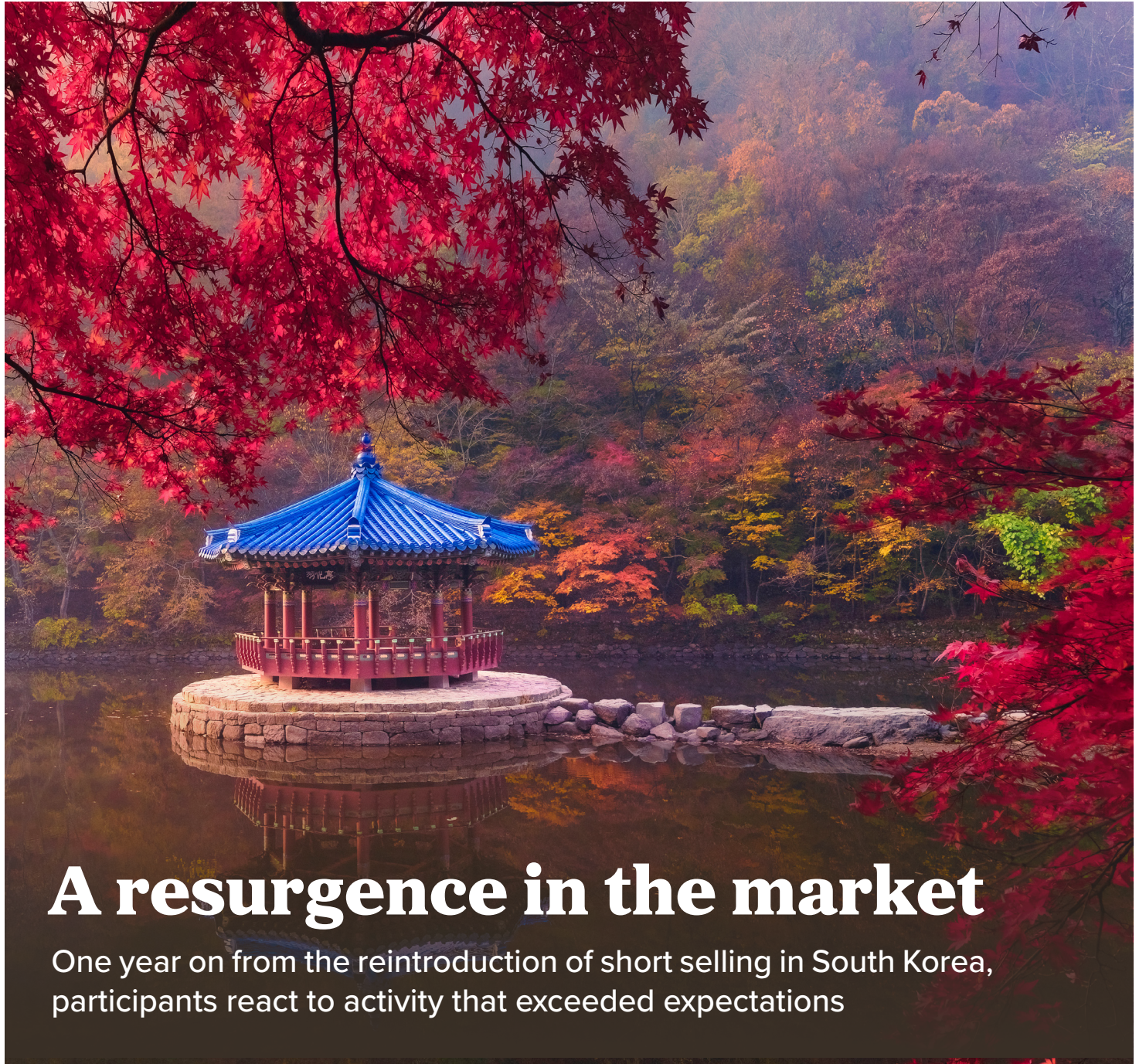


SECURITIES FINANCE TIMES

The primary source of global securities finance news and analysis

Issue 399 31 March 2026



A resurgence in the market

One year on from the reintroduction of short selling in South Korea, participants react to activity that exceeded expectations

 **EQUILEND**
+
TRADING APPS

A Unified Trade Lifecycle for Securities Finance

J.P.Morgan

Market Leading

Agency Securities Finance Solutions

Powering your portfolio

J.P. Morgan delivers best-in-class Agency Securities Finance solutions, backed by the thoughtful financial intelligence of our Commercial & Investment Bank.

We offer a global state of the art trading and cash management platform along with localised expertise, so you can unlock your portfolio's full potential.

To learn more, contact your representative or visit:

www.jpmorgan.com/securities-services





EU, UK, and Switzerland launch joint T+1 testing plan

The UK Accelerated Settlement Taskforce (AST), the EU T+1 Industry Committee (IC), and the Swiss Securities Post Trade Council T+1 Task Force (swissSPTC), have published a unified Testing and Readiness Plan to guide the European financial industry through its transition to T+1 settlement, targeted for 11 October 2027.

According to the firms, the plan is the first of its kind to span the EU, UK, and Swiss financial markets simultaneously.

The plan provides a practical framework for all market participants and financial market infrastructures (FMIs) to test their readiness for the move to T+1 settlement and to de-risk the transition before it goes live.

The publication follows the establishment of a joint Testing and Readiness Workstream by the AST and EU T+1 IC in December 2025.

Andrew Douglas, chair of the UK T+1 Accelerated Settlement Taskforce states: "As requested by industry participants, we have collaborated with

the EU on the launch and implementation of this testing framework. It will help firms to design and execute their own test plan for individual solution components as well as full end-to-end testing.

"It also clearly shows that testing of the individual components can start now, allowing plenty of time to guarantee a smooth transition to T+1 by October 2027."

Given the deep interconnection between EU, UK, and Swiss markets, and the significant cross-border participation across all three, the three taskforces determined that a single, aligned programme would deliver substantially greater benefit than separate national plans.

The plan is underpinned by three factors: that automation is a key success factor; participant readiness depends on the readiness of the entire settlement chain; and providers should begin testing now.

Continued on page 6



EU, UK, and Switzerland launch joint T+1 testing plan

The UK Accelerated Settlement Taskforce (AST), the EU T+1 Industry Committee (IC), and the Swiss Securities Post Trade Council T+1 Task Force (swissSPTC), have published a unified Testing and Readiness Plan to guide the European financial industry through its transition to T+1 settlement, targeted for 11 October 2027



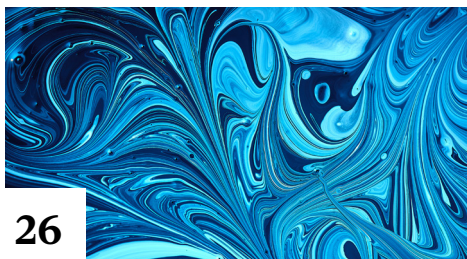
South Korea: A resurgence in the market

One year on from the lifting of South Korea's short selling ban, Carmella Haswell explores continued spikes in activity, new trends, and where the market is heading



From crisis to confidence

The Securities Financing Transactions Regulation was proposed following the 2008 financial crisis. Now, 10 years since it was first implemented, Hansa Tote explores its impact on the market, and what needs to be done to further improve this regulation



The liquidity you have is not the liquidity you can use

Cyril Louchtchay de Fleurian, head of securities finance and balance sheet strategy at Capteo: Strategy & Management Consulting, provides an introduction to a new series which will explore a shift in the liquidity regime, its implications in terms of risk, and the resulting organisational and operational response



APAC's evolving markets

Looking at the Pan Asia Securities Lending Association 2026 conference in Bangkok, Hansa Tote reveals market themes, trends, and projections discussed by industry participants



Prime brokerage: Managing risk for future security

April Gough, manager of International Prime Services Margin and Financing at Marex, sits down with Carmella Haswell to discuss effective risk management and the power of balancing confidence with precision

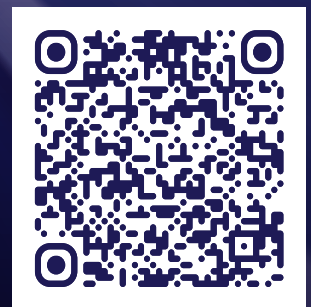


When financing stops being a barrier, it starts being an advantage.

Opportunities don't wait for outdated tools or technology. Your financing processes should move with you — not slow you down.

From Agency Lending to Prime Services and Secured Financing — all integrated through our Financing Hub and supported by a global team of experts — our solutions work harder for you, to help you excel in a fast-paced market.

Scan to learn more



For informational purposes only. Securities lending services are provided through State Street Global Markets®, the marketing name and a registered trademark of State Street Corporation®, used for its financial markets business and that of its affiliates. Products and services may not be available in all jurisdictions. SF ADP 2022-01

©2025 State Street Corporation – All rights reserved | 8426788.1.1.GBL.



BUCKLER Securities gains US\$75m in new capital

BUCKLER Securities has announced an increase of US\$75 million in new capital to support continued growth, making total capital US\$330 million.

The firm is a registered broker-dealer specialising in US Treasury (cash) trading and high-quality liquid assets (HQLA) securities financing.

With this latest increase, BUCKLER has grown total capital by more than 60 per cent since the start of 2025 as it continues to expand its platform of securities prime services.

BUCKLER expects to launch services for correspondent clearing in the third quarter of 2026.

Richard Misiano, BUCKLER CEO, says:

“This new capital will help us serve a growing client base and continue to meet their financing, trading, and clearance requirements.

“With this increased financial strength, we are confident that BUCKLER will be able to provide even greater value and reliability to our institutional clients and partners.”

EU, UK, and Switzerland launch joint T+1 testing plan

Continued from page 3

Giovanni Sabatini, chair of the EU T+1 Industry Committee, says: “Moving to T+1 is not merely a technical upgrade — it is a pillar of the Savings and Investment Union and a unique opportunity to remove friction from European capital markets.

