 100th hedge fund in

December — a number that has doubled since the beginning of 2024. According to the global financial centre, 81 of these hedge funds are billion-dollar AUM managers. The new arrivals include Baron Capital Management, BlueCrest Capital, Naya Capital Management, and North Rock Capital.

The ability to trade Asian, European, and American markets — as well as to tap the region's talent pool and raise capital — appear as key incentives for managers to join Dubai's global financial centre.

For Tony Hallside, CEO at STP Partners, the increase of hedge fund registrations within DIFC reflects a deliberate recalibration in global capital allocation and a growing recognition of the Gulf as a strategically-positioned financial centre. He says the region's commitment to investor protection and economic diversification has helped to create an increasingly attractive environment for sophisticated asset managers.

A maturing market

The Middle East has captured the interests of the financial industry in more ways than one. The use of regulatory reforms and stability, access to emerging markets, as well as favourable tax regimes and workforce growth, are just a few key elements that have played their part.

In addition, high quality of life and strategic time-zone positioning — in particular, the convenient time zone alignment between Asia and Europe — have repositioned the region from a "peripheral trading centre" into a "credible global hedge fund hub", notes Mazen Najjar, vice president of Prime Services sales at Marex.

In terms of the important alignment between Asia and Europe, Jalal Faruki, head of securities at SNB Capital, indicates that while multiple global prime brokers provide access to the Middle East's capital markets, they largely do so through trading hubs in Europe or Asia. This makes raising capital from local investors in the Middle East slightly different, because the fund structures and domiciles will likely be outside the regional regulatory frameworks.

Continuing to explore the benefits of the region, Najjar notes that access to deep regional capital is a key differentiator, with Middle Eastern sovereign wealth funds deploying over US$130 billion globally in 2024, alongside an increasingly sophisticated family-office base. “What began as an early-mover opportunity has become a self-reinforcing trend: as more global hedge funds establish a presence in DIFC and ADGM, others are following while some are choosing to launch in the UAE — drawn by investor proximity, talent depth, and ecosystem validation,” says Najjar.

Hallside indicates that the region also offers access to substantial pools of institutional and sovereign capital. Further, managers are responding to client demand in terms of proximity to capital sources and to emerging themes such as energy transition, digital assets, and infrastructure — all of which are highly relevant to Gulf economies. He adds: “The shift is not simply quantitative. It is indicative of a qualitative maturation of the region’s financial ecosystem.”

Adding to this endless list of opportunities and benefits, Faruki says the development and growth of regional capital markets presents opportunities to implement global strategies with less competition. In certain segments such as high-frequency trading and quantitative trading, he believes the opportunities in Middle Eastern markets are relatively untapped.

Boots on the ground

Acting as a stark reminder of a growing and important market, the total global hedge fund industry capital surged above a historic US$5 trillion milestone for the first time, with capital jumping for the ninth consecutive quarter in Q4 of 2025, ending the year at a record US$5.15 trillion, as reported in the latest Hedge Fund Research (HFR) Global Hedge Fund Industry Report.

Core to its function, prime brokers provide financing and related services to hedge funds, including operational support, securities lending, risk management services, and capital introductions. Marked as an important part of the financial ecosystem by Faruki, the nature and operating model of prime brokerage services have shifted significantly over the past 10 to 20 years.

Previously, United Arab Emirates (UAE)-based managers had limited on-the-ground prime brokerage support and were often forced to rely on London, which Najjar notes was an inefficient model in a highly relationship-driven market. “The increasing local presence of prime brokers is changing this dynamic, reinforcing liquidity growth, infrastructure investment, and institutional market maturity.”

Looking at the landscape in 2026, Faruki says the majority of global prime brokerage providers are running ‘synthetic’ prime brokerage services which rely on International Swaps and Derivatives Association (ISDA)-based swap agreements.

However, the synthetic prime brokerage model does not fit within many of the regulatory structures of regional capital markets, he explains, which largely require assets to be owned in an ‘Investor ID’ and identified account at the local central securities depository (CSD) level in the name of the beneficial owner. Faruki notes that omnibus account structures and ISDA swaps are not normally available from local financial institutions to the local investors in such markets.

In additon, prime brokerage services were previously based on shares held in an omnibus account against acceptable collateral and margins, allocated to various clients on the short and long side with leverage provided at relatively conservative loan-to-value ratios of 2:1 or 4:1 for equity and fixed income assets. According to Faruki, leverage ratios on the positions in these ISDA-based swap agreements can move much higher into the double-digit loan-to-value ratios and include a greater variety of asset classes such as FX, interest rate swaps, cryptocurrencies, and all types of over-the-counter (OTC) derivatives and structured products.

"While the above does not reduce the demand for securities borrowing and lending, as regional capital markets develop and evolve, we expect to see more development in terms of these types of institutional products," Faruki predicts.

A number of market participants in the region emphasise the importance of prime brokerage in the region, as well as its continued development. Notably, such services are regarded as essential for the evolution of capital markets across the region. With hedge funds flocking to the Middle East, participants believe the move will support on-shore liquidity, growing securities financing and derivatives activity, and improving access to local instruments.

Furthermore, it seems to have created a fertile environment for capital formation, as noted by Hallside. He continues: "The opportunity for prime brokers lies in enabling this transition by providing not just execution and clearing, but also tailored capital introduction, risk analytics, and operational efficiency. As market depth and diversity grow, prime services will become a critical enabler of performance, governance, and connectivity across investor types."

Having boots on the ground has allowed companies such as Marex to engage directly with managers, regulators, and local liquidity providers, enabling faster decision-making, stronger risk alignment, and more tailored financing solutions. Meanwhile, firms such as IG Prime have used their local presence to connect hedge funds and grow the wider ecosystem in the region, while providing access to trading and financing solutions via their platform.

With prime brokerage in the Middle East being relatively new, it is only natural to explore how this service differs from other regions.

From the perspective of Richard Fenton, head of prime sales Middle East at IG Prime, there is a large capital introduction opportunity in this region from varying sources — from sovereign money to private capital and family offices. He says the latter is a relatively new form of allocation into alternatives in this region.

Capital raising appears as a key differential for the region, especially when compared to markets such as the US or Europe. Najjar explains that managers in the Middle East tend to operate much closer to local allocators, sovereign wealth funds, family offices, and ultra-high-net-worth investors, where decision-making is highly relationship-driven and often less intermediated.

