Securities Finance Times

The primary source of global securities finance news and analysis

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At the centre of trading execution

BrokerTec's Matthew Gierke and Sara Carter on the firm's move to support central clearing and plans to connect its offerings

EquiLend and Delta Capita partner

EquiLend and Delta Capita have formed a new strategic partnership.

According to the firms, this partnership will see Delta Capita serving as an implementation partner for EquiLend Spire, supporting the continued expansion and optimisation of the Spire client community.

This joint venture combines EquiLend's Spire technology and product expertise with Delta Capita's domain experience in securities finance, large-scale system implementation, and change management.

The two firms will deliver Spire engagements through a single, jointly governed model designed to give clients faster onboarding, and a clearer engagement model from day one.

The partnership extends EquiLend's existing implementation capacity, with Delta Capita supporting new client onboarding and upgrades through dedicated engagement teams operating within EquiLend's established scoping, delivery, and governance model.

Sarah Carver, global head of consulting at Delta Capita, states:

"EquiLend Spire is a leading platform across the global securities finance industry, and we are pleased to be partnering with EquiLend to support its continued growth.

"Our role in this partnership is to bring the analysis discipline, delivery rigor, and securities finance domain knowledge to drive successful Spire projects.

"We are delighted to be working with EquiLend to put our capabilities behind every Spire client."

Laurence Marshall, managing director of EquiLend, adds: "Spire is critical infrastructure for securities lending operations, and we continue to invest in delivering the best possible client experience.

"Our partnership with Delta Capita expands the implementation resources available to Spire clients, supporting smooth onboarding and upgrades while ensuring clients can keep their Spire environments current as the platform continues to evolve."

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Around the clock, around the globe

CMC Connect launches Prime Services platform

CMC Markets (CMC) has launched new Prime Services capabilities through CMC Connect, its institutional division.

Designed to support evolving trading strategies, Connect combines flexible financing, multi-asset execution, and post-trade support for institutional clients across global markets.

Chirag Gajjar, head of Prime Finance, CMC Markets, states: “Our Prime Services buildout is a significant step forward in the continued expansion of CMC Connect’s institutional offering.

“Institutional clients increasingly expect multi-asset solutions that combine execution, financing, and technology within a single environment.

“Expanding our Prime capabilities strengthens our ability to deliver more integrated and tailored solutions across global markets.”

According to the firm, clients can access global cash equities, ETFs, and synthetic single stock exposure through direct market access, and smart order routing across exchanges, multi-lateral trading facilities, and liquidity venues worldwide.

Trading is available through either FIX connectivity or directly via the CMC Connect trading platform.

The launch supports CMC Markets’ growth across institutional and B2B markets, with onboarding available across the UK and Middle East through CMC’s infrastructure.

ESMA consults on T+1 guidelines

The European Securities and Markets Authority (ESMA) has launched a consultation on the updated guidelines on standardised procedures and messaging protocols.

This review is part of the financial markets regulator’s work to support market participants in preparing for the transition to a T+1 settlement cycle, and invites stakeholders to submit feedback by 7 July.

The updates are designed to make post-trade communication faster, clearer, and more consistent across the EU.

They reflect the changes proposed in ESMA’s final report on ‘amendments to the regulatory technical standards on settlement discipline’ and support firms in meeting tighter timelines further to the transition to T+1.

Key revisions include: reflecting the mandatory use of electronic; standardised communication channels and international messaging standards; removing references to non-electronic and non-machine-readable communication methods such as oral allocations and confirmations, except in cases of temporary technical disruptions.

The amended guidelines intend to apply from 7 December 2026, in alignment with the

expected date of application of the proposed new requirements for allocations and confirmations under the regulatory technical standards (RTS) on settlement discipline.

The consultation comes ahead of the RTS's formal endorsement by the European Commission, to give stakeholders adequate time to submit their feedback and prepare for implementation.

ESMA will consider the feedback received and expects to publish the final report including updated guidelines by October 2026.

SEC and National Futures Association enter MoU

The US Securities and Exchange Commission (SEC) and National Futures Association (NFA) have entered into a Memorandum of Understanding (MoU) aimed at enhancing cooperation, coordination, and information sharing.

According to the organisations, the agreement will strengthen collaboration on areas of mutual regulatory interest, including emerging risks, examination planning, and financial market conditions.

The MoU also provides for periodic meetings between SEC and NFA staff as part of efforts to improve oversight coordination and reduce duplicative regulatory activity.

The organisations say the agreement is intended to support compliance with derivatives and securities laws while maintaining oversight standards across financial markets.

Paul S. Atkins, Chairman of the SEC, says: "Regulatory bodies working together should not be a novel concept. It should be the norm. Coordination between regulatory organisations provides businesses a predictable, straightforward path to compliance and comprehensive protections for investors that build trust in our markets.

"This memorandum is another step in furthering the SEC's efforts to streamline cooperation with other regulatory organisations and alleviate the potential for duplicative or conflicting oversight."

Thomas W. Sexton, president and CEO at NFA, comments: "We believe this memorandum represents an important milestone for NFA and will allow us to further foster our mission of protecting customers and ensuring market integrity."

ISLA welcomes OCBC as new member

The International Securities Lending Association (ISLA) has announced OCBC as its newest member.

Headquartered in Singapore, the Oversea-Chinese Banking Corporation (OCBC) is the second largest financial services group in Southeast Asia by assets.

The firm offers a broad array of commercial banking, specialist financial, and wealth management services, ranging from consumer, corporate, investment, private, and transaction banking to treasury, insurance, asset management, and stockbroking services.

OCBC has expanded its presence in securities finance through its capital markets and treasury activities, including fixed income and derivatives trading, money market operations, and broader financing solutions.

In January 2026, it established a dedicated securities financing unit to deepen the suite of solutions for institutional customers.

The firm also rolled out a securities lending programme for OCBC Securities and Bank of Singapore clients, enabling customers to earn fee income on idle holdings while retaining flexibility over their assets.

Commenting on the news, ISLA says: "We look forward to collaborating with OCBC on shared priorities across securities lending, financing, liquidity, and market efficiency."

Securities financing markets see higher demand for funding, says ECB

The European Central Bank (ECB) has released the results of its March survey on credit terms and conditions in euro-

denominated securities financing and OTC derivatives markets (SESFOD).

Looking at securities financing, demand for funding showed an increase across all collateral types in net terms, whereas financing conditions showed mixed developments.

The maximum amount of funding made available to counterparties increased, although changes varied across collateral types. The maximum maturity of funding offered also increased slightly on balance.

The survey reports that haircuts decreased marginally across a few types of collateral but were unchanged in most instances.