“The fact that EU, UK, and Swiss authorities are delivering this together is a demonstration of what practical, functional cooperation can achieve.

“We are building a bridge, and this testing plan is a critical part of it.”

The Testing and Readiness Plan sets out: guiding principles for industry-wide testing, including the importance of starting now using existing business as usual test environments, a testing timeline and logistics framework, including recommended windows for testing providers to open environments, and a de-risking framework drawing on lessons learned from the US T+1 transition, including key metrics firms should assess against.

The plan also details trade flow scenarios covering on-exchange and OTC trades, securities lending, repo, FX, and corporate events, in addition to guidance for Financial Market Infrastructures (FMIs) on communicating test environment access.

Florentin Soliva, chair of the Swiss Securities

Around the clock, around the globe



For over 20 years, our global footprint and capabilities have continued to grow, supporting the development and success of our clients. Today, with our 24/5 Follow-The-Sun operational model and unsurpassed asset servicing expertise, CACEIS works continuously around the globe to help you excel in all situations.

That's frog power!

caceis
INVESTOR SERVICES

A company of Crédit Agricole

www.caceis.com



Post Trade Council T+1 Task Force, comments: “Switzerland’s inclusion in this joint programme reflects our markets’ deep integration with the wider European post-trade ecosystem. A coordinated approach is the only approach that makes sense.”

Nasdaq and Talos partner

Nasdaq and Talos have partnered to connect Talos’ digital asset infrastructure with Nasdaq’s Calypso and Trade Surveillance platforms to develop an integrated solution for managing tokenised collateral.

According to Nasdaq, the partnership addresses structural barriers that have prevented widespread adoption of tokenised collateral in institutional markets, including the challenge of integrating digital assets into existing risk management and collateral workflows.

The firm says the programmable approach presents a significant opportunity to unlock trapped capital and improve operational efficiency, with a recent Nasdaq report finding that 25 per cent of collateral is currently tied up in corrective and non-interest-bearing measures, representing over US\$35 billion in excess or non-remunerated collateral.

Capturing this opportunity requires infrastructure that enables institutions to manage tokenised collateral with the same operational rigor and integrated controls applied to mainstream asset classes, says Nasdaq.

Talos delivers institutional-grade digital asset capabilities spanning front-office portfolio construction, valuation, and execution through to back office operations, while Nasdaq Calypso is used by global financial services firms to manage risk, margin, and collateral requirements across mainstream asset classes.

Connecting the two platforms offers market participants a path to managing both on and offchain collateral workflows in an integrated environment, while also expanding institutional connectivity to marketplaces and custodians across both market ecosystems.

Roland Chai, executive vice president, Nasdaq, states: “This partnership solves a fundamental challenge facing institutional markets: the inability to manage exposure across markets with a single risk and asset lens.

“This partnership builds on a series of strategic initiatives designed to converge on and offchain market ecosystems, while preserving the liquidity, transparency, and integrity of regulated markets.”

Anton Katz, CEO and co-founder of Talos, adds: “The evolution toward tokenised collateral is a natural progression for institutional capital markets.

“By combining Talos’s digital asset infrastructure with Nasdaq’s Calypso and Trade Surveillance platforms, firms can connect workflows for execution, risk, collateral, and compliance to reduce

operational friction across both on and offchain asset classes.”

Through this partnership, Talos clients will gain access to Nasdaq Trade Surveillance, a platform that detects and investigates potential market abuse across both mainstream and digital asset markets.

The platform will enable Talos clients to monitor all trades executed through the Talos platform with the same institutional-grade oversight used by leading exchanges and market participants globally.

Clients will receive access to detection alerts that identify suspicious trading patterns — including layering, spoofing, wash trading, and cross-market manipulation — across the venues they trade on through Talos.

This integration allows financial institutions using the Talos platform to strengthen their compliance frameworks and demonstrate adherence to evolving regulatory expectations, while contributing to broader market integrity as institutional participation in digital assets continues to expand.

BNY expands breadth of intraday repo offering

BNY has successfully completed the market’s first intraday triparty repo trade in pound sterling.

This milestone demonstrates the expansion of BNY’s intraday repo capabilities beyond



SECURITIES FINANCE
SYMPOSIUM
BOSTON

5 May 2026

Are you coming?



the US dollar, enabling new opportunities for liquidity optimisation.

Simon Squire, global head of Global Collateral Product at BNY, says: “Delivering the first intraday triparty repo trade in GBP demonstrates our commitment to extending intraday liquidity solutions.

“As clients look to manage funding more dynamically across currencies, this expansion into sterling provides greater flexibility and choice, supported by a platform already proven for USD.”

The pilot involved HSBC borrowing cash from lender Banco Santander, while delivering collateral via BNY’s Global Collateral platform.

The platform supports a range of financing activities including repo, securities lending, margin segregation, and securitised notes.

According to the New York bank, the sterling pilot — a two-hour, same day trade — settled successfully, demonstrating the platform’s readiness to support intraday liquidity management across multiple currencies.

Jamie Anderson, global head of collateral Treasury at HSBC, adds: “This landmark sterling triparty repo transaction, involving BNY and Santander, highlights HSBC’s focus on optimising intraday liquidity as well as the potential of a more efficient, flexible repo market.”

The solution allows participants to source or deploy liquidity for specific periods intraday, rather than a full 24-hour cycle, providing more flexible liquidity management.

BNY’s intraday repo offering has been live for the US dollar for more than a year,



Regardless of which side of the Atlantic you’re on, when it comes to expanding your global reach, turn to the proven prime finance solutions and seamless execution of BMO Capital Markets.

BMOCMPPrimeBrokerageSales@bmo.com



All Your Securities Finance Needs

When traditional investment returns come under pressure, the ability to generate supplemental revenue from your existing portfolio can help maintain performance. We provide tools to source liquidity, borrow securities (as needed) and lend securities to help enhance portfolio returns.

Our solutions include: Agency Securities Lending, Principal Lending, Sponsored Member Program, Secured Loans and Agency Investment Product.



To learn more about all our Securities Finance Services, scan the QR code.

providing a proven platform from which to expand into additional currencies, beginning with this first pound sterling trade.

This milestone represents a major step forward for intraday financing, expanding liquidity options and supporting the industry's move toward more dynamic funding solutions, says BNY.

Enrique Verdu, managing director, securities finance at Banco Santander, comments: "This represents meaningful progress in how we can manage and optimise intraday liquidity and is a great tool to have for the immediate mobilisation of collateral."

Eurex joins the Securities Finance Association Asia Pacific

Eurex Frankfurt Singapore has become a solutions member of the Securities Finance Association Asia Pacific (formerly known as the Pan Asia Securities Lending Association).

Eurex is a part of the Deutsche Borse Group, which has over 240 employees based in the Singapore offices.

The Singapore branch supports the Eurex Group's operations by extending its reach into the Asian time zone.

The branch provides a regional focus, helping to develop Eurex's business in areas such as Singapore, India, South Korea, and Australia.

It also offers extended trading and clearing hours that cover the Asian time zone, with market opening for certain products at 08:00 SGT.

Employees in Singapore also support the compliant and efficient operations of Eurex Clearing, operating the clearing and risk management systems for FX, listed fixed income derivatives, and listed equity index derivatives.

Eurex also has a partnership with the

Singapore Exchange (SGX) to enhance market access for participants of both exchanges.

The solutions membership is tailored for clearing houses, data providers, exchanges, financial technology platforms, index providers, infrastructure providers, management consultants, and professional service companies involved in securities finance transactions.

Anchorage Digital launches collateral management offering

Anchorage Digital launches collateral management offering

Anchorage Digital has announced the expansion of its Atlas Network to include collateral management, a solution designed for institutional lenders and credit providers.

Firms including Cantor Fitzgerald, Spark, and Kamino, are already using the network,

REGULATORY REPORTING

SECURITIES FINANCE

C-ONE

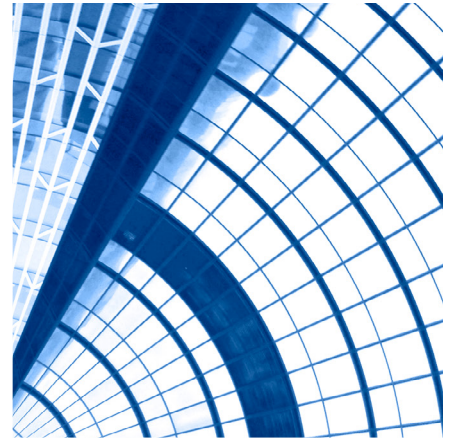
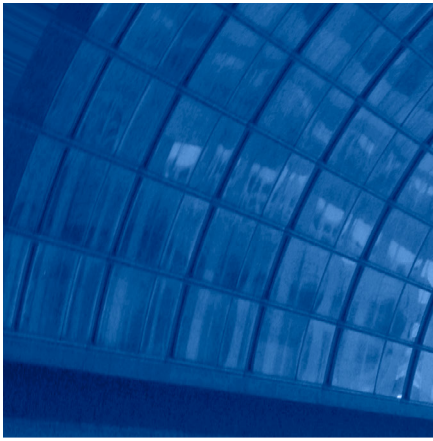
CONNECTIVITY

DLT/BLOCKCHAIN

COMYNO

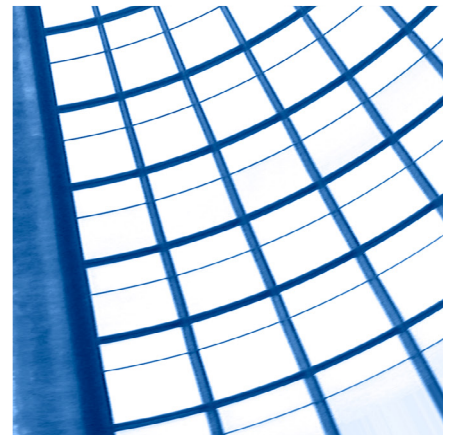
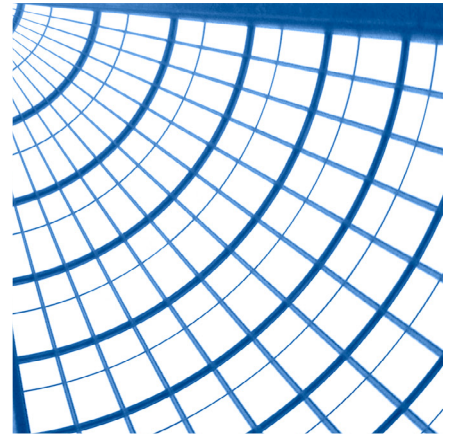
C-ONE | One-Stop-Shop for Securities Finance

WWW.COMYNO.COM



Your equity financing, centrally cleared

With the world's largest U.S. equities lending counterparty



For more than 30 years, OCC's Stock Loan Programs have reduced operational risk while enabling capital and collateral savings for Clearing Members.