Prime brokers play a more consultative role, going beyond core financing and execution to help managers navigate allocator dynamics, provide candid capital-introduction feedback, and distinguish between investors with genuine dry powder and those at an earlier exploratory stage.

For those less familiar, Najjar highlights that face-to-face engagement and ongoing dialogue are more critical than other regions, allowing managers to refine their approach, understand next steps, and build conviction over time. "In this environment, depth of relationships and local presence can have a material impact on fundraising outcomes, particularly for emerging and first-time managers."

Providing advice to those looking to ascend in the region, Hallside notes that prime brokers operating in the region must integrate investor insight, relationship access, and capital advisory into their service model. He states it is not enough to provide infrastructure and financing.

He continues: "Success depends on being able to navigate local nuances and align international managers with regional allocators who are increasingly sophisticated but retain a strong preference for trust-based engagement."

Knowing the players, and the game

For market participants looking to integrate within the Middle Eastern markets, firms with boots firmly on the ground in areas such as Dubai, Saudi Arabia, and Abu Dhabi, present words of wisdom.

"Take time to understand which jurisdiction fits best for the size of launch and strategy, including opportunity to cap raise. By leveraging prime consulting teams you will be able to select the right fit for the launch and structural set up," notes Fenton.

IG Prime in Dubai offers a cross asset trading and financing solution in one, with cross margining capabilities. This is traded in a low touch, low-cost tech focused solution with large balance sheet capabilities and no minimum AUM commitments.

"Setting up in the UAE offers enormous opportunity, but success requires strategic planning and cultural fluency. Recognising cultural norms is critical: business in the Middle East is highly relationship-driven, and understanding local etiquette and decision-making dynamics can materially influence engagement and fundraising outcomes," states Najjar.

"Building relationships early is essential, and trust is most effectively developed through consistent, face-to-face engagement supported by a permanent local presence"

While working with experienced local service providers can also be a significant advantage, Najjar adds that understanding the jurisdictional landscape is equally important. Notably, he explains that the choice between DIFC and ADGM has implications for licensing pathways, regulatory oversight, reporting obligations, and investor perception.

Marex has a fully-integrated team on the ground, covering sales, outsourced trading, and capital introduction. The firm says it can support both cash and synthetic prime brokerage. Marex has regulated offices in both Dubai and Abu Dhabi, with over 120 people across the two locations, enabling the firm to support clients locally while connecting them to global markets.

"Credibility must be prioritised from the outset, sovereign wealth funds and family offices expect robust governance, transparency, and scalable operating models. Building relationships early is essential, and trust is most effectively developed through consistent, face-to-face engagement supported by a permanent local presence," Najjar comments.

From an STP Partners perspective, Hallside says managers who come in with alignment to regional goals, whether in sustainability, digital transformation, or local economic integration, will find a receptive audience. With a region-first, client-led, and outcomes-driven approach, STP Partners says it provides integrated solutions that reflect the needs of managers navigating both global mandates and regional opportunities.

With a keen interest in the Kingdom of Saudi Arabia, Faruki says the largest benefits for future hedge funds are located here and in the UAE. As the largest capital market in the MENA region, those looking to invest can benefit from both public and private funds, which allows fund managers to open their fund to all investors or, as a private fund, selectively accept only qualified and specific investors.

Faruki explores: "Another important benefit of funds being domiciled in Saudi Arabia is the ease of raising money from local investors and family offices, as the volume and size of these institutions are far larger than in other regional markets.

"While the UAE has attracted the greatest number of foreign fund managers, the activity of those funds is largely conducted in global assets and markets and is not specifically related to a large portion of the UAE markets in the Dubai Financial Market and Abu Dhabi Securities Exchange.

"Therefore, fund managers seeking to benefit from institutional and global capital raising, the availability of local service providers, and large pools of talent existing on the ground, the UAE is an attractive opportunity both in the DIFC and the ADGM financial centres."

SNB Capital's prime brokerage product was built and designed to support local institutional investors and fund managers in Saudi Arabia first and foremost, offering a custody and brokerage platform covering the Saudi Exchange with co-located trading access and a significant security borrowing and lending desk.

While challenges remain for hedge funds looking to engage with the Middle East — such as navigating nuanced regulatory frameworks, engaging with a distinct allocator base, and cross-border fund structuring considerations — with the right local guidance and a tailored approach, these hurdles can become manageable.

A prosperous future

A land full of promises, the Middle East appears to welcome hedge funds with open arms. As market participants continue to engage with the region, they seem hopeful for its future development.

"Prime will become more prominent in the wider GCC market and we are seeing this now with increased liquidity in Gulf markets and access to financing and prime solutions. We anticipate these countries contributing to alternative funds' growth in the years to come," Fenton predicts.

Also anticipating further growth, Hallside expects the prime brokerage landscape to evolve both in depth and complexity, calling the opening of Saudi Arabia's markets to a broader base of foreign investors an inflection point.

At the beginning of 2026, the Kingdom's Capital Market Authority (CMA) confirmed the opening of Saudi Arabia's capital market to all categories of foreign investors. As a result, foreign investors will be able to invest directly, following approval of the regulatory framework allowing non-resident foreign investors to invest directly in the Main Market.

Hallside believes the opening of this particular market will accelerate demand for multi-jurisdictional prime services, enhance the need for localised structuring expertise, and increase the focus on cross-market compliance and transparency.

"Rather than a replication of Western models, the region will develop a hybrid prime brokerage framework. This will combine international best practices with local adaptability. Over the next 12 months, we anticipate a marked increase in demand for fund onboarding support, synthetic financing, and integrated capital introduction capabilities," he explores.

Continuing with the future assessment of Saudi Arabia, Najjar suggests that it will not be a market defined by traditional big-bank playbooks. Instead, he says success will favour nimble, solutions-led prime brokers that can move quickly, price and margin dynamically, and build client-specific structures around financing and market access.

Najjar adds: "Saudi Arabia's market opening is expected to unlock meaningful foreign inflows — particularly into equities — driving demand for cross-GCC execution, clearing, financing, and securities lending. As MENA markets deepen and converge, prime brokerage will move decisively away from siloed, country-by-country models toward integrated, regional solutions."

Reflecting on the work in Saudi Arabia to open the market to more foreign investors, Faruki notes that there is also a significant potential opportunity for foreign investor flows from mid-size and smaller institutions, family offices, and asset managers to enter the market now, based on the new regulations. He believes that the ease of market access has significantly shifted, which will drive investors to directly enter the market through local providers such as SNB Capital instead of utilising synthetic structures or foreign fund or ETF products they may have previously used.