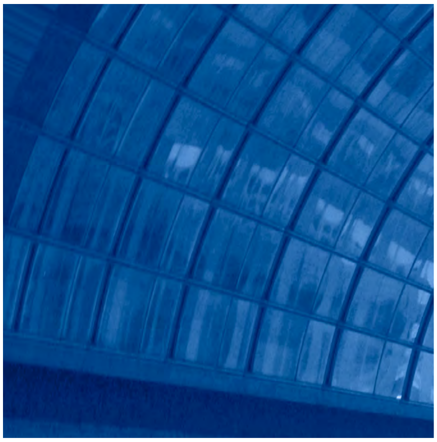
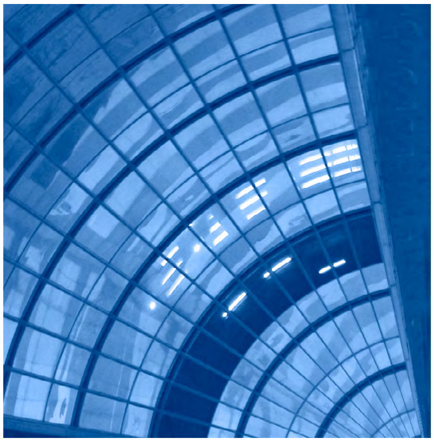
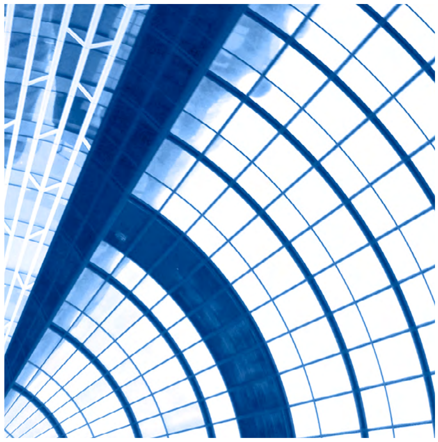
Reflecting higher demand, financing rates / spreads increased for funding secured against all collateral types except non-domestic high-quality government bonds.

Liquidity conditions and market functioning were unchanged for most collateral types, but the survey recorded signs of improvement for domestic government bonds and high-quality government bonds.

There were almost no changes in the use of covenants and triggers or central counterparties, or in the volume, duration, and persistence of collateral valuation disputes.

Turning to non-centrally cleared OTC derivatives, the ECB says survey responses indicate a minor decline in initial margin requirements over the reporting period.

The maximum amount of exposure and maximum maturity of trades were largely stable, as were the liquidity and trading of derivatives.

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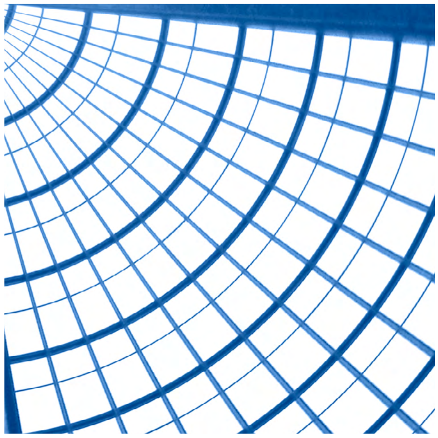
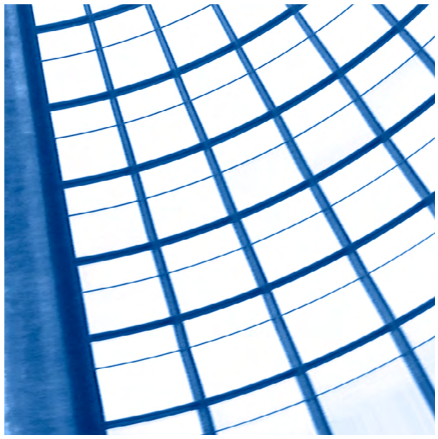

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Some respondents reported a decrease in the volume of valuation disputes, while the duration and persistence of valuation disputes decreased slightly for most types of derivative, the Bank says.

Terms for new or renegotiated master agreements and the posting of non-standard collateral eased slightly over the review period.

The March 2026 survey collected qualitative information on changes between December 2025 and February 2026.

The results are based on the responses received from a panel of 26 large banks, comprising 14 euro area banks and 12 banks with head offices outside the euro area.

The SESFOD is conducted four times a year and covers changes in credit terms and conditions over three-month reference periods ending in February, May, August, and November.

OCC begins clearing for MIAX Futures Exchange

The Options Clearing Corporation (OCC) has launched clearing and settlement services for MIAX Futures Exchange.

MIAX Futures, owned by parent holding company Miami International Holdings, began listing Bloomberg equity index futures on 17 May 2026, with OCC providing clearing services.

With the addition of MIAX Futures, OCC now provides clearing and settlement services to 21 exchanges and trading platforms for options, futures, and securities lending transactions.

Andrej Bolkovic, CEO at OCC, says: "MIAX Futures is now live, and we're proud to welcome them as the fifth participant exchange under the MIAX name.

"From day one, MIAX Futures participants have access to our full suite of clearing and risk management capabilities, along with the capital efficiencies that come with OCC's cross-margining programme.

"As a systemically important financial market utility, we are committed to delivering the operational excellence and stability that market participants depend on."

Thomas P. Gallagher, chairman and CEO at MIAX, adds: "Clearing at OCC represents a significant step forward for MIAX Futures market participants, and I am grateful to the OCC team for all the work and support they provided as we prepared to launch our new Bloomberg equity index futures products on the MIAX Futures Onyx trading platform.

"OCC's clearing and risk management services will provide our participants with meaningful capital efficiencies when trading financial futures and we're pleased to build on our longstanding relationship with the organisation."

Global markets reached new highs in April

Despite geopolitical turbulence and a mix of high volatility, global markets reached new highs during the month of April, according to Hazeltree's April 2026 Crowdness Report.

The monthly report provides a look back at hedge fund long and short crowdedness across the Americas, EMEA, and APAC, based on Hazeltree's analysis of anonymised data from more than 600 funds, covering approximately 16,000 securities.

It includes the 10 most crowded regional long and short positions, broken out by large, mid, and small-cap categories.

Hazeltree defines the crowdedness score as a relative metric that normalises the number of funds in Hazeltree's community longing or shorting a given security within a pre-defined group (by region and market cap) compared to its peers.

Tim Smith, managing director of data insights at Hazeltree, says: "Despite the continued Middle East conflict and the rising cost of oil, global markets snapped back in April with a risk-on approach, particularly in the tech and semiconductor sectors, as hedge funds in our community data set followed.

"We noted in our analysis of the semiconductor sector that hedge fund positioning in Nvidia remained long-biased with softening at the margin, while long fund participation declined by approximately 4.5 per cent month-over-month, while short fund participation increased meaningfully in April."

In North America, General Mills saw the highest increase in the large-cap short crowdedness category.

The Campbell's Company, and Repligen were the top of the mid-cap category, and Ziff Davis, T1 Energy, Tripadvisor, Kohl's, Lindblad Expeditions, and Douglas Emmett came top of the small-cap short crowdedness category.

In EMEA, Barry Callebaut topped the mid-cap short crowdedness category, and Domino's Pizza Group saw the biggest increase in EMEA's small-cap short crowdedness.

In APAC's large-cap short crowdedness category, Horizon Robotics, and Fujikura came top, for the mid-cap, Japan Steel Works, Hankyu Hanshin Holdings, and Alibaba Health came top.

JMDC and Nankai Co. topped APAC's small-cap short crowdedness.

Paxos subsidiary registered as clearing agency by SEC

Paxos, a blockchain infrastructure platform, has had its subsidiary, Paxos Securities Settlement Company (PSSC), registered as a clearing agency by the US Securities and Exchange Commission (SEC).

According to the firm, the registration makes PSSC the only blockchain-native firm approved by the SEC to provide clearing and settlement services as an authorised central securities depository and clearing agency.

The firm says its approval adds "another critical capability" to its infrastructure platform, transitioning its operations from a 2020 No-Action relief pilot for clearing US equities to its current regulatory standing.