To learn more, visit theocc.com/securities-lending, or contact us at MemberServices@theocc.com.

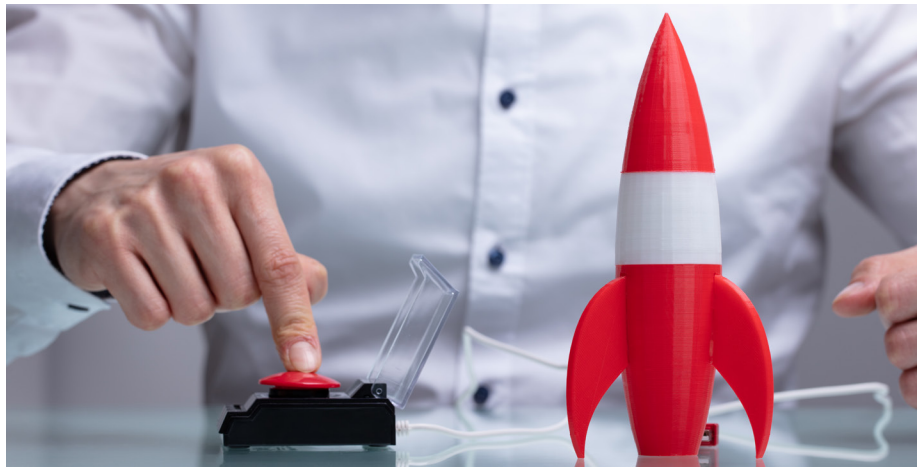
30+
YEARS

76
HEDGE LOAN
PROGRAM MEMBERS*

\$182B
AVERAGE DAILY
LOAN VALUE*



THE FOUNDATION
FOR SECURE
MARKETS®



Wematch.live launches new TRS management feature

Wematch.live has launched new linked/paired total return swap (TRS) management features for users in North America, designed to streamline workflows and improve efficiency across the platform.

According to the firm, the new functionality enables users to manage their linked/paired TRS swaps more effectively, with enhanced visibility and improved controls throughout the lifecycle of each transaction.

By bringing these processes into a single, integrated environment, Wematch enables market participants to reduce operational complexity and improve decision-making speed.

linked/paired TRS remain a critical component of financing strategies, according to the firm, yet managing them can often involve fragmented

systems, manual processes, and limited transparency, all factors Wematch's latest release addresses by enabling users to access, monitor, and manage their positions more intuitively within the platform.

Key enhancements include: improved visibility across linked/paired TRS positions and activity, simplified execution workflows, reducing manual intervention, and greater lifecycle control, from initiation through to post-trade management.

Anne Taieb, chief product officer, Wematch.live, states: "This launch marks an important step in making linked/paired TRS management more intuitive and efficient for our North American users.

"We are focused on delivering tools that remove friction and help our users operate with greater confidence and speed."

which has supported up to US\$4 billion in Anchorage Digital assets under custody across Atlas-powered collateral management and triparty activity.

This expansion provides institutions with a scalable, secure, and fully regulated platform for managing digital asset collateral with confidence, says Anchorage Digital.

Nathan McCauley, CEO and co-founder of Anchorage Digital, says: "Institutional credit markets are evolving, and Anchorage Digital is providing the infrastructure to support that transformation. By combining 24/7 collateral oversight with secure, regulated custody, our solution helps lenders manage risk and scale with confidence."

Anchorage Digital's Atlas Collateral Management product provides institutions with a secure, automated, and always-on system to manage collateral across a wide array of digital asset secured transactions from secured loans and convertible bonds, to structured products and OTC ISDA derivatives.

The offering provides real-time 24/7/365 collateral monitoring and automated margin calls; as well as access to crypto markets and credit to support timely, efficient collateral liquidations.

In addition, collateral is held within a regulated custody environment, helping protect assets even in the event of counterparty failure. ■



Analyze.
Monitor.
Understand.

The global leader in securities finance solutions.
Enhance investment decisions. Optimize performance. Improve transparency.

**Global Securities Lending
Market Coverage**

Covering corporate actions, ETF collateral lists, liquidity scores. Data delivered on an end of day and intraday basis.

A Range of Diverse Signals

Data to identify short squeezes, capture alpha, and refine risk management.

Onboarding Accelerator

Online platform to accelerate approvals between lenders and borrowers.

Repo Data Analytics

Proprietary and independent database providing transparency on global daily repo volumes and rates.

Performance Measurement Tools

Only data provider to fully adhere to and exceed the SLPM industry standards.

Oversight Management Solutions

Independent performance and risk management governance tools.

S&P Global
Market Intelligence

Contact us at
h-ihsm-global-equitysalespecialists@spglobal.com
www.spglobal.com/securitiesfinance



South Korea: A resurgence in the market

One year on from the lifting of South Korea's short selling ban, Carmella Haswell explores continued spikes in activity, new trends, and where the market is heading

South Korea's short selling ban was first implemented in domestic markets by the Financial Services Commission (FSC) in November 2023. It followed the discovery of a number of illegal naked short selling practices, which were conducted by foreign and institutional investors. Despite an intention to lift the ban in June the following year, it was kept in place for 17 consecutive months.

During the ban, the South Korean government intended to work on a three-fold plan to improve the system and root out illegal activities. The FSC looked to focus on measures to 'level the playing field' between institutional and retail investors.

For Peter Kim, head of Global & Wholesale Division and global

investment strategist at KB Securities, the ban lift was not simply a return to the past, but rather it represented a transition to "a more advanced market structure" with enhanced systems and controls.

The core of this new framework is a naked short selling prevention system built around institutions' own IT systems, internal control standards, and the Korea Exchange's central monitoring system, otherwise known as the naked short selling detecting system (NSDS).

"While there were initial operational burdens associated with building these systems, the full expansion of the eligible securities universe restored the effectiveness of long-short and hedging strategies,



allowing domestic and foreign investment demand to quickly return to a normalised trajectory,” Kim states.

This demand is reflected in the data supplied by EquiLend. Here, South Korea was named the fifth-highest revenue-generating equity market in 2025, generating US\$404 million, as the semiconductor-heavy market removed short selling bans. Immediately after the ban lifted, the Korean securities lending market saw a sharp rise in the second quarter of 2025.

As restrictions fell away, EquiLend reports that demand to borrow securities had surged almost immediately, pushing on-loan balances from roughly US\$5.5 billion in the first quarter of 2025 to more than US\$14.7 billion in the second quarter. Utilisation more than doubled to 10.5 per cent, and fees jumped accordingly as shorts rushed back into the market.

Exploring this surging activity, Matt Chessum, executive director, equity and analytic products at S&P Global Market Intelligence, notes that

once the market reopened, conditions normalised quickly. Short selling ‘readiness’ rebuilt at pace, with balances recovering toward pre-ban levels by late 2025 and early 2026.

Figures from S&P Global Market Intelligence reveal that stock on loan rose to approximately US\$32.7 billion in the fourth quarter of 2025, increased to US\$36.3 billion in January 2026, and peaked at US\$42.5 billion in February 2026 — evidence of a rapid return of borrowing, shorting, and hedging activity as confidence in the regulatory framework improved.

“Candidly, saying mission accomplished is an understatement,” notes Stephen Howard, CEO of Securities Finance Association Asia Pacific.

“If we take the simple metrics of trade volumes, notional outstanding, equity market participation, and the robust equity market returns from the South Korean market, then this is a stand out success regionally and, in some respects, globally,” he continues.

This is not to say that market structure challenges do not remain, Howard warns, and that the frictional costs of market participation are increased — however, the objective was achieved. Howard adds: “With the benefit of hindsight would we have expected this, no. I was expecting a more progressive level of caution combined with market driven optimism.”

Continuing his analysis of market performance, Chessum highlights that geopolitics and volatility also played a role in shaping post-reopening demand. Renewed global risk episodes, particularly Middle East tensions feeding into oil-price volatility, tend to increase dispersion at both the index and single-stock level.

“The more advanced a market becomes, the more attractive it is from the perspective of global investors, and the importance of short selling as a hedging tool is only expected to grow”

Through this exploration, Chessum notes: “That environment is typically supportive of hedging and relative-value strategies that rely on stock borrowing. Korea-specific considerations, including ongoing security risks and trade-related frictions, have continued to influence foreign investor positioning, even as policymakers work to narrow the long-standing ‘Korea discount’ through governance and market reforms.”

At the same time, the equity market backdrop became increasingly supportive, highlights Chessum. The KOSPI’s “powerful rally” into early 2026, led by semiconductor and AI bellwethers such as Samsung Electronics and SK Hynix, boosted securities lending in two ways. Rising market capitalisations increased lendable supply and balance values, while stronger two-way flows, momentum-driven longs,

alongside hedged and relative-value shorts, pushed utilisation higher, particularly in large-cap and thematic names.

Similarly, Kim highlights that the resumption of short selling has been a key driver in bringing foreign investors, including hedge funds, back to the market.

“It has had the effect of broadening market participation and improving liquidity, and — in conjunction with government policy — has helped transform the market into a healthier investment environment,” he explained. “The more advanced a market becomes, the more attractive it is from the perspective of global investors, and the importance of short selling as a hedging tool is only expected to grow.”