He concludes: "This evolution in the local capital markets is also expected to add a new layer of liquidity to the market, which, combined with market structure reforms and products such as exchange-listed derivatives and a growing securities borrowing and lending market, position Saudi Arabia for an exciting 12 months ahead."

India's securities market: Cautiously opening

Previously characterised by tight controls and limited international participation, India's securities finance market is beginning to evolve. Hansa Tote looks at regulatory evolution, increasing retail engagement, and legal modernisation of the market

India is home to rich culture and history, such as the Taj Mahal, the birthplace of yoga, and 43 UNESCO world heritage sites. It is also the third largest country in Asia, spanning 3.29 million square kilometers.

Despite India's geographical size, in the world of securities finance, India is a small fish in a big pond due to historically strict regulations limiting international participation — something the Securities and Exchange Board of India (SEBI) is attempting to change.

Matt Chessum, executive director, equity and analytic products at S&P Global Market Intelligence, explains that India limits international participation primarily to maintain financial stability and domestic control.

These restrictions differ vastly from the 'growth-friendly' US and European markets, Chessum explains, stating that while US and European markets are largely market-driven and over-the-counter (OTC)-based, India remains highly regulated and relatively closed off to international participants.

Is it just me?

It is not solely India that has historically enforced strict restrictions to international participants, with Chessum likening the policies in India to those in China. He states that, as with India, China has strict restrictions on international participation in their securities lending market.

He highlights: "Both nations fear that unrestricted short-selling by global players could lead to market destabilisation or sudden capital flight during periods of economic stress."

He also notes that policies in both countries often prioritise domestic institutional investors to ensure that local markets are not dominated or influenced by foreign entities.

However, investors are using ETFs to access exposure to both markets, according to Nancy Allen, managing director, global head of EquiLend Data and Analytics Solutions. "The iShares MSCI China ETF, one of the top-earning ETFs in 2025, is currently running at around 80 per cent utilisation, while the iShares MSCI India ETF saw utilisation peak near 80 per cent last June and remains elevated at roughly 64 per cent today."

She states that in both India and China, there is "virtually no lending activity in domestic equities", however there is still meaningful lendable supply in the regions, with Chinese equities totaling roughly US$5.3 billion and Indian equities about US$3.6 billion.

Rules and regulations

SEBI is currently working to simplify regulations for international investors, according to Chessum.

In agreement, Chaitanya Joshi, head of financing and securities services for India at Standard Chartered Bank, explains that "SEBI has actively worked to make market access simpler with a Single Window Automatic and Generalized Access for Trusted Foreign Investors (SWAGAT-FI) framework for foreign portfolio investors (FPIs) and foreign venture capital investors (FVCI), both of which will take effect from 1 June 2026.

He further details that digital signature usage has been rolled out. "There is a similar proposal to facilitate easier onboarding for FPIs/

FVCIs who intend to invest only in Indian government bonds."

SEBI has also formed an FPI outreach cell and India market access to provide a dedicated, single-window digital platform for FPIs, Joshi adds. He says the website has been a welcome move for foreign investors serving as a guide as it streamlines information related to registration, compliance, and regulations and Indian securities markets.

Discussing the Indian market and regulations from the International Securities Lending Association's (ISLA's) point of view, Tina Baker, head of legal services, and ISLA Connects lead, states the association is currently monitoring the developments in the Indian market following the announcement of the Securities Market Code Bill 2025, which she describes as "the most significant overhaul in 30 years".

The Securities Market Code Bill was introduced in Lok Sabha, (or House of the People — the lower house of the bicameral Parliament of India), and aims to address structural fragmentation caused by three aging rules. It will address them by condensing the rules into a single, unified code for participants to harmonise the regulations.

The rules are: the 1956 Securities Contracts (Regulations) Act that regulates dealings of securities and the operation of stock exchanges; the 1992 SEBI Act that establishes SEBI as the regulator to protect interests of investors in securities and elevate and regulate the securities market; and the Securities Appellate Tribunal to hear appeals against SEBI.

Finally, it aims to replace the 1996 Depositories Act that regulates depositories holding securities in dematerialised or electronic form while facilitating their transfers.

Baker notes that, while SEBI has not issued any major securities lending and borrowing reforms in 2025 to 2026, there are related regulatory developments affecting collateral, borrowing, and market functioning. She highlights that the developments are covered alongside other growing markets in ISLA's Developing Markets Working Group. The association is also liaising with the Pan Asia Securities Lending Association (PASLA), which has appointed its PASLA Indian working group to monitor developments and liaise with SEBI on future developments.

"Separately, we were pleased to see the announcement from the Fixed Income Money Market and Derivatives Association on 18 December 2025, of the publication of an Indian Addendum for the GMSLA 2010 version", she notes.

The Global Master Securities Lending Agreement (GMSLA) is the industry-standard legal contract published by the ISLA and is used worldwide to document securities lending and borrowing transactions. It provides a single, master framework that governs all loans made between two counterparties, removing the need to negotiate terms for each individual trade.

The FIMMDA has developed the Indian Addendum to sit alongside the GMSLA following instruction from the Reserve Bank of India (RBI). FIMMDA consulted with members and stakeholders to produce the prescribed standard documentation to be entered into by counterparties in respect of bilateral trades in government securities, Baker explains.

This addendum is only applicable to bilateral transactions in Government Securities Lending (GSL) in accordance with current RBI guidelines.

In January 2026, SEBI also conducted a series of measures to enhance ease of compliance and facilitate ease of doing business for market intermediaries, furthered by a review of the existing technical glitch framework for stock brokers, which has since been modified in line with ease of compliance.

The eligibility criteria for the applicability of the technical glitch framework has been streamlined to exclude smaller size stock brokers — the framework is now solely applicable to stock brokers having more than 10,000 registered clients. This means that approximately 60 per cent of stock brokers would no longer be eligible for this framework, reducing overall compliance requirements.

The revised framework also means that glitches taking place outside the stock brokers' trading architecture, in addition to glitches that do not directly affect the trading functionality, and those which have negligible impact, have been exempted from the technical glitch framework.