Speaking on the registration, Charles Cascarilla, CEO and co-founder of Paxos, says: "Our clearing agency registration is the result of seven years of work with the SEC, beginning with our No-Action Letter in 2019 and the settlement pilot we operated with some of the world's largest and most sophisticated financial institutions."

BIS and GLEIF collaborate on Project Aperta

The Global Legal Entity Identifier Foundation (GLEIF) and the Bank for International Settlements (BIS) have collaborated to bring efficiencies via Project Aperta.

Through the collaboration, the firms have demonstrated how the legal entity identifier (LEI) can bring new Know Your Customer/


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Business (KYC/B) and anti-money laundering (AML) process efficiencies to small and medium-sized enterprises (SMEs), when using open banking and open finance APIs to initiate payments and open business accounts across borders.

Project Aperta, run by the BIS Innovation Hub Hong Kong Centre, has designed, developed, and tested a prototype for cross-border open finance interconnectivity.

It has created a 'network of networks' that connects existing domestic open finance networks in the UK, United Arab Emirates, Brazil, Hong Kong, and India, through a neutral interoperability layer.

When an end-user organisation identifies itself with an LEI, this helps streamline the required KYB and AML checks, demonstrating how cross-border open finance interconnectivity can make financial services more accessible and efficient while reducing duplication, compliance costs, and onboarding times for businesses.

Currently, domestic open finance frameworks resist interconnectivity and interoperability because they adhere to different technical standards, data formats, and trust frameworks.

As a result, organisations doing business across borders — especially SMEs — frequently encounter repeated manual checks, duplicated document submissions, and lengthy onboarding processes, limiting their access to overseas accounts, credit, and trade finance.

By connecting domestic open finance infrastructures, Project Aperta demonstrates how data flows across borders can be eased, enabling businesses to access more seamless, integrated banking and trade finance services when operating cross jurisdictions.

By demonstrating how the combination of open finance data, payments frameworks, and the Global LEI System can simplify AML and KYC/B, Project Aperta directly addresses two pain points highlighted in the G20 Roadmap for Enhancing Cross-Border Payments.

Project Aperta also highlights how integrating globally recognised identifiers such as the LEI could support emerging digital asset ecosystems by enabling the exchange of verified legal entity data between financial institutions, digital asset platforms, and regulators — and could contribute to greater transparency, risk management, and regulatory oversight in tokenised finance and cross-border digital asset transactions.

Alexandre Kech, CEO of GLEIF, comments: "Any web of domestic networks that seeks to make legal entity data portable across borders needs a globally standardised system of verified organisational identity.

"The Global LEI System serves this purpose precisely: it helps infrastructure, businesses, and entities make verified business data as widely available as possible, globally.

"When the LEI is added as a data attribute in a cross-border payment message, or consulted in a business account opening process, the associated legal entity can be precisely, instantly, and automatically identified across borders."

The project was carried out in collaboration with the Hong Kong Monetary Authority (HKMA), the Central Bank of Brazil, the Central Bank of the United Arab Emirates, and the UK's Financial Conduct Authority (FCA), together with participation from GLEIF, the International Chamber of Commerce Digital Standards Initiative (ICC DSI), and the Hong Kong University Standard Chartered Foundation FinTech Academy.

The prototype was tested alongside private-sector commercial banks and fintechs.

Project Aperta continues the industry's momentum toward the inclusion of the LEI in cross-border payment messages.

This follows recognition from industry stakeholders, including the Financial Action Task Force (FATF), BIS's' Committee on Payments and Market Infrastructures' (CPMI), The Wolfsberg Group, and the Swift Payment Market Practice Group (PMPG). ■

Connecting markets and remaining at the centre of trading execution

CME Group’s Matthew Gierke, global head of BrokerTec, and Sara Carter, global head of Repo for BrokerTec, speak to Carmella Haswell on the firm’s move to support central clearing, the transformational era of repo, and plans to connect its offerings

As CME Group looks to bring its cash, futures and clearing offerings closer together than ever before, 2026 is a pivotal year for BrokerTec. In January 2026, CME Group appointed Matthew Gierke as Global Head of BrokerTec. With nearly 20 years experience at the firm, Matt has worked across a wide range of CME Group business lines, including FX, interest rates, credit, data products, and OTC solutions.

Most recently Matt led the developed currencies team within the FX business and was instrumental in the EBS cash markets migration onto the firm’s Globex electronic trading platform.

He also worked on the launch of new products such as FX Spot+ and FX Link, which bridge CME Group’s futures and cash markets.

"BrokerTec plays a critical role in global repo as a foundation of liquidity formation and price discovery through our US and European central limit order books and our global request for quote platform 'BrokerTec Quote'", notes Gierke. "What makes this moment truly pivotal are the shifts underway — from the US Treasury clearing mandate to the broader evolution of both the cash and repo markets. The timing is perfect."

In his new role, Gierke will work to further integrate BrokerTec within CME Group's broader fixed income ecosystem — including its rates, futures, options, and multi-asset clearing offerings.

He continues: "As these markets evolve, there is a massive opportunity to unlock value across our entire fixed income franchise. Our intention is to provide clients with a frictionless, holistic ecosystem that unlocks greater capital efficiency, deeper liquidity, and a streamlined trading experience across cash, futures, and OTC swaps."

Tackling the US Treasury clearing mandate

The cash US Treasury and repo market is undergoing a historic shift as the US Securities and Exchange Commission's (SEC's) central clearing mandate approaches its final implementation phases — with the cash Treasury transactions deadline being 31 December 2026 and rules around US Treasury repo transactions coming into effect on 30 June 2027.

As the largest cash Treasury and repo platform in the market, BrokerTec says it is at the epicentre of this transition, with clients already clearing through LCH in Europe and the Depository Trust & Clearing Corporation's (DTCC) Fixed Income Clearing Corporation (FICC) in the US.

Discussing how the firm is working with clients on the upcoming mandate, Sara Carter, global head of Repo at BrokerTec, says: "We are deeply engaged with both buy side and sell side clients to help them navigate and capitalise on these new clearing opportunities, within the US and globally. As the central marketplace where the market comes to execute their financing and funding needs, we are focused on supporting our clients in their trading evolution. If they require expanded connectivity to clearing houses, we will partner with them to deliver it."

In a highly anticipated development for the industry, the DTCC and CME Group secured landmark regulatory approvals from the SEC and the Commodity Futures Trading Commission (CFTC) in April to launch their expanded cross-margining arrangement. Long sought after by market participants ahead of looming US Treasury clearing mandates, the expanded framework allows end-user clients of dually-registered broker-dealers and futures commission merchants (FCMs) to offset eligible positions across both clearing houses — reducing margin requirements, freeing up capital, and improving liquidity.

CME Group's interest rates business, as it exists today, delivers circa US$25 billion in margin savings, amplified by approximately US$11 billion in daily savings from its Interest Rates Swaps Portfolio Margining programme. The enhanced CME-FICC cross-margining adds another layer of efficiency, contributing over US$1 billion in additional daily savings by allowing firms to manage treasury and repo activity alongside futures.

"The expansion of that offering will allow customers of CME Group and FICC to realise efficiencies that weren't possible before, which will be critical as customers come into the clearing mandate or operate in a more broadly cleared world," Gierke states. "The broad suite of assets that CME Group brings to the fixed income space allows us to act as a leader in delivering these critical margin and capital efficiencies. As the clearing network expands to include a much broader set of participants, our ability to deliver true capital optimisation and drive market innovation is greater than ever."