An appealing new structure

Post-March 2025 market structure in Korea centres on much tighter control over short position management and reporting, says Jae Woo Ha, CEO of Korea Securities Lending.

Institutional investors are required to either implement computerised controls to prevent naked short selling or enter borrowed stock into their accounts before placing orders. Investors are also subject to enhanced internal control standards, says Ha, while brokers must verify compliance before routing orders. In parallel, the Korea Exchange’s NSDS was established to support central monitoring.

This reform has led to two outcomes, Ha explains. Firstly, it has raised the operational bar, especially for institutions that need to manage inventory, booking, and reporting with much greater precision. Second, it has improved confidence in market access, particularly for global investors who had long viewed Korea’s market-wide ban as a major obstacle.

Ha observes: “I see the increase in offshore participation as a function of both market size and market accessibility. Korea is a sizeable and liquid equity market within Asia, and once short selling was restored

under a more credible control framework, offshore investors naturally had more confidence to re-engage.”

An increase in offshore participation can deepen liquidity, improve price discovery, and support the development of a more sophisticated securities finance ecosystem. Ha believes Korea offers foreign institutions scale, liquidity, and a “much broader opportunity set than many regional markets”.

Speaking of improved confidence in the market, Kim identifies this trend on the retail investor side for short selling. He explains: “Even after the resumption of short selling, the Korean market’s rally has helped reduce the previously negative perception of short selling among retail investors.

“The improved fairness of the system has also contributed to a restoration of market confidence, which has translated into increased sign-ups for retail stock lending services and a larger lending pool in the market.”

In terms of opportunities, Kim believes now is the right time for the National Pension Service (NPS) to resume its Korean equity lending programme. In 2018, the NPS suspended the programme following criticism by investors who were concerned that stocks lent by the entity could be used by short sellers, which critics suggested could lead to a decline in stock price.

Kim comments: “Major overseas pension funds are already actively generating returns through securities lending. Highlighting this sends a powerful message that the Korean market is moving toward global standards.

“An increase in lendable inventory leads to a more stable securities lending market and greater transaction efficiency — and above all, it would contribute significantly to enhancing pension fund returns.”

In line with this environment, KB Securities intends to play a central

role in expanding its SBL and synthetic business in collaboration with global investment banks, to meet the long-short and hedging needs of offshore clients.

Breaking down operational challenges

Despite a positive attitude towards a newly revamped South Korean SBL market, several challenges remain, as summarised below.

Market participants are steadily improving regulatory compliance efficiency through the adoption of external post-trade management platforms and the enhancement of internal systems. A significant challenge is the precision required for real-time balance management.

Any discrepancy in reflecting real-time data at the point of order submission directly translates into regulatory violation risk, explains Kim. The high standards demanded of management systems also serve as a limiting factor for foreign institutions looking to participate in the short selling market.

Furthermore, the one-year maturity restriction on securities lending for short selling purposes is — “contrary to the intent of the regulation” — serving only to increase operational burdens and raise transaction costs in the market, he highlights. It would be desirable, from Kim’s perspective, to ease this restriction in order to stimulate activity in the securities lending market, and to also benefit MSCI Developed Market Index inclusion.

Recall management, borrow booking, item-level inventory control, and timely data submission remain difficult also, especially when parts of the workflow are still fragmented across multiple systems and manual touchpoints, notes Ha. Korea’s reforms require daily submission of short position balance and securities lending transaction data to the Korea Exchange, which has made operational precision “much more important than before”.

Market participants are responding through phased digitisation, according to Ha. The first stage was to meet the mandatory short

COUNTRY PROFILE

sale control requirements. The next stage is broader front-to-back automation: better inventory and locate controls, more structured recall processing, and tighter integration between lending, trading, and reporting, Ha notes.

“In other words, the market has already moved a long way toward digitisation, but there is still room for further automation across the full SBL workflow.”

The revised market structure introduced significant regulatory, commercial, and infrastructural changes for firms operating in South Korea. Two of these features, as highlighted by Howard, are: a prescribed 90-day loan tenure (renewable up to three times, to a 360 day maximum) and a requirement to specify the purpose of each borrow — whether for short selling or another objective.

These changes have required institutions of all kinds to adapt their business activity.

Adjustments have included changes to crossborder flow management, modifications to client servicing and risk frameworks, and, in some cases, meaningful alterations to franchise footprint and capacity, says Howard. “Such evolution is to be expected: where gaps emerged, other market participants have expanded capacity to absorb the resulting demand, as reflected in observable data and flow patterns.”

South Korea’s position on the Asia stage

With a boost in volumes in South Korea, where does the country now stand within the Asian securities lending market in terms of its significance and contribution? “In my view, Korea is re-emerging as one of the major securities lending markets in Asia,” Ha concludes.

“It combines scale, established liquidity, active institutional participation, and a growing offshore investor base. Importantly, following the recent reforms, the market is also regaining its position as a more stable and credible market, supported by a stronger regulatory, and operational framework,” he confirms.

With participants highlighting the country’s 2025 performance and contributions to equity lending revenues, for instance, in the Asia market — alongside its concentration on AI and biotech and its growing offshore investor base — it is evident that South Korea is a stand out market within the continent.

Looking ahead to the next 12 months, Kim says South Korea should be moving beyond the ‘system stabilisation phase’ and into a period of ‘revenue maximisation’. “The full normalisation of the short selling framework will lead to an increased allocation to Korea within global long-short strategies,” he predicts.

“Driven by factors such as the resolution of the Korea discount and the possibility of Korea being added to the MSCI watch list for developed market inclusion, we anticipate significant growth in demand for the Korean SBL market.”

Meanwhile, Ha believes the next year will be defined by further operational digitisation, as he anticipates the market will invest in automation around borrow booking, recall processing, as well as reporting and supervisory data flows, in a “full post-reform operational modernisation” era.

Providing the association perspective, Howard understands that as investor interest in South Korean equities grows, demand for a broad suite of hedging solutions will continue to rise.

“Despite recent repricing episodes, 2026 has begun on a robust footing for the Korean equity market. We expect increased issuance — particularly from innovative technology firms seeking equity capital — and a resurgence in hybrid capital raising,” he expands.

“Although the year-end outcome remains uncertain, beta-based revenues in excess of two per cent make market participation attractive for fund managers. The decision is no longer whether to engage but how, when, and to what extent — providing a constructive backdrop for both supply and demand.” ■

T+1 is happening

Are you prepared?

Pirum clients in Asia Pacific gain clear competitive advantages today:

- Real-time automation
- Improved P&L
- The operational resilience required for T+1 settlement

Contact us to learn how your business can move to T+1 and beyond.





From crisis to confidence

The Securities Financing Transactions Regulation was proposed following the 2008 financial crisis. Now, 10 years since it was first implemented, Hansa Tote explores its impact on the market, and what needs to be done to further improve this regulation

There were a number of groundbreaking milestones 10 years ago — Leonardo DiCaprio won his first Oscar, the UK left the European Union, and Rio de Janeiro hosted the summer Olympics.

In that same year, the Securities Financing Transactions Regulation (SFTR) first entered into force on 12 January 2016.

From the shadows

The European Commission originally proposed the SFTR in 2014, with the aim of increasing transparency in the European securities financing markets by identifying and quantifying risks affiliated with shadow

banking (now known as non-bank financial intermediation), following the 2008 financial crisis.

Jonathan Lee, senior money markets reporting director at Kaizen Reporting, explains that the crisis provoked global regulators to put a spotlight on both financial derivatives and securities financing markets. Reporting regimes including SFTR and the European Market Infrastructure Regulation (EMIR) were established to identify national, regional, and global macro systemic risks in these markets. The Financial Stability Board (FSB) published a paper entitled 'Standards and Processes for Global Securities Financing Data Collection and Aggregation' in November 2015, which was followed very shortly by the European Parliament

and Council of Ministers publishing 'Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012' in December 2015.

SFTR intended to increase transparency in the market in three ways: imposing conditions on the reuse of collateral to ensure clients and counterparties fully understand the risks involved and give their consent to the reuse; mandatory reporting for all securities financing transactions (SFTs), excluding those concluded with central banks, to trade repositories; and requiring investment funds to disclose information on the use of SFTs and total return swaps to investors in their regular reports and in their pre-contractual documents.

You've changed

New regulations often equal changes in market behaviour.

REGIS-TR, a European trade repository (TR) that provides centralised reporting services for derivatives, securities financing transactions, and regulatory obligations under EMIR, UK EMIR, SFTR, and FinfraG, has several corporate treasurers as its members, according to Maria Santos, head of trade repositories at SIX. She elaborates that previously, it was the norm for them to have invested in a very small number of securities lending or repo transactions to achieve secured deposits of spare cash, however, SFTR introduced a disproportionate operational overhead for these types of entities, causing many of them to change their behaviour and move their cash into non-reportable instruments such as money market funds (MMFs).

Santos adds that, as with the implementation of any reporting regulation, the discipline of reporting to defined technical specifications drives the standardisation of operational processes such as trade capture, data enrichment, exception handling, and lifecycle management, which often leads to greater front-to-back alignment, improved data quality, and more consistent controls across the organisation.

According to Michele Hillery, managing director, head of Repository & Derivatives Services, at the Depository Trust & Clearing Corporation

(DTCC), SFTR has impacted the market in three main ways.

1. Hillery elaborates that the structural shift towards transparency and internal discipline allowed firms to strengthen their front to back controls as it relates to the reportable products and events. As a result, firms now operate with greater awareness of regulatory obligations with the introduction of Entity Responsible for Reporting (ERR).
2. She highlights that the increased focus on collateral reuse and balance sheet enables firms to be more selective and controlled in collateral reuse chains in cross border relationships. This supports collateral optimisation and inventory management to be more data-driven as market participants factor in reportability and data quality into product design and booking models.
3. Hillery concludes that SFTR increased operational standardisation, but limited market simplification, highlighting there is more investment in reporting infrastructure, reconciliation tools, and third-party service providers, creating greater alignment around common data models, standard identifiers, and lifecycle interpretations. She adds the caveat that, despite the positives, the regime has exposed the inherent complexity of securities lending.