The decision not only brings immunity for the stock brokers from the glitches that are out of their control, but also aims to simplify the reporting requirement by providing an extension of time for reporting of technical glitches (from one to two hours), consideration to the trading holidays while submitting reports, and streamlining the reporting requirement from reporting to all the exchanges to a single reporting platform.

SEBI has highlighted that the revised framework rationalised the technology compliance requirement based on the size of the stock brokers and their dependency on technology.

The firm has also stated the financial disincentive structure has been rationalised considering the exemptions, such as type of glitches (major or minor) and the frequency of the occurrences.

Rising retail

The Indian retail market is "booming", according to Bruce Keith, CEO of InvestorAi. Likening the popularity of stock trading to haggling for the best price on groceries, Keith states that people are used to a trading mentality. "You compare that to the UK, the everyday trading psyche does not exist to the same extent."

He states that because people are so used to trading, the Indian retail markets move at a rapid rate, with many participants choosing to trade frequently rather than invest long term.

He also notes that the biggest growth area in retail investing this year is in the Margin Trade Facility (MTF), with investors buying stock and pledging it as a central depository to get two to three times the leverage from their broker to buy more of the stock.

Joshi also highlights the growth of unique investors in India, noting it has grown to 135 million, up from 38 million in the financial year 2019.

Findings by the Chartered Financial Analyst (CFA) Institute corroborates this, stating: "Shifting trade policies and other global uncertainties have largely kept foreign investors away from India's equity markets through the first half of 2025. But while foreign portfolio flows were muted, domestic investors charged ahead." In July alone, flows into Indian equity mutual funds hit a record-breaking 427.02 billion Indian rupee (US$4.91 billion).

What next?

In the next three to five years, Joshi anticipates increased participation in the capital markets — as, with the simplification of the registration process, the number of FPIs in the market is increasing.

He also notes there is headroom to deepen penetration of mutual fund products, due to the current penetration of mutual fund products being only 6.7 per cent.

Joshi adds: "Gujarat International Finance Tec (GIFT) City — India's first smart city and international financial services centre, designed to compete with international financial centres such as Singapore and Dubai — is gaining traction among foreign portfolio investors as a new jurisdiction to set up investment vehicles."

Roy Zimmerhansl, head of capital markets at WTS Hansuke, provides his insight on the future of India's securities market, stating: "India is clearly signalling that a more modern, usable SLB and short selling regime is strategically important, but the formal reform process is still at the pre-consultation, agenda-setting stage rather than execution".

For now, it appears that India will need to focus on continuing to ease restrictions for international participants in order to grow its market, and make a name for itself on the global stage.

Theatre is over

Why the repo market needs tokenisation to survive

Glenn Handley, founder and CEO of SecFin Solutions, looks at why T+1 settlement and structural balance sheet pressures leave tokenisation not as an efficiency play, but as a necessity for systemic survival

The end of the pilot phase

The financial services industry has spent the better part of a decade trapped in a cycle of ‘innovation theatre’. We have attended countless conferences, sat through glossy presentations on the future of money, and watched as proof of concepts (PoCs) were launched with fanfare only to be quietly decommissioned six months later. For the serious practitioner — the trader, the treasurer, the collateral manager — distributed ledger technology (DLT) has largely been viewed as a solution in search of a problem.

I am here to tell you that this era is over.

Having spent 35 years in the trenches of global securities finance markets — trading through six major financial crises from the exchange rate mechanism (ERM) debacle of 1992 to the liability-driven investment (LDI) implosion of 2022 — one develops a specific perspective. It is not that of a technologist, but of a plumber. At SecFin Solutions, we focus on the mechanics of liquidity and collateral, caring less about the theoretical ‘future of money’ and more about whether the pipes work, whether the pressure is sustainable, and whether the system can handle the flow when the valves are opened wide.

The market intelligence I am receiving today indicates that our plumbing is breaking. We are witnessing a convergence of structural pressures that legacy infrastructure simply cannot handle. The repo market is facing a 'velocity Crisis', where collateral velocity has degraded to levels that threaten systemic seizure. Simultaneously, the regulatory enforcement of T+1 settlement is applying Formula 1 compression to an engine designed in the 1980s.

The argument for tokenisation is no longer about efficiency or modernisation. It is about mathematical survival. We are running a US$100 trillion market on a shrinking base of mobile collateral. The only way to solve this equation without adding dangerous leverage is to increase the velocity of assets through atomic, intraday settlement.

The anatomy of fragility: The velocity crisis

To understand why the system is creaking, we must look beyond the headline rates of SOFR or SONIA and examine the underlying physics of the market. The most critical metric for the health of the repo market is not the price of money, but the speed at which collateral moves.

The mathematics of collateral velocity

Collateral velocity measures how many times a single unit of high-quality liquid assets (HQLA) — such as a US Treasury bond or a UK gilt -—is rehypothecated to support funding obligations. Before the 2008 Global Financial Crisis, estimated collateral velocity was approximately 3.0x. This meant that for every US$1 billion of physical collateral issued, the market could support US$3 billion of secured funding transactions.

Today, based on market analysis and data tracked by SecFin Solutions, that velocity has degraded to approximately 2.1x. We are effectively attempting to run a global financial system with exposure stacks exceeding US$100 trillion on a base of approximately US$7 trillion of actual, mobile collateral.

The implication of sub-2.0x velocity

This decline is a flashing red warning light. As velocity drops, the friction of moving collateral increases. When velocity approaches 2.0x, the system loses its elasticity.

Liquidity hoarding

In a low-velocity environment, dealers become terrified of being caught short. If they cannot rely on the market to return collateral efficiently, they stop lending it out. This creates a feedback loop where hoarding further reduces velocity, leading to sudden seizures in funding markets.

The zero-haircut trap

We are currently seeing a disturbing trend where roughly half of the UK gilt repo market is trading at zero haircuts. This is a sign of desperation. To maintain deal flow in a constrained environment, lenders are eroding their risk buffers. In a low-velocity world, if a counterparty defaults, the lack of a haircut means there is no cushion.

The 'Great Unwind' failure

Compounding this is the failure of central banks to normalise balance sheets effectively. As the Federal Reserve drains reserves via quantitative tightening (QT), the reliance on the private repo market to redistribute liquidity increases. But a market hobbled by 2.1x velocity cannot circulate this liquidity fast enough. We are removing the central bank safety net at the exact moment the market is losing its grip on the collateral bars.

The 'antique' reality of T+1 vs. 'The Atomic Future'

While regulators present the transition to T+1 settlement as modernisation, I argue it is a 'faster horse' when we need an internal combustion engine.