"Our focus is on delivering innovation and value for our customers as they make this adjustment," Gierke adds. "From the BrokerTec perspective, we are minimising change and operational impact to how they interface with us for trading — whether via our repo central limit order books, US Treasury CLOB, or our BrokerTec Quote platform."

When it comes to central clearing, it is not simply a topic for those in the US. Europe and the UK remain much more fragmented markets, notes Carter, and there are great strides being taken in both regions. For Carter, this highlights a need to have a more accessible infrastructure for clearing, and while BrokerTec currently provides connectivity, any future mandates in Europe and the UK will most likely take into account lessons learnt from the US implementation.

A transformational time for repo

The global repo market has surged to record-breaking heights in 2026, with the US market expanding into a US$12.6 trillion daily ecosystem and Europe reaching a milestone €13.65 trillion outstanding — a 24.6 per cent annual increase. This explosion in volume is fueled by the need to finance roughly US$2 trillion in net new US Treasury issuance annually, alongside a rapid post-quantitative tightening (QT) migration of cash in Europe.

Beyond the immediate pressure of new clearing mandates, BrokerTec notes that this sheer scale is forcing a long-overdue structural modernisation, shifting the market toward a more open, digital model which in time will likely replace fragmented, 1980s-era plumbing.

Arguably, the repo market is at a transformation point, notes Carter. Central banks are increasingly focused on using repo, while the wider marketplace is growing in its understanding of how these applications can service their clients. Consequently, BrokerTec is focusing heavily on electronification to drive access and operational efficiencies.

“Firms previously viewed repo simply for financing or covering a short,” Carter notes. “Now, facing multiple regulatory constraints, every sell side bank must consider the most efficient use of collateral across the marketplace. There is a changing balance between liquidity risk and credit risk.”

Carter continues: “The way that capital regulations impact one bank’s balance sheet differs from another, causing them to manage collateral to optimise for each regulation.

The market is getting smarter with that and executing trades accordingly. As we increase the efficiency of electronic execution, it ensures the building blocks of traditional finance are stable, efficient, and accurate.

This allows the industry to start exploring distributed ledger technology (DLT), which is when the real innovation starts. Because repo is the fundamental building block of the financial market, its integration into DLT must be flawless.”

These dynamics have underscored the market’s role in financial integrity and risk management. As a result, BrokerTec has seen sustained volume growth through periods of uncertainty and market stress, particularly as electronification accelerates in the dealer-to-client space.

Gierke highlights BrokerTec’s position as a leading inter-dealer marketplace in the US and EU via its CLOBs, alongside rapid expansion on its dealer-to-client BrokerTec Quote platform, where both the buy and sell side are demanding greater operational efficiency.

“That positions us to serve the needs of both the buy side and the sell side at a time when their scale of volumes is only increasing,” Gierke adds. “The efficiencies we’re delivering as we evolve and expand our products are all the more important when you see this level of continued growth and market uncertainty.”

Commenting on BrokerTec Quote, Carter notes that the platform has tripled in size compared to a few years ago. Last year, BrokerTec connected its dealer-to-client RFQ business with its central limit order books, allowing clients to execute dealer-to-client requests alongside the dealer-to-dealer platform.

“We continue looking at ways to innovate that offering,” Carter concludes. “Ultimately, traders will go where the liquidity is, and we’re providing those mechanisms to make sure that BrokerTec remains at the centre of their trading execution.”

From Chicago to the future

CME Group has a long history of rates innovation and has made strides to bring the cash and derivatives markets closer together. BrokerTec's 2021 migration to Globex was the first step in the process, bringing futures and options into direct alignment with underlying cash markets.

But the company is not resting on its laurels. Initiatives like BrokerTec Chicago provide a clear hint of the type of innovation the company is focused on for the future. Co-located with CME Group's leading derivatives markets, this second US Treasury CLOB enables participants to trade cash Treasuries seamlessly alongside benchmark futures and options, delivering maximum efficiency for cash versus futures trading.

Discussing BrokerTec Chicago eight months on from its official launch, Gierke says: "BrokerTec Chicago is still in its infancy but we've been really pleased with client interest and adoption. We have over 35 firms connected and who have been trading actively, and in these early months it's really about building an ecosystem of participants to start trading, and build volumes."

The firm has recorded its first day with volumes reaching over a billion; an important first milestone for BrokerTec Chicago as the business gets off the ground. According to Gierke, it provides a unique and interesting complement to the firm's existing New York CLOB, which is largely thought of as an interbank risk transfer market.

The BrokerTec Chicago offering serves as a unique vehicle for relative value trading, with its proximity to BrokerTec's futures contracts, similar size, smaller notional, and smaller tick size — which allows for a level of relative value trading efficiency that, according to Gierke, "doesn't exist in the market".

"As we see the liquidity develop there — which is already edging inside of the liquidity and pricing of our New York CLOB — we'll see it compete not just as a relative value player," says Gierke, "but as something that the market will lean on as a great complement, alongside that New York liquidity and order book, which is the market standard."

He states that the firm has a "solid pipeline" of banks and relative value trading firms that are still in the process of onboarding. He anticipates further growth, an expansion of client participation, and says it's going to be another efficiency the team can deliver to clients that "no one else can by virtue of that proximity".

Gierke expects to build on the Chicago footprint with additional products later in 2026, as well as in the coming years.

In the financing and repo market, Carter discusses the importance of benchmarks. She says the RepoFundsRate (RFR) European benchmarks have been around for several years and have been utilised heavily by the industry.

With increased focus from the global central banks on the repo market, in addition to wider appreciation and understanding of the utility of repo, these benchmarks provide colour to the centrally cleared market.

As a natural step forward, CME Group recently announced it had launched a US dollar RFR which is also now live on Bloomberg. The USD RFR is the 15:00 snap shot of the interbank activity and provides a window into where Secured Overnight Financing Rate (SOFR) will be set the following day.

Looking at the US market, Carter indicates that SOFR is trying to serve a broad part of this population — of which there are many repo participants with various financing needs. In terms of the volumes which go into SOFR, she notes that 15 per cent of this is covered by the firm's dollar RFR.

Ultimately, with participants needing to decide a favourable metric to measure exposure and make informed trading decisions based on their specific financing needs, this benchmark is an additional reference rate for the market to use.

Sharing her thoughts on the current market landscape, Carter states: "As the repo market goes through a seismic transformation, the need for quality and tangible data points has also increased.

"This in turn has increased the interest and requirement for new, more structured products based around our RFR benchmarks.

"We're seeing a lot of dealers in Europe now looking for OTC Swap products to make the trading of basis opportunities possible, and hedge their longer term funding risk."

As the market continues to grow, Carter says the firm will continue to discuss internally how it can bring a data hub to the market to assist with making informed decisions — something which she is excited to look at towards the end of this year.

Concluding his thoughts on the firm's trajectory, Gierke highlights the unparalleled breadth of CME Group's fixed income franchise — spanning BrokerTec repo and cash markets, futures and options, swap clearing, and the upcoming CME Securities Clearing offering.

"Joining the business during a period of such profound industry transformation is incredibly exciting," says Gierke.

"As our clients navigate massive shifts in market structure, electronification, digitalisation, and clearing, we are focused on uniting our components to deliver unique efficiencies across the execution, operational, and capital layers.