Providing a recent example of how SFTR has altered market behaviour, Duncan Carpenter, head of Securities Lending Post Trade at Pirum, notes the "significant" amount of discussion and planning required to ensure clients could continue to comply with SFTR as they began trading on Cboe Clear Europe's new central counterparty (CCP), which is supported by Pirum's ClearingConnect platform.

Geopolitics versus regulation

Geopolitical tensions can and often do have negative impacts on financial markets, in some cases causing market instability, high inflation rates, and investor uncertainty, and SFTR is no exception.

According to Santos, Brexit created the most significant shift for the regulatory framework by splitting the framework into two separate regimes — EU SFTR under the European Securities and Markets

Authority (ESMA), and UK SFTR under the Financial Conduct Authority (FCA) — each with its own technical standards.

Since Brexit, updates from ESMA and the FCA have begun to diverge, increasing operational complexity for firms that must comply with dual reporting, differing validations, and asynchronous regulatory guidance, she adds.

“Despite the added operational burden for cross-border participants, there is no evidence from SFTR public data that this divergence has negatively affected repo or securities lending market liquidity,” Santos notes.

Carpenter concurs, noting that from an operational perspective, clients effectively have to maintain two different versions of the rule, which have diverged in their interpretation of the regulation. He does however add that the regulations have remained “fairly well aligned”, with cross-border double reporting problems having been largely resolved through Pirum’s joint reporting module with S&P Cappitech.

On the other end of the spectrum, Hillery says that SFTR UK remains “closely aligned” with SFTR EU, reflecting the UK’s onshoring of the regulation following Brexit. There are minor differences in rules, she adds, specifying that these differences are found in reporting frequency, most notably in the EU where TR reports are not generated on days designated as TARGET2 holidays.

However, she underscores that while the changes may not have disrupted liquidity at a systemic level, there are operational impacts for cross-border participants and firms must maintain dual reporting logic, even where underlying transactions are economically identical.

Reviewing the impact of Brexit on SFTR, a spokesperson from ESMA believes it added an additional layer of complexity to the reporting ecosystem for market participants in both the UK and EU.

Focusing on the role the authority played in the go-live of SFTR, the ESMA spokesperson noted that, because Brexit and SFTR were implemented in

a close time window, extra efforts were required by ESMA and the industry to ensure the introduction of the reporting regime happened smoothly.

Delving into the issues caused by Brexit, the spokesperson states that while contingent data quality issues might have emerged, efforts both from regulators and reporting counterparties ensured that they were solved in a timely manner. Brexit also triggered several changes in the trade repositories market structure driving the decision of some pre-Brexit TRs to no longer offer their services in the EU.

“Volumes of SFTs reported to EU TRs decreased due to Brexit and UK counterparties no longer reporting to European Trade Repositories,” they add.

Persistent pain points

Introducing new reporting regulation has been no small feat, with Carpenter noting that reference data is always difficult to manage. The volume of data points combined with the strict matching tolerances that ESMA detailed in SFTR pose a number of challenges to all reporting firms, he adds.

“Although there has been great collaborative work across various industry groups to agree common interpretations and approaches to help minimise the potential for differences, there are still cases where reporting firms are approaching the same field differently, leading to differences in the values reported to the TR, particularly where firms aren’t using centralised processes to agree common values for elements such as price,” Carpenter concludes.

For Lee, the biggest challenge is data quality. SFTR has up to 155 fields, many of which still lack regulatory certainty, despite it being almost six years since the go-live. He elaborates: “Some aspects of the regulation — such as the treatment of optional fields — still have to be proactively and diligently sought out, hidden in the depths of the general information on the validation rules and easily missed.

“Certain fields are not nearly as well defined as necessary — security and collateral type, maturity of the security, and floating rate are prime

examples. It is also not evident which lifecycle events should be reported on a mandatory basis nor the approach firms should take.”

To counter these challenges, Lee suggests that improving the accuracy, completeness, and timeliness of reported SFTR data is critical for regulators to be able to fully rely on the data to detect systemic risk.

Santos agrees that data quality poses challenges, drawing attention to ESMA's annual report on data quality which identifies trade-level mismatches, outdated and missing valuations, and inconsistencies in position-level reporting as the most persistent and severe SFTR data quality issues. According to Santos, these deficiencies “materially impede” ESMA's ability to monitor systemic risk, collateral flows, and counterparty exposures, particularly during periods of market stress. She adds that the usefulness of SFTR as a transparency tool is limited by poor data quality undermining surveillance, reducing supervisory effectiveness, and creating gaps in identifying systemic vulnerabilities.

Reviews

SFTR is being reworked and reviewed into SFTR 2.0, with the aim of refining the existing reporting regime for securities financing transactions by improving data quality, potentially establishing principle-based rules, and adding requirements around ESG and tax reporting.

Discussing the reworks, Lee envisages SFTR 2.0 will be borne out of the ESMA simplification and burden reduction agenda, highlighting it could take the form of a much more focused, risk-based piece of reporting where data flows through its golden sources (rather than via the reporting counterparty acting as intermediary), and any data classification and enrichment taking place centrally at the trade repository or ESMA/FCA rather than at each individual firm. He adds that a sharp new focus on the trade economics, equilibrium of loans and collateral, and the dynamics of lending fees and repo rates would see SFTR 2.0 meet the original FSB mandate and global regulatory need to monitor for macro-systemic risk much more keenly.

Santos adds that, over the next decade, SFTR 2.0 is likely to evolve from a

largely static framework into an integrated, policy-expanded, and data-driven reporting regime, shaped by ESMA's broader agenda to streamline EMIR, Markets in Financial Instruments Regulation (MiFIR), and SFTR reporting.

The price of transparency

The success of SFTR is a double edged sword.

“From a solutions perspective — supporting the market in achieving and maintaining compliance — it has been a great success. From the client side, it has been more of a burden both operationally and from a cost perspective,” according to Carpenter.

Lee shares this sentiment, describing SFTR as successful on balance, however he adds the caveat that it remains “hugely over complicated and expensive to comply with”.

The simultaneous positive and negative results are echoed by Santos, who states that the regulation can be considered a qualified success as it has delivered far greater transparency and improved supervisory insight into securities financing markets, however, persistent data quality issues mean it has not yet fully achieved the level of completeness and accuracy originally intended.

It seems as though SFTR 2.0 has quite a way to go before becoming truly successful — from making it more cost efficient from the client side to improving data quality, something that ESMA is trying to achieve.

SFTR has been included in the ESMA Call for Evidence consultation — a consultation conducted by the authority to gather feedback on simplifying reporting requirements, aiming to reduce administrative burdens and costs for firms by addressing inconsistencies, eliminating duplicative data requirements, and streamlining reporting workflows. The final report based upon industry responses is expected in the first quarter of 2026.

According to Hillery, the industry anticipates that the FCA will closely observe the findings of the call for evidence alongside His Majesty's Treasury and the Bank of England to form a suitable solution for the UK market. ■



The liquidity you have is not the liquidity you can use

Cyril Louchtchay de Fleurian, head of securities finance and balance sheet strategy at Capteo: Strategy & Management Consulting, provides an introduction to a new series which will explore a shift in the liquidity regime, its implications in terms of risk, and the resulting organisational and operational response

Core observation

Bank liquidity has become a multi-dimensional and increasingly geopolitical domain, now steered through repo, collateral, and market infrastructures.

Under this new regime, the risk lies in the loss of execution capacity over mechanisms that are now conditional, non-linear, and subject to political leverage. Once access becomes conditional, those who control the channels, eligibility rules, and points of entry, hold a point of control.

Yet some banks still manage this risk as a static balance sheet stock, whereas it has turned into an asymmetric power dynamic, where speed, eligibility, and intraday execution take precedence long before any formal signal appears. This organisational weakness turns liquidity into a self-inflicted strategic risk.

A structural break

We have entered a VUCA environment: Volatility, Uncertainty, Complexity, Ambiguity. Originating from the military sphere in the early 1990s (US Army War College), the concept aptly describes today's liquidity

dynamics: increasing complexity, multiplying interactions, abrupt and unprecedented dislocations, accelerating cycles. What 15 years of low rates and normalisation did not trigger, the current geopolitical sequence is now accelerating. In essence, a system-wide tightening of liquidity conditions — in a very literal sense — is reshaping the contours of secured financing markets, namely repo and collateral management.

Since the introduction of Basel prudential standards, bank liquidity has been framed as a stock: cash, liquid assets, ratios. It could be measured, reported, and relied upon. Repeated market shocks since 2019 have not challenged this framework; if anything, they have reinforced it through additional metrics, buffers, and stress tests. Yet this framework is no longer sufficient — not because liquidity is scarce, but because it can no longer be relied upon.

Contemporary liquidity is no longer a balance sheet state; it is a conditional execution capacity. It depends on repo, the high-quality liquid asset (HQLA) buffer, access to clearing houses, payment cut offs, and eligibility rules. It exists as long as access remains open. When access is restricted, delayed or impaired, liquidity does not disappear — it becomes effectively unusable.

Banks have remained compliant (SVB, Credit Suisse being the most emblematic) — and then lost control. Within less than 24 hours, HQLA became no longer usable as collateral in practice, margin calls forced collateral substitutions, roll-over rates collapsed, and deleveraging was triggered without any ability to intervene. The break occurred below the regulatory radar and played out in execution.

This is the core issue: the tipping point lies in repo. Control over repo determines access to leverage, central liquidity, and operational continuity. In stress, it is not balance sheets that fail first, but collateral chains, margining mechanisms, and settlement timelines. The failure is not accounting-based; it is a matter of timing before cut-offs.