The friction of compression

Moving from T+2 to T+1 compresses the time available for trade matching, allocation, and funding by 50 per cent. In the US, this is manageable due to a unified depository (Depository Trust & Clearing Corporation). In Europe, forcing T+1 onto a fragmented landscape of multiple central securities depositories (Euroclear, Clearstream, Monte Titoli, etc.) without fixing underlying interoperability is a recipe for a massive spike in fail rates.

The most glaring flaw is the FX mismatch. Most FX trades settle on T+2. If a European asset manager buys a US Treasury settling T+1, they must execute the FX trade to fund that purchase on T+0 or T+1.

This pushes FX execution into the illiquid late-afternoon window or forces reliance on Continuous Linked Settlement (CLS) systems that may not have capacity, creating a structural funding gap.

The atomic alternative:

Intraday repo

Contrast the friction of T+1 with the reality of atomic settlement. Atomic settlement implies that the exchange of cash and securities happens simultaneously and instantaneously. But the real revolution is Intraday Repo.

In a T+1 world, the smallest unit of time you can borrow money for is one day. In a tokenised, atomic world, you can borrow money for hours, or even minutes. A European asset manager facing a funding gap could tokenise their existing gilt holdings, pledge them into an intraday repo facility for four hours to bridge the FX settlement gap, and then release them. This turns a funding crisis into a routine, automated optimisation.

At SecFin Solutions, we estimate that for a mid-sized NBFI, the drag caused by T+1 pre-funding and settlement fails can amount to 15-20 basis points of lost yield annually. Atomic settlement eliminates this drag, allowing firms to run ‘just-in-time’ liquidity.

Proof of production:

The Eurosystem DLT trials

Skeptics often dismiss DLT as vapourware, arguing it cannot handle wholesale market volumes. In 2024, the Eurosystem (the European Central Bank and national central banks) proved them wrong.

The numbers that kill the ‘pilot’ narrative

Between May and November 2024, the Eurosystem conducted trials for wholesale settlement in central bank money using DLT.

The results were unequivocal: over 200 transactions settled with a total value of €1.59 billion.

This involved 64 institutions, including major commercial banks like BNP Paribas and Goldman Sachs, and market infrastructure providers like Clearstream and Eurex.

They settled real transactions, using real central bank money, across real borders.

The Holy Grail:

Intraday DvP repo

Perhaps the most critical milestone for the repo market was the successful execution of intraday delivery versus payment (DvP) repo transactions by Goldman Sachs, Clearstream, and HQLA^X. In these live transactions, cash was borrowed against collateral held on a DLT platform.

The trade was agreed, executed, settled, and unwound within the same trading day.

This validates the core thesis: DLT is not just about recording ownership, but about enabling mobility. It proved that collateral can be moved across the fragmented European custodial landscape without being trapped in multiday settlement cycles. It proved that 2.1x velocity can be uncapped.

Following these trials, the European Central Bank (ECB) committed to a dual-track strategy: Pontes (a short-term solution for DLT settlement) and Appia (a long-term vision for a unified European ledger).

The central banks are building the rails. We are now in the build phase.

The new systemic risks:

NBFIs and stablecoins

The repo market has fundamentally changed since 2008. Banks are no longer the sole holders of collateral. The rise of non-bank financial institutions (NBFIs) and stablecoins has created new nodes of risk in the plumbing.

NBFIs — pension funds, insurers, hedge funds — now control nearly half of global financial assets, estimated at £47 trillion. Unlike banks, these entities do not have direct access to central bank discount windows. They rely entirely on the private repo market for liquidity.

The LDI crisis of 2022 was a velocity crisis. Pension funds held plenty of assets, but couldn't transform them into cash fast enough to meet margin calls.

Tokenisation offers the only viable solution. If pension funds held tokenised assets that could be instantly pledged via smart contracts, the time to liquidity would be reduced from days to seconds.

Stablecoins:

The transmission mechanism

Stablecoins are fast becoming a critical component of the repo ecosystem. Major issuers are now among the largest holders of US Treasury bills. However, a run on a major stablecoin is no longer just a crypto event; it is a repo market event. If holders redeem billions overnight, the issuer must liquidate T-bills or reverse repo positions instantly, sending shockwaves through short-term yields.

Conversely, qualified stablecoins could serve as the digital cash leg for the repo market, offering 24/7 settlement capability and solving the banking hours problem that restricts traditional repo.

Strategic roadmap: Survival of the fastest

The market is bifurcating. On one side are the 'antique' players relying on T+1 and spreadsheets. On the other are the 'atomic' players building connectivity to DLT platforms and optimising intraday liquidity.

The done-away clearing model

The US Securities and Exchange Commission's (SEC's) mandate for central clearing of US Treasuries is the catalyst that will force the industry's hand.

By June 2026, trillions of dollars of repo transactions must be centrally cleared. This will crush the economics of the current bilateral model.

To make clearing economic, the market must adopt the done-away model, where execution happens on agile digital platforms but trades are done away to a central counterparty (CCP) for netting.

This requires seamless, real-time connectivity. Tokenisation is the architectural glue that makes this possible, allowing for instantaneous pledging of margin to CCPs.

Actionable steps for market participants

Drawing on my experience advising firms through SecFin Solutions, here is the survival checklist:

Digital gap analysis

Measure your collateral velocity. If you cannot move an asset from custody to a counterparty in under 30 minutes, you are obsolete.

Diverse connectivity

Ensure your systems can talk to aggregators like HQLA^X, J. P. Morgan's Kinexys, and the emerging Eurosystem rails.

Hybrid risk models

Current value at risk (VaR) models assume one-day holding periods. In an atomic world, you need intraday risk models that account for smart contract risk alongside credit risk.

End the zero-haircut addiction

Prepare for positive haircuts. The clearing mandate will make zero-haircut trades unsustainable. Review every such position on your books today.