"CME Group is uniquely positioned to guide the market through this transition, and I am excited about what lies ahead.

"Together with the team, we will ensure our clients have the seamless tools and capital optimisation they need to thrive." ■

For full disclaimer, please visit www.cmegroup.com/disclaimers

Matthew Gierke
Global head
BrokerTec

Sara Carter
Global head of Repo
BrokerTec

A collection of expertise

John Stracquadanio, CEO of Appia Financial Services, sits down with Hansa Tote to discuss the aims of the business, target clientele, and initial product offerings in a world that is becoming increasingly technologically minded

Appia Financial Services is a newly formed broker-dealer, providing the securities finance ecosystem with specialised solutions. The firm operates as a focused, institutionally-aligned intermediary, designed to support clients and counterparties through deep capital markets expertise. John Stracquadanio, CEO of the firm, dives into what Appia's team can offer clients, and how they are embracing changes in technology and alternative solutions to create speed to market.

Why Appia, why now?

Appia comes after my career in banking. I moved into the venture capital space a few years ago and I got a bird's eye view into all this incredible transformation with technology and AI that affected the entire world. Something that particularly piqued my interest was the opportunity to help organisations within the securities finance ecosystem navigate challenges they may be facing. Additionally, what has been really interesting to me is watching some of the decisions that participants, and the securities finance markets, are facing in terms of how they are transforming their own technology stacks, how they might be changing their businesses with respect to what is changing in the entire industry, and how to try to combine the new technology that is available to them.

In my opinion, Appia and its collection of experts will be able to help numerous customers across the entire spectrum face some of those challenges and capitalise on new business opportunities.

Tell me a little about the experience of the team you have assembled?

We have a partnership that includes expertise across many different categories in financial services and investment banking. We have people that have been deeply in securities lending, both from an agency and principal perspective, prime brokerage, operations, and compliance.

What makes Appia unique is that we started with a group of people that have all finished their careers in banking, prime brokerage, and hedge funds, and working for large complex firms. We feel that Appia has an enormous amount of accumulated experience.

The team has collective experience in the many different scenarios that our potential clients might be facing, and this is where, from a consultative perspective, we will be able to assist them in navigating through some of their challenges while introducing them to businesses that will enhance their offerings.

What products are Appia expected to initially offer?

We created Appia to look at three main areas.

The first was capital placement and execution. Capital — the ability to introduce pools of capital, whether from an investment perspective or a financing perspective. We first looked at capital placement scenarios in which we have a wide breadth of knowledge and relationships across the board. We can help seekers of capital, both from a leverage perspective and an investment perspective, make a match with potential investors.

The second area — again, based on our collection of experience — is the introducing prime brokerage piece. What we bring to the table in this area is a number of possibilities and alternatives that clients in the prime space might not necessarily see because they are buried in the middle of the pack of very large organisations.

This aspect is tailored specifically for the smaller to mid-sized hedge funds, identifying some innovations in the technology that is being created, bringing it to a sector of clients that typically does not really see those types of offerings, could be really interesting for us. This is where we can make positive contributions to either show alternatives in the securities lending space for small funds or understand more about how to get more out of their prime brokers. We are an independent company, and here to help all sides of the ecosystem.

Third and finally, we focus on fully paid and securities lending. This is an area of expertise many of our team share. What we feel is incredibly interesting in this space is specifically the emergence and the journey from where wealth management is entering into the securities lending space in force. This is where we feel that there is much opportunity helping wealth managers understand how they could further monetise their client’s assets and share on that monetisation.

Bringing some larger institutional expertise into that space could be really interesting, especially for clients that might have an accumulation of client assets but have not necessarily employed or designed the operational capabilities to create a programme for themselves.

We feel we are uniquely positioned to coach and help consult organisations to bring that product forward and enjoy some of the benefits for their clients and for themselves.

Who are your target clients? Are they a niche in the market or a cover broad based arena?

We want to service all players, both on the buy and sell side. We would like to be trusted consultants and experts with an added element of independence, where we are working with each client's uniqueness and being able to identify what changes are required. Depending on whatever the opportunity is, we would like to introduce ideas and expertise to help them either focus or refocus on opportunities.

We do not want to limit ourselves to one particular client base. Due to the spectrum of experience we have, we think we can operate in multiple layers of businesses and markets, and with different types of client segments.

We are open to helping potential clients, both in the banking and dealer space, in the pension and buy side space, and hedge fund space. It is unlimited, and because our platform is relatively lean, it does not require us to have a particular business operating solely for Appia.

We have the opportunity to be incredibly broad and just find the best opportunities for the organisations we are working with.

The other part that we are trying to emphasise is to pay particular attention to scenarios where we are enjoying the work and enjoying the interaction. We want clients to feel that they are getting value from having executive level people helping them in what they are wanting to accomplish. There remain considerable inefficiencies in the marketplace, and we have experts that can help close gaps and identify substantial opportunities to maximise returns because we have done it before.

Do you see yourself purely competing against the establishment or rather an opportunity to perhaps partner?

We will 100 per cent look to partner with the establishment. We are here to introduce new ideas that we are seeing due to our visibility in different areas of the businesses that our team either has experience in or are looking at right now.

Our goal is to come in with an idea, or respond to an idea, and provide feedback, with the hope that those scenarios will lead to transactional opportunities for everyone. But they do not necessarily always have to lead to transactions. Our biggest strength is this collection of expertise that is partnering with everyone that we can in the ecosystem.

Technology is a big part of the industry, do you see this as an impediment to growth, or do you see alternative solutions that will allow Appia to operate better, smarter, and faster?

Technology is where we have a great deal of expertise and hopefully the biggest impact. Appia is embracing changes in technology and alternative solutions will create speed to market. The landscape changes every day, and because there are clients that are potentially in so many different areas of maturation, it could be incredibly interesting to introduce some of the new technology that is being created to solve very specific problems.

Our model could be incredibly interesting for managers of businesses that are facing technology debt issues, where they might want to understand some of the alternatives that they have in front of them or that we would be able to identify for them, and bring it forward in a way that is cost effective and does not necessarily make them lose any momentum.

The next five years of responding to this transformation in all of these areas of AI agent use, digitisation of assets and tokens are critical — and I think it would be beneficial for organisations to have a team at Appia helping them analyse some of this with some independence, as opposed to solely doing it alone.

This is where, in my opinion, we will enjoy some of the most interesting conversations over the next couple of years. ■

The clock is ticking: How intraday repo is rewriting the rules of liquidity management

Rising rates, compressing settlement cycles, and the emergence of DLT-based platforms have thrust intraday repo into the institutional spotlight. Murex's Ramzi Khemakhem, head of repo and secured funding product management, and Dorothy Queant, securities finance connectivity manager, explain why the economics have shifted

Intraday repo — once a niche instrument used by a handful of sophisticated treasury desks — is moving rapidly into mainstream institutional finance.

The convergence of higher interest rates, tighter regulatory capital constraints, and the arrival of distributed ledger technology (DLT) platforms have created both the incentive and the infrastructure for firms to manage liquidity at a finer granularity than ever before.

Intraday repo has been around for years. What has changed in the market to make it more relevant today?

Ramzi Khemakhem: The economics have fundamentally shifted. During the 2010s, cheap funding and abundant central bank liquidity meant there was little incentive to be precise about intraday cash management. Holding buffers was inexpensive. That is no longer the case. Higher policy rates have pushed up the opportunity cost of idle cash significantly — holding large intraday reserves 'just in case' is now genuinely expensive. At the same time, regulatory constraints such as the Supplementary Leverage Ratio and Basel III equivalents have raised the capital cost of traditional daylight credit lines.