This transformation elevates repo to the status of a critical financial infrastructure with sovereign implications, whose geopolitical dimension is not yet fully integrated into risk management frameworks.

Mechanism of power

Taken further: collateral eligibility criteria, haircuts, and access to trading platforms and triparty markets act as filters. In practice, they determine who can refinance, how fast, and at what cost — without any formal declaration. They have effects akin to targeted sanctions, yet without their visibility or political accountability.

In this context, speed becomes a weapon — the word is used deliberately. The decisive arbitrages take place intraday, sometimes within hours. Late decisions are indistinguishable from no decision at all. Liquidity flows to those able to act faster, not to those running the strongest ratios. The analogy with the Blitzkrieg campaigns in Poland and France in 1939-40 is instructive: rapid breakthrough, bypassing defences, victory before a coordinated response. This kinetic asymmetry creates a new vulnerability: solvent but slow institutions become exposed to discontinuities they are not equipped to handle.

Ultimately, liquidity continues to be managed as a prudential by-product of the balance sheet, rather than as a cross-functional variable. Responsibilities are fragmented across Treasury, asset liability management (ALM), risk, repo desk, and collateral management. Each optimises locally; no one arbitrates globally. In stress, decisions are taken reactively, under constraint, rather than as the result of deliberate control. Liquidity is endured rather than actively managed.

Loss of control

This organisational blind spot is compounded by a specific wrong-way risk: collateral tends to deteriorate precisely when the franchise is under pressure. This is not a bug. In practice, everything goes wrong at once — almost by design. Rising haircuts, exclusion of otherwise acceptable assets, and simultaneous contraction of funding channels create self-reinforcing spirals. Prudential frameworks struggle to capture this dynamic, as it does not manifest through immediate losses or ratio breaches. No regulatory framework effectively captures these weak signals.

The outcome is unequivocal: a silent discipline imposed by financial infrastructure itself. Certain activities become no longer viable not because they are prohibited, but because they cannot be refinanced in time. Strategic choices are constrained without explicit arbitration, mandate, accountability or recourse. Liquidity then acts as a Darwinian selection mechanism — invisible, yet unforgiving.

For many institutions, the primary risk is not a shortage of liquidity. It is the loss of control over executable liquidity. In a system where access, velocity, and coordination outweigh volume, inaction amounts to ceding control to the market and its infrastructures. For a systemic bank, this implicit delegation constitutes a first-order risk exposure.

The question of command

If this diagnosis holds, the issue is no longer whether a risk exists, but that it is neither explicitly owned nor actively managed. At this point, the discussion moves beyond tactical analysis into strategic governance. It calls for decisions.

In practical terms, the questions are straightforward — and are those an executive committee would put to its chief risk officer:

- Do we have a complete, executable, and tested view of our liquidity under real stress?
- Who, within our organisation, currently carries this risk without knowing it?
- Who would arbitrate under real stress, at 08:00?
- What is the hidden cost of our current model?
- Why do we accept that the repo desk is simultaneously client driven, P&L engine and judge?
- Which strategic decisions have we already renounced — not by choice, but due to liquidity constraints?
- Why has this topic not yet been structured as a dedicated control function?

As long as these questions remain unanswered, liquidity will continue to be endured as a coercive force, rather than managed as a strategic capability. ■



“In a system where access, velocity, and coordination outweigh volume, inaction amounts to ceding control to the market and its infrastructures”

Cyril Louchtchay de Fleurian
Head of securities finance and
balance sheet strategy

Capteo: Strategy & Management Consulting

wtshansuke

T+1 is not a date. It is a **transformation.**

WTS Hansuke has been at the forefront of the UK and EU T+1 workstreams from day one.

We redesign Securities Finance operating models front-to-back, so you can deliver speed, certainty and control in a one-day settlement world.

Build for T+1 now.

Future-proof what comes next.

**Contact us at info@wtshansuke.co.uk
for a T+1 Readiness Assessment**



APAC's evolving markets

Looking at the Pan Asia Securities Lending Association 2026 conference in Bangkok, Hansa Tote reveals market themes, trends, and projections discussed by industry participants

Experts gathered in Thailand to discuss the securities finance industry, exploring how APAC's markets need to adapt to AI, digital assets, and accelerated settlement timelines, in addition to pressing global issues such as netting, capital, and frameworks.

APAC market flows

Industry participants reviewed the securities finance market across Asia, in a panel titled 'APAC Market Flows', discussing regional flows, issuance, hedging, and the continued growth of derivatives and directed trading.

2025 into 2026 has been a "standout year" stated Poya Agha-Bozorgi,

head of Delta-One-Structured Products and Securities Lending Trading, Asia, at Morgan Stanley, who highlighted that assets under management (AUM), balance increases, and revenue increases have been hitting all-time highs across the industry.

He also noted that direct investments into hedge funds have increased, including the growth of separately managed accounts (SMAs). As a result, this has put increased requirements on firms to "sweat" assets more, in addition to increased asset requirements, balance sheet requirements, and funding requirements — all in an environment where capital is constrained.

"In terms of outlook for 2026, it is a very consistent message. It is



trying to monetise assets for beneficial owners, monetise their balance sheet, and monetise their funding capabilities in a capital-efficient manner that helps us scale and leverage relationships,” he added.

As the industry moves to shorter settlement cycles, Nehal Mehra, head of securities financing and global collateral for Asia Pacific, at BNY, said this will drive the need for quicker collateral mobility and a more resilient and integrated front-to-back settlement and financing process. He noted that is where investment in automation is going to continue, adding, “T+1 creates challenges, but we already have T+0 with Connect which provides a good example to consider.”

Mehra drew a comparison between the two types of markets: those that are fundable through triparty and synthetics, and those that are in physical and synthetic forms. He noted the question is “more about where the supply comes from, as opposed to how do you finance it, and how do banks and brokers source that funding requirement and that supply in a way that is optimal for their constraints.”

He added there is another cross section of markets where financing is more challenging, with barriers to how you could typically have a fungible securities financing market driven by infrastructure, regulation, and tax, such as Taiwan and Korea. He stated it is those complexities and constraints that drive innovation in the market, noting Taiwan is a “fantastic” example of where we are seeing developments.

From a sovereign wealth perspective, the securities financing industry has continued to evolve in terms of the spectrum of products being presented, with Yin Yin Ng, GIC, senior vice president, Balance Sheet Management Group, noting that, over the years, it has changed from securities lending to securities financing in order to include synthetic as well as physical transactions.

In terms of collateral evolution, she noted that more markets, including Taiwan and Korea, have demanded to be collateralised.

Daniel Tse, managing director of Futu Securities, furthered the discussion,

saying the firm has been using AI for several years, from the front line to compliance. He emphasised that AI streamlines the analytical and repetitive aspects of market operations, freeing up valuable time for humans to focus on strategic thinking and make optimal business decisions.

Tse also explained that AI is beneficial in regards to shorter settlement timelines, and added that when trading moves to T+0, AI-powered automation will be key.

During the discussion, it was noted that Korea has extended its trading hours by different exchanges, and this is going to continue, meaning operational friction is now a competitive disadvantage requiring automation across the lifecycle to allow firms to predict utilisation, cost, balance sheet, and shortfall of inventory.

Panellists concluded that no one market is the same, highlighting that issues are not consistent across markets. “For example, China or India has no physical securities finance market that is permissible for foreign institutional investors,” Mehra noted.

When talking about innovation in securities financing, panellists were asked what would be most beneficial to each of them. Agha-Bozorgi said he would like data-driven decision making to allow them to forecast market trends and understand flows, allowing them to anticipate needs and efficiently manage them, rather than reacting.

During the discussion, Mehra shared he expects that 2026 will continue to be a year of innovation. “Many years ago, it was a securities lending conference, now it is a securities finance conference, and that reflects the innovation that we continue to see,” he added noting that, “no panel is complete without the mention of AI.”

This led to panellists being asked if they view emerging technologies as embellishments to allow people to make better decisions, rather than replacing humans.

Panellists said the technology has already started to prove AI can be the accelerator in automating and redefining manual processes and analytics.

The consensus showed that allowing AI to make more “challenging” decisions will be beneficial for everyone, and that by developing technology to take on the more onerous responsibilities, humans are able to spend more time thinking about client needs while not being “overloaded with information”, therefore making more informed decisions.

Navigating the compliance and regulatory maze

Geopolitical fragmentation has had a tangible impact on policy priorities of governments globally, shifting focus from financial reform, according to Farrah Mahmood, head of advocacy, public policy, and regulatory strategy at the International Securities Lending Association (ISLA).

Speaking on a panel titled: ‘Legal, Compliance, and Regulatory: Navigating the Maze’, panellists discussed critical issues such as netting, technology, regulation, as well as the impact of geopolitics on the securities finance market.

Opening up the discussion, Mahmood noted that over the past 18 months, firms are having to navigate an increasingly fragmented regulatory environment.

“Because of jurisdictional geopolitical tensions, more nationalist, inward looking measures to ensure the competitiveness of one’s own market and one’s own nation are being created”, she highlighted.

Highlighting the role of regulators following the 2008 financial crisis, she said that the market is now moving in the direction of deregulation and simplification, something she warns is a “double edged sword”.

She elaborated: “Obviously, the loosening of rules brings with it several business opportunities, but at the same time much higher compliance costs overall as you navigate that very, very different landscape.”

Changing topics, Mahmood discussed Basel III, highlighting its global implementation is at a “fascinating” stage of divergence.

She continued: “Conversely to the West, many APAC jurisdictions have

already crossed the finish line, whereas the US for example, are still debating the Endgame, with other jurisdictions, simply waiting to see what the US does with their re-proposal.

“If we look at the EU, we’ve seen a very deliberate pivot, although the Capital Requirements Regulation is already in place, they’ve just recently launched a new ‘Banking Competitiveness package’ which is Brussels’ attempt to ensure that European Banks aren’t being put at a disadvantage.

“We have seen several large Member States like France and Germany call for a re-opening of the Basel rules depending on how far the US diverges from the original Basel requirements.