Table 1: The Evolution of Repo Infrastructure

Feature	Traditional Repo (Antique)	Tokenised Repo (Atomic)
Settlement Time	T+1 or T+2 (Days)	T+0 / Atomic (Instant)
Collateral Velocity	Low (~2.1x) - Trapped in settlement cycles	High (Uncapped) - Reused intraday
Liquidity Buffer	Static, "Dead" Capital	Dynamic, Yield-Generating
Margin Calls	Manual, Daily, Slow	Programmable, Real-Time
Counterparty Risk	Settlement Risk (Herstatt Risk)	Eliminated via DvP
Availability	Banking Hours Only	24/7/365

Table 2: Key Data from Eurosystem DLT Trials

Metric	Value	Implications
Total Value Settled	€1.59 Billion	Proven scale for wholesale markets
Total Transactions	> 200	Not just a "one-off" test
Participants	64 Institutions	Broad market consensus/readiness
Key Use Case	Intraday DvP Repo	Validates the 'Holy Grail' of repo efficiency
Settlement Asset	Central Bank Money	Removes commercial bank credit risk

The mathematical inevitability

The repo market is a creature of mathematics defined by rates, haircuts, time, and velocity.

Velocity is falling due to balance sheet constraints.

Time is the enemy; settlement latency creates risk.

Capital is becoming scarcer as central banks withdraw liquidity. Tokenisation is the only available technology that positively alters all three variables simultaneously.

It increases velocity by allowing assets to be reused intraday; it reduces time to zero through atomic settlement; and it frees up capital by enabling precise, automated collateral management.

The Eurosystem trials have proven the technology works at scale.

The 2.1x velocity crisis proves the current system is failing. The mandatory clearing deadlines prove the clock is ticking.

Innovation theatre is over. It is time to stop applauding the concept of digital assets and start using them to rewire the machine before it seizes up completely.

Academic research, market liquidity, and the power of getting the facts right

Buddhika Weerasena, director, equity analytic products at S&P Global Market Intelligence, reviews the significance of finding the facts through academic research and how this is supporting liquidity and resilience

Capital markets run on confidence, but they are held together by liquidity. The ability to transfer risk, express views, and execute trades without moving prices too far is what makes markets useful in the real economy. And while market commentary will always have its place, the day-to-day health of the system increasingly depends on a simpler discipline: analysing data, testing ideas, and finding facts.

That is where academic research comes in. When scholars can work with high-quality, real-world datasets, they do more than publish papers: they help the market understand itself. Their work can validate common beliefs, puncture myths, and most importantly provide evidence that informs opinions about how short selling, securities lending, and liquidity provision behave in practice.

Why academic work belongs in the market conversation

Academic research is built to be sceptical. It leans on transparent methods, robust testing, and peer review. That independence matters in finance, where narratives can travel faster than numbers, and where the same market event can be interpreted 10 different ways depending on incentives.

Partnerships between the industry and academia help close that gap. When researchers gain access to comprehensive securities finance information, they can test mechanisms that are otherwise hard to observe: where supply and demand meet in lending markets, how constraints develop, and what those dynamics mean for price discovery, market efficiency, and liquidity. The end result is not better marketing or better messaging, it is a healthier feedback loop: data → analysis → evidence → better decisions.

A dataset built for real questions, not just theory

S&P Global Market Intelligence's Securities Finance dataset has become a key input into this kind of work because it captures the real plumbing behind short selling and institutional lending activity. The coverage is broad tracking over US$50 trillion in global securities within the lending programmes of more than 20,000 institutional funds and deep, with a historical archive spanning more than 20 years and millions of intraday transactions.

Just as importantly, the dataset is sourced directly from market participants, prime brokers, custodians, asset managers, and hedge funds so researchers are not relying on proxies alone. That matters because in securities finance, small details (availability, rates, timing, utilisation) often determine whether a trade is possible, whether a short can be held, and whether liquidity can be provided when it is needed most.

What researchers actually do with securities finance data

The most useful academic work is rarely abstract. It tends to start with practical questions the market argues about every day then uses data to check what is true.

Short selling constraints and the supply of lendable shares is one major theme. Researchers examine when short sellers are effectively 'rationed' by limited supply, high borrow costs, or operational frictions and what that means for pricing and liquidity. By linking lending supply and borrowing demand to real outcomes, this research helps clarify when short selling supports price discovery and when constraints may slow the flow of information into prices.

Another active area looks at short interest as information. Short interest is widely discussed, but academic work asks the tougher question: does it actually contain signals about future returns, risk, or market direction and under what conditions? Studies using global short interest often focus on measurement and validation, turning an indicator that can be anecdotal into something that can be tested across time, markets, and regimes.

A third strand digs into liquidity provision, crowding, and liquidity shocks. Here, researchers study whether concentrated short positions or rapid changes in borrow demand can amplify price moves when market depth thins out. The broader contribution is a reminder that liquidity is not only about the exchange order book, it is also shaped by financing markets, collateral dynamics, and the willingness (or ability) of lenders to keep inventory available.

There is also a growing body of work on ETFs and market plumbing. Researchers examine how ETF shorting connects to underlying equity liquidity, hedging activity, and (in some cases) the creation/redemption mechanism. Because ETFs are widely used as liquidity 'wrappers', understanding their borrowing and shorting dynamics adds evidence to debates about when ETFs may help absorb shocks and when they may transmit them.

Finally, academic studies increasingly address corporate governance and voting. Securities lending can interact with voting rights, recalls, and record dates, creating trade-offs between incremental lending revenue and stewardship objectives. Research in this area has helped move discussion away from hypotheticals and toward measurement: how common certain behaviours are, what conditions make them more likely, and what practices reduce governance risk without undermining market function.

Examples of academic work in action

A number of widely cited papers illustrate the range of questions researchers are tackling with securities finance data:

- **Short Selling Around News in International Stock Markets (Arseny Gorbenko),** examines global sources of short sellers' informational advantage by analysing their trading around public news releases in 38 countries. Shorts on negative news have stronger predictive power than non-news shorts, but only in countries with high-quality public information, more news per stock, and higher illiquidity.
- **How Constrained Are the Shorts? A First Look at Mutual Fund Position-Level Securities Lending (Xi Dong, Qifei Zhu),** explores how lending supply from mutual funds can shape short-selling activity, improving our understanding of constraints and their implications for market efficiency.
- **Short Interest and Aggregate Stock Returns: International Evidence (Arseny Gorbenko),** investigates the relationship between aggregate short interest and stock returns across markets, helping quantify when and where shorting activity carries information.
- **Phantom of the Opera: ETF Shorting and Shareholder Voting (Richard B. Evans, Oğuzhan Karakaş, Rabih Moussawi, Michael Young),** examines how ETF shorting and securities lending can intersect with voting outcomes, linking market structure to governance.
- **Short Selling Equity Exchange Traded Funds and its Effect on Stock Market Liquidity (Eglė Karmazienė, Valeri Sokolovski),** studies how ETF shorting relates to overall liquidity, adding evidence to debates about ETF-driven market quality.
- **Short Interest, Crowding and Liquidity Shocks (Hector Chan, Tony Tan),** highlights how crowded positioning can interact with liquidity shocks, reinforcing why financing-market signals matter for stability.
- **The Role of Institutional Investors in Voting: Evidence from the Securities Lending Market (Reena Aggarwal, Pedro A. C. Saffi, Jason Sturgess),** uses lending-market behaviour to examine voting incentives and governance outcomes.