The pressure from both sides is forcing institutions to find smarter, more targeted ways to source liquidity.

How much is T+1 settlement contributing to this?

Dorothy Queant: Considerably. The move to T+1 in North America has compressed the funding window dramatically. Same-day allocation and affirmation mean institutions have to organise funding within hours of trade execution rather than across the full settlement cycle.

As regulators and industry bodies push towards T+1 globally — and ultimately T+0 — firms that can mobilise liquidity intraday, on a secured basis, at fine time increments, will have a meaningful cost advantage over those that cannot.

For those less familiar with the mechanics, what makes intraday repo structurally attractive compared to overnight repo or unsecured borrowing?

Khemakhem: The core appeal is precision. Instead of taking on overnight repo or unsecured borrowing to cover a cash shortfall that may last only a few hours, firms can source liquidity for exactly the duration they need it. Interest is charged only for the fraction of the day the cash is held — down to the minute — within a transaction protected by a Global Master Repurchase Agreement.

A recent study has shown cost reductions of around 50 per cent attributable to this pay-for-use structure and the reduction in balance sheet charges. There is also a regulatory angle: many intraday transactions currently fall outside the US Treasury clearing mandate, which allows users to avoid certain balance sheet effects and central clearing fees that cleared repo trades cannot escape.

Who gains on the other side of the trade — the cash providers?

Queant: Absolutely. Cash providers can deploy surplus liquidity through reverse repo during the day, generating incremental returns on funds that would otherwise sit idle before being reinvested overnight. The product is also operationally straightforward for them — same-day settlement and unwind eliminate the need for mark-to-market and variation margin adjustments, reducing friction considerably.

"DLT allows counterparties to execute and settle intraday repo transactions near-instantaneously via atomic delivery-versus-payment"

Ramzi Khemakhem

DLT platforms are central to this conversation. What does DLT actually add that traditional infrastructure cannot deliver?

Khemakhem: Speed and programmability, primarily. DLT allows counterparties to execute and settle intraday repo transactions near-instantaneously via atomic delivery-versus-payment — cash and collateral transfer simultaneously, which removes settlement risk. Smart contracts can automate intraday unwinds aligned with payment cut-offs and settlement runs. The shared ledger eliminates reconciliation needs and allows multiple intraday cycles without accumulating operational overhead. There is also the longer-term potential for 24/7 availability, which would dramatically reduce the cost of carrying cash over nights and weekends.

“Without legal clarity, even technically sound transactions carry risk that institutions cannot accept”

Dorothy Queant

Has the legal framework kept pace with the technology?

Queant: It has been catching up. The GMRA Digital Assets Annex now explicitly covers tokenisation, DLT workflows, and intraday structures, which provides a recognised contractual foundation for digital financing. That matters — without legal clarity, even technically sound transactions carry risk that institutions cannot accept.

If the settlement piece is increasingly solved, what is the harder problem?

Queant: Integration. Digital settlement is necessary but not sufficient. Firms are quickly learning that intraday repo will only scale if it fits into the whole process — booking, lifecycle management, real-time inventory, risk monitoring, funding cost attribution, regulatory reporting. The questions are practical ones: if a trade opens and closes within a single morning, how is it booked? Which system holds the authoritative position? How does treasury attribute funding costs minute-by-minute? How does the risk team monitor exposure as it evolves in real time? The digital platform captures the settlement, but everything else has to keep pace.

So this is less a technology overhaul and more an integration exercise?

Khemakhem: Exactly. Firms must align smart contract parameters with internal rules, establish interfaces between digital settlement and treasury and risk systems, adapt booking workflows to handle precise timestamps, and ensure position-keeping reflects movements as they occur. These are subtle adjustments, but they are the ones that determine whether intraday repo becomes a scalable extension of existing operations or remains an isolated proof of concept.

Where does Murex fit into this architecture?

Khemakhem: For our clients, most of the required architecture is already in place within MX.3. The platform models intraday repo economics natively — interest accrued by the minute, precise payoff structures — so desks have full visibility of the cost of intraday borrowing under both internal pricing and regulatory constraints. It supports high-velocity booking workflows that mirror the pace of intraday activity: trades can be opened, modified, and unwound rapidly with lifecycle events fully aligned to settlement status. Real-time, firm-wide inventory is a key differentiator — securities and cash positions across desks, custodians, and wallets are consolidated, which is essential when timing and asset availability are critical.

How do you see the market developing from here?

Queant: The direction is clear — hybrid. Digital platforms provide speed and programmability; established systems ensure risk integrity, lifecycle accuracy, and regulatory compliance. Intraday repo is reshaping how institutions think about liquidity, and the level of timing precision it enables is simply not achievable with traditional funding tools. As this hybrid model becomes the norm, post-trade infrastructure will play a central role in enabling institutions to scale intraday funding safely. The firms that treat this as an integration challenge now, rather than a technology project to be run separately, will be best positioned when volumes increase. ■

The regulatory forces shaping securities lending

Market participants discuss the core factors pushing the securities finance industry forward in Europe, touching on Basel 3.1, T+1, and CCP clearing. As they take strides to support an evolving market, panellists review post-trade, digital assets, and the continued demand for HQLA

Panellists

Grant Mansfield, EMEA Head of Securities Finance Trading, **BNY**

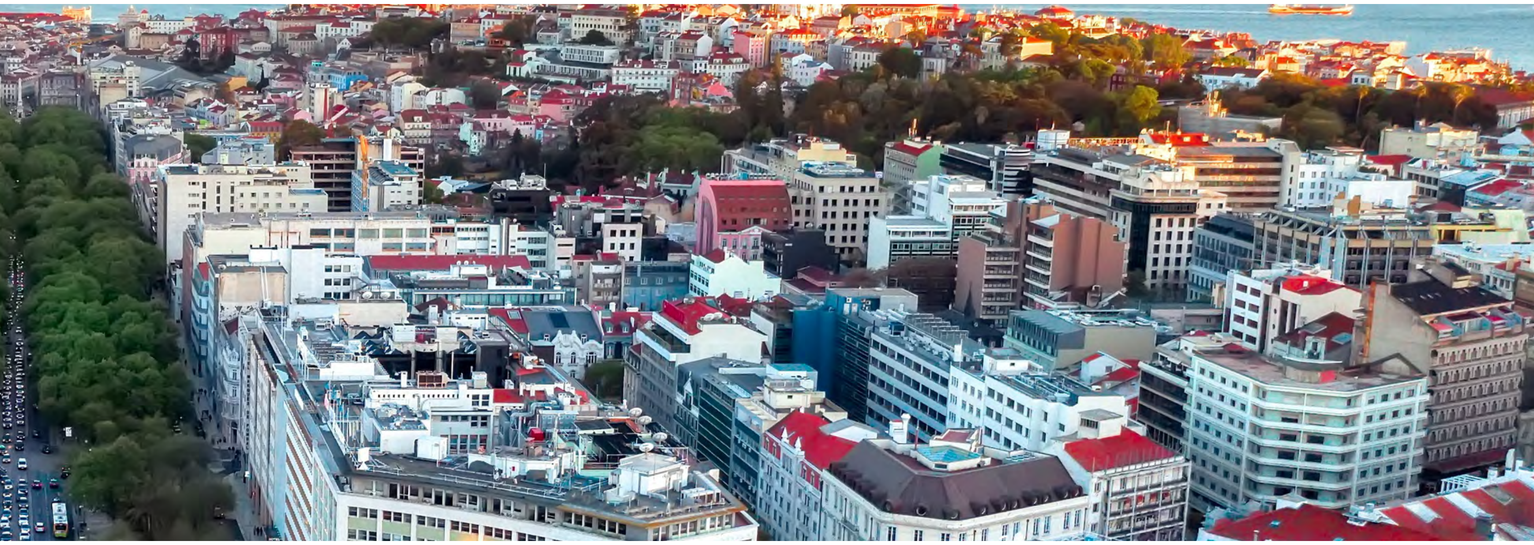
Adnan Hussain, Global Head of Securities Lending & Liquidity Services, **HSBC**