“In the UK, the Prudential Regulation Authority (PRA) has now finalised the vast majority of its Basel rules. However, they have held back on one critical piece on market risk, and they have stated that they are explicitly waiting for the US re-proposal which is expected imminently, I understand.”

Mahmood underscored that this puts a global spotlight on the US, saying that, based on recent information, she anticipates a much softer version.

Discussing ISLA’s advocacy, Mahmood says the association is “very much” focussed on advocating for a review on the treatment of funds that are currently unrated and therefore receive 100 per cent risk weighted assets (RWA). In Europe, ISLA has been having discussions on use of pledge for undertakings for collective investment in transferable securities (UCITS), she noted, before detailing that last summer, the association received a favourable recommendation from the European Securities and Markets Authority (ESMA), suggesting to the commission that they adjust the UCITS rules to allow for other types of collateral arrangements.

“We have also had a dialogue with the likes of the Securities Industry and Financial Markets Association (SIFMA) in the US, and ISLA Americas with regards to getting recognition for pledge type transactions for US Banks, as well, which has always been a stumbling block,” she added.

To conclude this section of the panel, Mahmood noted that the prudential regulators have a wider lens than just the banks, and there is now a new focus on the non-banking sector and non-financial bank intermediation, something she described as “slightly ironic” as the success of regulating the banking sector has now migrated activities to the non-bank space, and in 2026, non-banks account for just over 50 per cent of global financial assets.

She referenced a report from the Financial Stability Board (FSB) that highlighted a growing area of concern regarding securities financing transactions involving non-banks, saying that the FSB is particularly concerned about ‘hidden leverage’ and the lack of transparency in how these non-banks manage collateral during periods of stress. “We expect there to be new proposals coming on this in 2026, across various jurisdictions,” she said.

From another perspective, one panellist described what they have seen over the last 18 months as very interesting, highlighting an increase in securities lending activity in APAC creating competition between regulators to create a favourable environment for firms, in addition to an increase in bespoke structures and the involvement of sovereign funds in securities lending.

They went on to detail that in China, long standing issues around netting are expected to be mitigated by the enterprise bankruptcy law, which is currently in its third draft and expected to come into force in the next couple of years. They detailed that the law states that when using a master documentation stipulated by a regulator, clean netting is permitted.

The panelist also explained that regulators are encouraging the use of Chinese government bonds, which have a low yield, and act as cheap collateral. They added that the Hong Kong and People’s Republic of China governments are trying to work together to strengthen market structure and cross-boarder activity.

They also noted that, despite people’s questioning, Hong Kong is adequately regulated, with regulators having published a roadmap to position the region as a global fixed income financial hub, with plans

to create a clearing house to improve the efficiency of collateral in addition to creating cross collateralisation between exchanges.

Panelists were posed the question of: “How are we doing when faced with the future of technology, and how can the regulatory and compliance world help to support and recognise that there will need to be guardrails?”

In response, Sonia Lim, partner, financial markets at Simmons & Simmons, noted the speed of which technology such as AI and digital assets are moving, describing it as “mind boggling”.

“The main reason for the confusion is that technology is evolving, but the regulatory frameworks have not quite caught up, causing regulators to grapple with dealing with the risks created by technology, while not stifling innovation,” she explained.

Lim described AI as “disruptive”, and said it has the potential to disrupt the lifecycle of securities financing and highlighted that firms are increasingly using it for middle and back office functions such as anti-money laundering (AML) checks and credit assessments. She explained that its role is likely going to expand into client services such as selecting stocks, transaction reporting, and trading support.

“AI brings about efficiency, it helps us day to day if used correctly,” Lim stated, adding the caveat that there are growing concerns around the risks, especially around understanding how it works, and ensuring it behaves as intended.

Rounding off the panel Lim told attendees that digital assets are a key theme alongside AI when looking to the future, as it offers a number of benefits, such as faster settlement, 24/7 trading, and improved access to collateral and assets. She says that despite the benefits, the key questions are around whether digital assets can be operationalised and adopted at scale, both things she noted are likely to take time for a number of reasons, such as a required level of understanding around tokenisation, the need to introduce new service providers such as digital custodians, and the question of how are digital assets traded and transferred.

The fast and the curious

Harmonisation, or a lack thereof, was the pressing topic for one panel titled ‘The Fast and the Curious: Cracking the Enigma of Code’, with numerous speakers citing fragmentation across APAC’s markets as the leading cause of difficulty.

APAC’s markets are complex, according to Florence Lam, co-head of Prime Finance, Asia (excluding Japan), at Nomura, who attributes this to the fact there are 10 distinct markets, each with their own regulatory frameworks, short sale rules, and are often covered by one or two trading teams.

“Further complexity is added by the limited liquidity pool in certain markets across APAC, in addition to the higher percentage of hard-to-borrow securities, driving us to adopt a more agile approach that lends itself to innovation and creativity in securities lending technology,” Lam added.

Ben Challice, CEO of Pirum, highlighted that Asia has historically aligned with the West regarding legal entity constructs and the way that technology is implemented across them, and that recently, he has seen an unprecedented level of autonomy from the different markets due to a growth in revenue and activity.

“In most cases, Asia is outstripping Europe from a revenue perspective” EquiLend’s Andrew McCardle, head of account management and client success, Asia, said, adding that, from technological and support perspectives, infrastructure is typically more aligned to European and North American models. He linked this to Lam’s comments, noting that a lot of market struggles across APAC are due to the lack of uniformity of market regulators.

McCardle further added that regulation in Asia changes at a much quicker pace in comparison to Europe and North America — “There can be instances here [in Asia] where an exchange decides to change the short selling limits at lunchtime, or says they are going to make an

announcement at the end of the day, and nobody is quite aware of what is going to happen”.

Concluding this section of the panel, Jason Wells, managing director and regional head of agency lending trading financing solutions across Asia Pacific at State Street, and chairman of the Securities Finance Association, stated that over the last decade, institutions have had to focus technology investment toward solving regulatory for a slew of transparency requirements such as the Securities Financing Transactions Regulation (SFTR) in Europe. This has drained resourcing which could have otherwise been deployed in a region like APAC where the fragmented regulatory landscape requires customisation of technology to be able to service opportunities safely at scale.

Despite this, Wells said that, as these investments are now largely complete in Europe, there is now capacity to invest more in the promising APAC region.

Moving the conversation on, David Lewis, senior director of FIS Global began discussing his view on the use of AI in the industry, saying it will have a positive impact, only if it is not spread too thinly across multiple issues. “There is much too much in the press and in people’s expectations that AI is suddenly going to fix everything and we will be able to save massive headcounts. We can all be more efficient, and AI is going to help, but not if we just spring it into everything.”

Also commenting on AI, Challice mentioned the need to lay the foundations more appropriately in terms of having normalised, aggregated data to train AI models on in order to allow the AI to have a beneficial impact.

McCardle stated the question comes to how much will firms be willing to provide data to outside providers to build models utilising that firm’s data, and that this has potentially far reaching questions from a compliance and confidentiality perspective. The question is when will people be willing to outsource AI rather than keep it inhouse and proprietary.

In relation to 24/7 trading, there is a lot of frustration in Asia, with

settlement times ranging from T+0 to T+2.

There needs to be better automation, whether that is evolving AI to facilitate it, or better settlement rails, noted Challice.

“Ultimately, securities finance is increasingly post-trade driven. It is the post-trade lifecycle events that need to be processed in an efficient manner given the number of actors within that chain of whether it be the central securities depository through to an agent or a custodian, through to a principal and a broker dealer on the other side. All of the communication rails that have to happen in between, not to mention the financial market infrastructure that also supports that,” he explained.

Lam referenced conversations she had had recently regarding fintech, particularly the concept of the ‘digital employee’ — bots that platform users can talk to, to extract data about the competitive landscape, or the state of the market. She said that this raised strategic questions for her, such as will flows consolidate to a few providers with strong digital capabilities, or should she develop her own agents that can read across all fintech data?

In response, Lewis highlighted the importance of human interaction, saying that, although bots might save money, there is still value in relationships between people.

Wells agreed, emphasising to the audience that the conference demonstrated that appetite remains stronger than ever for human connection and networking opportunities. He said that he felt that data analysis and mining of public short sale or semi-public SBL information will present quick gains to those who harness AI for this purpose, however, in the field of financing and investment he concluded “I think that there is a long way to go before that edge is solved by machine learning or AI, because there is still a lot of the human component and negotiation skill that comes into it”.

McCardle underscored that AI is additive, and stated: “It does not replace people, it is another tool in people’s armor, another quiver in their bow. It is up to individual firms to decide how to implement and utilise it to gain an advantage.” ■

Prime brokerage: Managing risk for future security

April Gough, manager of International Prime Services Margin and Financing at Marex, sits down with Carmella Haswell to discuss effective risk management and the power of balancing confidence with precision



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

I studied for a BSc in Mathematics and Economics before completing an MSc in Financial Risk and Investment Analysis at the University of Sussex. Cowen International Prime Services (which was acquired by Marex in 2023) offered a summer internship in its risk team which was managed by Bernie Minsky, a Sussex alumnus. I applied for the role and was fortunate to be chosen for the position.

During the internship, I worked on a research project 'Designing a Margin Policy for a Prime Broker' under Bernie's supervision, which I used for my Master's dissertation. That experience gave me exposure to the practical side of risk management within prime brokerage.

After graduating, I joined Funding Circle in Capital Markets Operations, where I worked closely with institutional investors. While I was there, Bernie contacted me about an opportunity to join Cowen's risk team. Given my academic focus on financial risk, it felt like a natural next step — and particularly exciting because it gave me the chance to see how the ideas from my dissertation were being implemented in practice. So in 2020, I joined the Cowen team in a front office-aligned risk role, focusing on margin (collateralised lending) and financing. I have now been with the team for almost six years, and my role has evolved significantly as I have gained experience. At the start of this year, I was promoted to manager of International Prime Services Margin and Financing.