Taken together, these studies show the value of combining institutional-quality data with independent research design. They do not eliminate disagreement, finance will always have competing views, but they raise the standard of debate by making it harder to argue with measured reality.

The market benefit: better liquidity through better evidence

The practical payoff is straightforward. When academics can observe lending supply, borrow costs, utilisation, and the timing of changes in demand, they can test causal stories rather than rely on intuition. That improves how the market understands liquidity: what supports it, what drains it, and what signals stress before it shows up elsewhere.

In an environment where narratives can dominate and incentives can distort, finding facts is market infrastructure. Academic partnerships, grounded in robust data, help ensure that decisions and policies reflect how markets actually behave, especially under pressure. And that, in the end, is one of the quiet ways research supports the liquidity and resilience everyone relies on.

Buddhika Weerasena
Director, equity analytic products
S&P Global Market Intelligence

Navigating an early career in capital markets

Aman Gill, an associate within ICMA's Market Practice and Regulatory Policy team, speaks with Carmella Haswell about her journey into the world of securities finance, from starting out to the future ahead

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

As I knew that I wanted to pursue a career within the financial industry, I studied international business and management at university. Importantly, the study programme included an international placement year which proved to be a crucial first step in my career journey. During my third year of university, I joined Morgan Stanley as an intern in their Frankfurt office working within the operations division. More specifically, I worked in the international tax utility team, and I also had the opportunity to support the Position Service Group. This was an important first insight into the world of finance, enabling me to better understand the dynamic nature of business practices, clients, and financials.

After I graduated from university, I moved to Glasgow where I completed the Operations Analyst Graduate Scheme at Morgan Stanley. In that role, I performed daily operational responsibilities within financing and collateral operations, specifically working in the credit repo fixed income space. Following this, I moved to London and was promoted to an operations associate, working within the Commodities Trade Support Group, helping to ensure the accuracy and completeness of the firm's books and records by monitoring, booking, and amending trade activity and lifecycle events in the firm's risk systems.

Thanks to those diverse experiences, I had managed to gain a strong understanding of how the lifecycle of a trade works, and the work experience during my graduate scheme provided me with a particular passion for the fixed income market and specifically the repo product.

Joining the International Capital Market Association (ICMA), the trade association at the heart of the fixed income market, was therefore a very interesting opportunity for me. I am now an associate within the Market Practice and Regulatory Policy team, focusing specifically on repo, collateral, and secondary markets. As part of my role, I focus on market practice, public policy, and advocacy, ensuring that financial regulation supports stable and efficient capital markets.

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

At ICMA, we are at the centre of the bond and specifically the repo market, which means that I get to interact on a daily basis with a variety of stakeholders in those markets, including the sell side, buy side, as well as market infrastructures. The exposure to those different views is certainly one of the most exciting parts of my current role. It is really interesting to get their different perspectives on current market developments and other matters that are keeping members busy, to learn from them, as well as using these interactions to seek out ways in which ICMA can help.

Working at ICMA has taught me an incredible amount about repo and its important roles, providing liquidity to the market, but also how it serves as the 'plumbing' of the financial system. I have also gained further knowledge on fixed income secondary markets and the regulatory policies within this area. There is a high degree of commonality and synergies between the repo market and secondary markets, which means that the two teams at ICMA work extremely closely together in promoting best practices and regulatory engagement.

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

I am fortunate to work at an organisation that runs its own education and training courses. Since joining ICMA, I have had the opportunity to complete a variety of courses that are relevant to my areas of work. For example, I recently attended the 'ICMA Professional Repo & Collateral Workshop'. In addition to this, I have attended both the 'Repo & Securities Lending under the GMRA – GMSLA' course, as well as the 'Prudential Regulation & Fixed Income Markets' course.

Beyond this, working at ICMA has allowed me to travel across Europe and attend insightful conferences within the fixed income space, which has given me the chance to expand my own network as well as meeting many ICMA members in-person. A final point to note is that a core aspect of my work is to be able to effectively communicate with our members in a clear and concise manner on the various topics. ICMA has given me the opportunity to further develop my public speaking skills, and this is an area in which I lacked expertise prior to working at ICMA.

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

A common misconception about a career within the financial industry is that it is often assumed that one must have obtained a finance-related degree. Despite studying international business and management at university and selecting finance-related modules to study, I have met many individuals in the industry who came from a humanities or science background and are now excelling in their careers within the world of finance.

The industry is becoming more diverse and dynamic, which is also shown by the increasing numbers of women in senior positions, as well as those from minority backgrounds. Being a female from an ethnic minority background, I have first-hand experience in the fact that the industry is making stronger efforts in promoting diversity and inclusion.

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

My biggest piece of advice for other young professionals aspiring to pursue a career in finance is to never underestimate the power of networking. Networking with individuals can support you in your career development and can broaden your knowledge even further. It can also give rise to opportunities, and it is important to say yes to those opportunities even if you are outside of your comfort zone, it is crucial to broaden your horizons in order to progress in your career.

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

In the next five years, I aim to become more of a subject-matter expert in my areas of work, broadening my repo expertise as well as my secondary markets knowledge. I will also continue to enhance my public speaking skills and put this into practice as much as possible by leading more meetings with members and by speaking at conferences.

I would love to eventually act as a mentor to those more junior in the market and help to support them in their career with the intention to eventually become a manager myself. In addition to this, at ICMA we have the ICMA Women's Network which I am already a part of. I hope to continue to help this network grow even further as it aims to inspire women and promote gender equality within the bond markets, which I am very passionate about.

Aman Gill

Aman Gill is an associate in ICMA's Market Practice and Regulatory Policy team in London. She joined the trade association in 2024, focusing specifically on repo, collateral, and secondary markets. She supports a number of the related working groups, including as secretary to the ERCC Operations Group, and ICMA's Electronic Trading Working Group. Key areas of focus include market practice, as well as public policy and advocacy, ensuring that financial regulation supports stable and efficient capital markets.