Jordan Howie, Buyside Trading Services Sales, **J.P. Morgan**

Rickie Smith, Head of EMEA Agency Securities Finance Product, **J.P. Morgan**

Raj Karan Singh, Managing Director, Head of Sales and Trading, EMEA, **Mirae Asset Securities UK**

Matthew Neville, Managing Director, Head of Agency Lending Trading, EMEA, **State Street**



How do you assess the performance of European securities lending markets over the past 12 months?

Grant Mansfield: Over the past 12 months, European securities lending performance has been mixed but improved as we moved into 2026. In equities, returns were initially constrained by weak fees and long-biased markets, but volatility, sector dispersion and event-driven activity helped revive specials demand. EMEA equity lending balances have recently reached record highs, supported by seasonal flows and increased shorting tied to macro uncertainty. In fixed income, gilt and European government bond (EGB) markets remained liquid and generally inexpensive, with limited specials, while emerging market (EM) debt saw stronger activity due to geopolitical developments. Corporate bonds were mostly liquid and cheap, though specific names continued to offer special value. Funding market conditions have also remained an important driver of government bond balances and fees.

Jordan Howie: Performance has been strong across the region through recent months with capital inflows, corporate event driven activity, and geopolitical driven volatility all influencing factors. The market has been defined less by a steady risk-off short bias, and more by episodic demand spikes tied to macro and event risk. Various geopolitical factors have kept markets prone to sharp, sentiment-driven moves, supporting short, tactical borrow demand rather than a broad-based structural build in shorts.

The European Central Bank's (ECB's) balance sheet normalisation has continued to drain excess liquidity and shift the system from collateral scarcity to greater availability, while banks' focus on high-quality liquid asset (HQLA) optimisation and liquidity metrics have reinforced demand for high-quality government collateral and upgrade-style trades. This has coincided with a larger, more active repo ecosystem (including growth in cleared/term activity) which in turn has supported securities finance liquidity and balance-sheet efficiency across the street.

On the equity side, performance has remained idiosyncratic and increasingly micro-driven, with outcomes determined increasingly by where positioning, timing, and mechanics intersect. Borrow demand has tended to cluster around corporate actions, dividend, and corporate event windows, sector rotations, and headline risk, creating short-lived specials that can reprice quickly and normalise just as fast. The market has rewarded certainty: reliable locate, clean settlement pathways, and the ability to hold risk through event dates have mattered as much as the headline fee, particularly when activity concentrates in a narrow set of names.

Adnan Hussain: The European securities lending market delivered a strong year, with equity revenues outpacing growth in lendable assets. Volatility — especially around the end of Q1 in both 2025 and 2026, amplified by tariff uncertainty, ongoing regional conflicts, and higher rates — drove more concentrated, sector-led shorting, lifting demand, and fees in areas such as autos, rate-sensitive real estate, energy-intensive industrials, and select consumer names. Demand and interest in 'specials' were largely name and event-driven, with M&A adding further revenue opportunities. We also saw a brief upside in Türkiye as short selling restrictions were temporarily eased.

In European fixed income markets, demand strengthened for HQLA — particularly EGBs and gilts. As central bank liquidity receded and normalised, and with the implementation of Basel 3.1 standards in the EU, borrowers used securities lending more actively for funding and liquidity optimisation — including liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) — supporting collateral upgrade and balance sheet-driven trades. We saw programmes with deep HQLA inventories and flexible collateral schedules continue to deliver strong performance.

Raj Karan Singh: The securities finance market tends to have delayed negative correlation with markets itself, this has been very obvious this year. Names that are usually general collateral (GC) even in some very turbulent markets were heavily sold in the market especially by delta one desk, leading to a squeeze close to corporate actions. This would make the borrow levels rise and so for people who waited to lend their stock gained from better levels. It will however be interesting to see how the calming down of geopolitics will feed into this phenomena.

In which European markets, both by jurisdiction and asset class, do you identify the strongest opportunities for growth of your lending business?

Mansfield: We see the strongest growth opportunities in European securities lending across three areas. First, central counterparty (CCP) clearing, particularly through platforms such as Cboe Clear, is a major structural opportunity, increasing borrower capacity, improving risk management, and broadening market participation.

Second, higher-margin opportunities are emerging in under-penetrated markets such as Greece and parts of MENA, where regulatory change and growing participation are supporting activity. Third, core developed equity markets including the UK, France, Italy, and Switzerland remain the largest and most scalable opportunities, driven by event activity, sector dispersion, and higher utilisation during volatile periods.

We also see growth in EMEA EM government bond lending, partly linked to oil price-related stress. More broadly, programme optimisation remains a key lever for increasing utilisation and revenue.

Hussain: Across Europe, we believe the strongest growth opportunities are in fixed income and equities.

Fixed income lenders are benefiting from increased demand for top-tier HQLA — particularly EGBs and gilts — from borrowers who are balance sheet and liquidity-constrained.

For lending in equities, we have seen the greatest demand for 'specials' with markets including France, Germany, and the Nordics attractive on the back of corporate actions and M&A. If volatility remains elevated and shorting stays sector and name-specific, lenders with deep inventory in the relevant, less liquid names are likely to benefit most.

Howie: The strongest growth opportunities tend to come from markets where structural change is widening participation and introducing securities finance to daily liquidity management — the Gulf Cooperation Council (GCC), and Saudi Arabia in particular, are therefore a key focal point.

The recent opening of the Saudi market to a broader set of foreign investors, alongside corresponding enhancements to the securities borrowing and lending framework, is a meaningful step in building a deeper, more 'complete' ecosystem where short selling, hedging, and market making can develop with greater confidence.

As market rules continue to evolve, the direction of travel is towards a scalable lending market supported by clearer participation pathways and a framework that better accommodates modern trading and derivatives hedging behaviour. For a lending business, this combination of expanding access, improving market mechanics, and increasing two-way activity is likely to translate into durable opportunity across both equities and financing.

Across the Middle East more broadly, fixed income is also becoming a bigger part of the story: the continued development of GCC debt markets is expanding the investable and financeable universe, which matters for both collateral solutions and balance sheet-efficient funding trades.

Karan Singh: The markets to watch out for are the non-EU bond markets, as the yields in the EU space have gone from flat to unattractive, yields in Serbia, ex-CIS, and Albania seem to be responding better to oil prices, due to better relations with Russia and the Middle East. We expect funds to run EU versus non-EU pair trades as this is corrected in the second half of the year. In equities I see a continued shift to derivatives as a method of financing over traditional securities finance.