My role within Marex's Prime Services team suits both my skills and my interests. I get to do what I am trained to do, which is managing risk and investments from a quantitative point of view, but I also enjoy the communications aspects of the job, which involves spending time talking to our internal teams and clients, translating complex and numeric aspects into conversations.

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

In margin and financing, you are constantly balancing commercial ambition with disciplined risk management. Every conversation has both a strategic and technical dimension, which makes the role intellectually engaging and highly relevant to the firm's broader objectives. We contribute to solutions that enable clients to grow while ensuring the firm maintains a robust and resilient risk framework.

A key part of the role is thinking pre-emptively, preparing for the 'rainy day' scenarios, and trusting that the risk decisions made today will position us appropriately for periods of volatility and market stress.

I have been fortunate that my training has taught me to treat models and frameworks as tools rather than definitive answers. Margin is not purely mechanical; it requires judgement, experience, and an understanding of the bigger picture. We avoid a rigid 'computer says no' approach, instead applying nuance and collective expertise to deliver fair, well-considered outcomes for both clients and the firm.

Prime brokerage sits at the centre of trading, financing, liquidity, risk management, and regulation. Being in a role that touches all these areas gives you a front-row view of how markets truly function. It connects clients, capital, and strategy, which means you see in real-time how global events, volatility and client decision-making intersect. It is this holistic vantage point that I find exciting.

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

The firm has supported me throughout my Chartered Financial Analyst (CFA) qualification. The CFA programme has strengthened my technical foundation and understanding of markets; it covers a

broad range of areas across financial services, which is particularly relevant given the breadth of Marex's offering across multiple asset classes. In terms of career progression, Marex provided me with the opportunity to step into a managerial role, accelerating my leadership development early in my career.

Having early exposure to senior stakeholders fast-tracked both my technical expertise and professional confidence, and my progression has been shaped by the trust and support of my managers, business heads, and wider team. Their mentorship, challenge, and encouragement have been instrumental in my development, reinforced by an open-door culture within the prime brokerage team, where colleagues at every level are approachable, knowledgeable, and generous with their time.

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

A common misconception is that risk functions exist solely to restrict activity. In reality, effective risk management enables sustainable growth and helps clients to optimise their strategies responsibly. Our role is to support durable business, not to stop it. We address this by maintaining open, transparent dialogue with clients and prospects and building a strong rapport with them. Risk should be seen as a partner in the relationship, not a function to be avoided; there are clear benefits to keeping the prime brokerage risk team closely engaged.

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

Build strong technical proficiency but equally develop versatile communication skills. Be the person that can do the calculations quickly and accurately but also explain the results and implications to a variety of audiences. Precision without confidence can go unheard, and confidence without precision can be risky.

Conscientiousness and attention to detail are critical, even if they are not always the loudest qualities in the room. Small details can have significant implications, being thorough builds trust over time. When you combine that with the confidence to be decisive and speak up clearly when those details matter, you are in a very strong position.

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

I plan to continue building my career within prime brokerage, using my risk background as a foundation while developing into a broader portfolio-based role. Over time, I aim to take greater responsibility in shaping strategic decisions and driving performance through disciplined risk management and strong client engagement.

The CFA programme has given me a comprehensive understanding across asset classes, which is particularly relevant within Marex's multi-asset environment. I am keen to apply that breadth of knowledge within prime brokerage to support informed decision-making and contribute to the strength and expansion of its product offering. ■

April Gough is manager of International Prime Services Margin and Financing at Marex. She joined the team as an associate in 2020, when the business was part of Cowen, prior to its acquisition by Marex. Before this, April worked as a capital markets operations analyst at Funding Circle. She holds a BSc in Mathematics and Economics, an MSc in Financial Risk and Investment Analysis, and is a CFA charterholder.

As part of her master's programme, April completed a summer internship with Cowen's prime brokerage risk team, laying the foundation for her career in prime brokerage.



ISLA 33rd Annual Securities Finance & Collateral Management Conference

15-18 JUNE, 2026



ISLA[™]

For all conference information:
events@islaemea.org | www.islaemea.org



Hostin departs State Street

Patricia Hostin has departed State Street, having been with the firm for almost three years.

Based in New York, she held the position of global head of agency lending, where she was responsible for overseeing the entire business globally, while working collaboratively across key business and support functions to ensure State Street delivered its securities lending product.

Jarrod Polseno, global head of agency lending trading, will assume responsibilities for the position in the interim, bringing 21 years in the agency

lending business and strong familiarity with the firm's clients, portfolios, and trading operations to the role.

Previously, Hostin held a 20-year tenure at BlackRock, where she was most recently managing director for the firm's Financial Resource Management business.

Here, she worked to execute a global strategy for optimising capital and balance sheet consumption, with broker-dealer counterparties across repo financing, securities lending, prime brokerage financing, cash management, and trading.

HSBC hires Shah

HSBC has appointed Mukund Shah as senior product manager for securities lending and liquidity services.

Based in Hong Kong, Shah brings eight years of experience in financial services, three years of which he was positioned at Citi, most recently as vice president for agency securities lending and collateral management.

Prior to this, he spent five years at J.P. Morgan where he also took on roles within the firm's agency securities lending business.

Shah gained a Bachelor's degree in Business Administration, Finance and Information Systems from HKUST Business School.

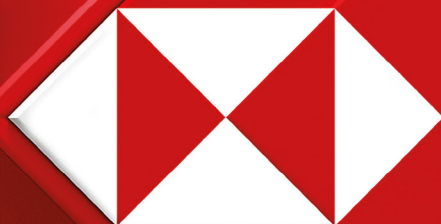
OSTTRA makes four key appointments

OSTTRA has announced four key appointments to its leadership and product teams to support its strategy of post-trade transformation.

Nathan Ondyak joins as chief commercial officer, Peter Altero as chief business development officer, Chris Licini as buy side strategic relationship manager, and Christian Kjaeldgaard joins as product design director.

The news follows the acquisition of the firm by private equity company KKR in October last year, and builds on the further

When growth is a priority



A solid foundation is a necessity

Our Prime Finance business provides the stability and scale you need to implement your global cross-asset financing strategy, for whatever is next.

Corporate & Institutional Banking



SCAN TO
KNOW MORE



HSBC

Opening up a world of opportunity

investment from a consortium of global banks announced in February 2026.

The new hires will work closely with OSTTRA partners and clients to accelerate innovation and the build-out of new services that bring new capital and operational efficiencies to complex workflows, extending OSTTRA services across asset classes.

Ondyak spent over 14 years at LSEG, where he led the expansion of the firm's post-trade capabilities, and most recently served as the CEO of LSEG Post Trade Services (TradeAgent) and SwapAgent.

Prior to LSEG, Ondyak held senior product and sales management positions at Markit.

Altero returns to OSTTRA from LSEG, where he spent three years as North America head of TradeAgent, SwapAgent, and Quantile, responsible for advancing LCH's post-trade operations outside of its core clearing business.

Licini held a leading role in developing strategic customer relationships at LSEG for more than 14 years, focusing on the buy side community.

Kjaeldgaard previously developed post-trade strategy and solutions across the SwapAgent offering at LSEG, having formerly played an important role in the evolution of MarkitWire in the product management team at Markit.

Commenting on the appointments, Guy Rowcliffe and John Stewart, co-CEOs of

OSTTRA, state: "Nathan, Peter, Chris, and Christian bring deep expertise and proven track records of innovation and collaboration across our industry.

"This perfectly complements the in-house expertise we already have at OSTTRA. Their appointments will significantly accelerate our ambition to transform post-trade this year and beyond, turning shared infrastructure into shared benefit."

Ondyak says: "I am excited to be joining OSTTRA at this pivotal moment and look forward to contributing significantly to writing the next chapter in the evolution of the post-trade landscape.

"Our strategy focuses on working with the industry to connect and evolve our robust, trusted infrastructure with the new workflows and technologies that will define tomorrow's financial markets."

Marex appoints Quixadá

Marex has appointed Davi Quixadá in Brazil, marking the first on-the-ground presence for its Prime Services business in the LatAm region.

Based in São Paulo, Quixadá will focus on supporting Brazilian institutional clients with access to Marex's global prime brokerage and financial services platform.

According to Marex, his appointment reflects the firm's continued expansion across Latin

America and the growing demand from regional investors for efficient access to global markets.

Quixadá brings 20 years' experience in electronic trading and institutional markets to the role, joining the firm following almost three years at Lev DTVM as chief operating officer.

Here, he also led the equities and electronic trading teams, driving consistent growth and record trading volumes for institutional clients. ■

Publisher: Justin Lawson
justinlawson@securitiesfinancetimes.com
020 3667 3244

Associate publisher: Nicole Taylor
nicoletaylor@blackknightmedialtd.com
07780 008598

Group editor: Karl Loomes
karlloomes@blackknightmedialtd.com
020 3617 1722

Deputy editor: Carmella Haswell
carmellahaswell@securitiesfinancetimes.com
020 3617 1722

Reporter: Hansa Tote
hansatote@securitiesfinancetimes.com
020 3617 1722

Accounts: Chelsea Denyer
accounts@securitiesfinancetimes.com
020 3667 3979

Sales and events support: Vanessa Hayes
vanessahayes@blackknightmedialtd.com
020 3667 3979

Studio director: Steven Lafferty
design@securitiesfinancetimes.com

Published by Black Knight Media Ltd
Copyright © 2025 All rights reserved



THE DIGITAL ASSETS EDGE

Where Digital Finance Meets Traditional Markets



Digital assets are reshaping how institutions think about markets

The Digital Assets Edge provides professionals across securities finance, capital markets, asset management, and fintech with the insight they need to stay ahead of this transformation.



Investor
Services

Optimizing portfolio performance

For nearly 40 years, RBC Investor Services' industry-leading securities finance program has been helping clients generate incremental returns through our trusted market expertise and established risk management framework.

To find out how our team of specialists can deliver a securities finance program that meets your risk and return objectives, visit rbcis.com.