Prior to ICMA, Aman successfully completed her operations graduate scheme at Morgan Stanley working in their Glasgow and London offices. Aman holds a BSc (Hons) International Business and Management degree from Aston University. As part of the study programme, Aman completed an international placement year at Morgan Stanley in Frankfurt. In her spare time, Aman likes to go to the gym, read novels, and travel.

JSF promotes Shimoyamada

Japan Securities Finance Co (JSF) has promoted Morikuni (Jimmy) Shimoyamada to representative executive officer and CEO, effective 1 April 2026.

Based in Tokyo, Shimoyamada's new role within JSF will see him directing and leading the firm's executive officers.

Shimoyamada has been with the firm for more than 10 years, holding positions such as senior executive managing officer, head of global securities finance, executive managing director, head of global business development, and corporate officer, head of global business development.

Previously, he worked at Mizuho Alternative Investments as president and CEO, based in New York, and at Mizuho in Tokyo as general manager, global career management division.

In addition to the promotion of Shimoyamada, JSF has promoted Yutaka Okada from senior managing executive officer to representative executive officer and co-CEO, and Shigeki Kushida from representative executive officer and president to director and chairperson.

GPFA appoints Borgquist and Jeffries

The Global Peer Financing Association (GPFA) has welcomed Amy Borgquist and Cherie Jeffries onto the board of directors.

Based in the United Arab Emirates, Borgquist currently holds the position of portfolio manager at the Abu Dhabi Investment Authority (ADIA).

She has also been involved with the GPFA for more than two years as head of international.

Jeffries is based in Tallahassee in the US, and holds the role of director of fixed income trading at the Florida State Board of Administration.

Both Borgquist and Jeffries bring extensive industry experience and perspective to the GPFA, and, as board members, will contribute to guiding the firm's strategic direction while it expands globally across the beneficial owner market.

Caserta departs FinOptSys

Anthony Caserta has left his position at FinOptSys as head of sales and product development to join SEAD Software as chief revenue officer.

Based in New York — and reporting to Alex Wright, CEO of SEAD Software — Caserta's new role will see him responsible for driving global revenue growth, go-to-market strategy, strategic partnerships, and client expansion.

Most recently, Caserta held positions at FinOptSys as head of sales and product development after working as director of business development at the firm for more than three years.

He brings extensive industry experience to his new role, having held a number of senior positions during his almost 30-year career in securities finance.

These include executive director of global securities financing client strategies at Natxis; managing director of securities finance at S3 Partners; vice president of equity trading at Abbey National Trading Services, and as an associate at Goldman Sachs.

Tradeweb appoints Thiffault

Tradeweb has appointed Matthew Thiffault as managing director of repo product management.

Based in New York, he will report to Erica Barrett, managing director, US institutional rates at the firm.

Thiffault's new role will see him lead the strategic development and execution of US repo products, setting business direction, and driving innovation across the institutional platform.

Previously, he worked at Millennium, where he focused on repo trading. Prior to this, he was positioned at BNP Paribas where he held a role in AVP fixed income trade support.

GCEX Group appoints Tan

Regulated digital prime broker GCEX Group has appointed Carmen Tan to lead GCEX MENA as managing director.

Based in Dubai, Tan will focus on spearheading growth opportunities for the Virtual Assets Regulatory Authority (VARA) and delivering service to institutional clients.

As a fluent Mandarin and Cantonese speaker, Tan's remit extends beyond managing director of the MENA region to also drive market expansion in Asia, says the firm.

GCEX highlights that Tan is a growth strategy expert with experience from both the crypto and FX industries.

She joins from CoinW Exchange in Dubai, where as global strategy and growth manager she systematically scaled each of her own-sourced institutional clients, while managing a team of eight senior institutional sales professionals to accelerate growth across the Middle East, Europe, and South East Asia.

Prior to CoinW, Tan spent almost two years at MultiBank Group, latterly as regional marketing and growth lead, based in Dubai, with a focus on expanding the institutional client base across Asia.

Pirum strengthens transatlantic client teams

Pirum has strengthened its transatlantic client teams with the arrival of Andrew Miller as head of origination, North America, and Charlie Wallis as director of origination, EMEA.

Based in New York, Miller joins the sales team to accelerate the growth of Pirum's client base across the North American region.

He brings 18 years of sales and revenue leadership experience from institutional financial services, fintech, and data-driven service providers.

Most recently, he led AccessFintech's US revenue operations as vice president of sales. Prior to this, Miller held roles such as senior director at OSTTRA and IHS Markit, as well as sales roles at Bloomberg.

Carmine Salute, head of commercial development, Americas, says: "We are significantly resourcing our Americas operations to drive major expansion in 2026, and Andrew is a keystone hire for this strategic growth initiative.

"His deep market expertise, trusted client relationships, and proven track record in building revenue will be instrumental as we deepen relationships with existing clients and forge new partnerships across the region."

According to Miller, Pirum's Complete, Connected Lifecycle platform represents genuine pre-trade to post-trade automation and measurable operational advantages.

Based in London, Wallis joins the business development team, where he will focus on helping existing and new EMEA clients tackle regulatory challenges, as well as to improve clients' operations through the adoption of Pirum's automation and connectivity platform.

Prior to his new role at Pirum, Wallis worked within UK bank sales at London Stock Exchange Group (LSEG) Markets where he covered clearing and post-trade solutions.

He has also held roles at State Street's London office, covering agency, prime sales, and relationship management. Earlier in his career, Wallis was positioned at J.P. Morgan's Hong Kong office, where he worked across Asia (excluding Japan) buy side coverage within securities finance and collateral management.

Robert Frost, global head of business solutions at Pirum, says: "Charlie's experience, combined with his solutions-focused and client-first mindset, made him the perfect candidate.

"I look forward to seeing his impact across our EMEA clients, ensuring they are well prepared for T+1 settlement and continuously supported as they navigate the industry's fast-evolving ecosystem."

Wallis adds: "Pirum has solved the lifecycle automation challenge that's been the industry's goal for years — and now EMEA institutions need it more than ever.

"With October 2027 T+1 implementation approaching and AI transforming what's possible with real-time data, Pirum is perfectly positioned to support securities finance businesses that want to stay competitive in 2026 and beyond."

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