Matthew Neville: In Europe, we see selective growth opportunities emerging from market structure changes. Greece, for example, stands out following MSCI's decision to restore its developed market status from May 2027, which is expected to increase investor participation and securities lending activity.

Beyond Europe, borrowers and clients are increasingly seeking access to liquidity in the GCC region, particularly non-MSCI tracking equities in the Kingdom of Saudi Arabia, where strong demand is driving high lending fees.

As the region continues to open to international investors, the establishment of robust lending frameworks alongside enforceable netting regimes will further support securities financing opportunities. We are also seeing increased interest across Kuwait, United Arab Emirates, and Qatar as these markets continue to grow.

Additionally, demand for HQLA in term continues to present opportunities — particularly against equities and investment grade corporate bonds — especially for clients with flexible lending parameters and low-risk weighted profiles.

What pressures and opportunities have recent regulatory initiatives created for your securities lending business?

Mansfield: Recent regulatory initiatives have created both constraints and opportunities for the securities lending business. Some rules continue to limit supply, particularly within EU-regulated funds, which represent a significant share of European equity inventory but a much smaller share of actual lending activity. However, the direction of travel is encouraging. Industry engagement, including the International Securities Lending Association's (ISLA's) work with the European Securities and Markets Authority (ESMA), is helping advocate for practical changes such as extending counterparty credit risk (CCR) terms beyond one week and increasing lending and collateral limits. In Spain, the removal of restrictions on Spanish undertakings for collective investment in transferable securities (UCITS) participating in lending is another positive step.

Neville: Our agency securities lending platform has long focused on solutions that help minimise regulatory capital. Borrowers are increasingly focused on transacting with lenders who can accept collateral under the Global Master Securities Lending Agreement (GMSLA) pledge structure or are low risk-weight entities. Clearing solutions are also gaining traction, as they allow borrowers to face higher risk-weight lending clients sponsored via a CCP structure at significantly reduced risk weights — often around two per cent compared to up to 100 per cent in bilateral setups.

Innovations such as custody margining are designed to reduce borrower risk-weighted assets (RWA) — potentially to zero — by providing a security interest over securities pledged back by the lending client. These solutions make participating lenders more attractive to borrowers, potentially resulting in higher utilisation and overall returns.

Mandatory clearing rules are accelerating demand for cleared repo from European and Middle East institutions, creating both complexity and opportunity, and driving innovation in the form of new access models. We are focused on helping our clients in the region navigate the US Securities and Exchange Commission's (SEC's) mandatory US clearing requirements, which are set to take effect for repo transactions by 30 June 2027.

Additionally, we launched our Eurex ISA Direct Light product in January, enabling clients to clear EGBs, simplifying buy side access to the euro-denominated repo market by allowing clients to directly clear reverse repo transactions using a centrally-cleared counterparty.

Rickie Smith: Regulatory initiatives are fundamentally reshaping securities lending economics and market structure. The continued evolution of prudential capital frameworks is increasing the cost of balance sheet usage, which is driving a more deliberate allocation of capacity across counterparties, products, and transaction types. At the same time, settlement discipline regimes and post-trade reforms are raising the cost of inefficiency, particularly around settlement performance and lifecycle events.

From an opportunity perspective, this is accelerating a shift towards higher quality, more structured activity. Markets are increasingly favouring centrally-cleared or bilateral capital-efficient structures, supported by stronger collateral frameworks and improved transparency. In this environment, agent lenders that can combine balance sheet efficiency with strong operational delivery are becoming core facilitators of market liquidity.

Karan Singh: Regulation in Europe rarely creates opportunities, it is entirely based on reducing cost and pressure. If you are not subject to such regulation, you could benefit from selling the benefit side to the cost that affects banks and institutions in Europe.

Hussain: Basel 3.1 and higher capital and liquidity requirements have led borrowers to be far more selective about balance sheet usage and securities lending economics. Borrowers are increasingly focused on RWA efficiency, collateral diversification, and enhancing their ability to meet key liquidity metrics such as LCR and NSFR. As a result, we have seen growing demand for tailored financing solutions, including diversified collateral programmes, term lending, pledge structures, reverse repo, and broader balance sheet optimisation trades. This is likely to continue creating new opportunities for lenders to broaden and adapt their programmes to meet the evolving needs of the market.

At the same time, regulatory and market structure changes are raising the bar for operational resilience. Securities Financing Transactions Regulation (SFTR) reporting has highlighted the cost and risk of fragmented data, trade breaks, and late or inaccurate submissions — creating a differentiation among securities services providers who can deliver clean reporting, reconciliations, and actionable dashboards that can be integrated with client ecosystems.

Settlement discipline reforms, including the EU's Central Securities Depositaries Regulation (CSDR) cash penalties and the move to T+1 in multiple markets, are compressing timelines and increasing fails risk, which may reduce lendable supply and market liquidity. We believe clients will increasingly favour securities lending agents and custodians who automate recalls and returns, strengthen pre-trade settlement risk controls, and provide real-time inventory and settlement-safe lending capabilities.

How are firms preparing for the transition to T+1 settlement in the UK and Europe, and what implications could shorter settlement cycles have for securities lending activity, collateral management, and market liquidity?

Smith: Firms are approaching T+1 as a full value chain redesign rather than a post-trade adjustment. The focus is on aligning trading, lending, custody, and settlement processes to operate effectively within a compressed timeframe. Preparation is centred on increasing automation, improving data timeliness, and enhancing coordination across counterparties. There is particular emphasis on ensuring that issues are identified and resolved on trade date, rather than carried into settlement.

For securities lending, this translates into a need for more structured and responsive recall and return processes, alongside stronger operational alignment across the lending chain. The most immediate implication of T+1 for securities lending is the compression of lifecycle events, particularly recalls, returns, and substitutions. The timeline between a sale instruction and required settlement is materially reduced, leaving limited room for operational delay. To address this, firms are focusing on i) standardised recall workflows; ii) earlier client and borrower communication; iii) clearer cut-off windows and a greater reliance on pre-matching and automation.

Hussain: The move to T+1 settlement is likely to be more complex in the UK and Europe than it was in the US, given Europe's fragmented market structure, differing cut-off times, and multiple settlement jurisdictions. As a result, agent lenders are increasing their focus on operational efficiency — automating recalls and partial settlement, tightening recall timelines, and encouraging earlier client pre-notification of sales, to remain competitive for beneficial owners in lending programmes. Compressed timelines also narrow the window for funding and collateral posting, accelerating the need to streamline and automate end-to-end workflows. Over time, we expect T+1 to drive stronger market discipline around recall settlement and improve overall market efficiency in the long term, which will aid market liquidity needs.

Singh: T+1 in Europe will add a lot of operational burden to our day-to-day trading activity. We still need to understand how this will actively impact buy-in rules, but we can see some funds pulling out of lending completely as their risk appetite for fails is reduced.

We expect CSDR charges to become a major issue in terms of disputes between counterparties. The UK being a dumping market is theoretically more poised to receive T+1, but this requires a deeper understanding of crest which, in our experience, is not strong in mainland Europe.

Neville: T+1 settlement places significant pressure on market participants to streamline their pre and post-trade workflows — shortening their pre-matching, matching, and settlement processes ahead of the 11 October 2027 regulatory go-live.

State Street, alongside our peers, counterparties, and vendors, has been actively engaged in industry working groups, such as those led by ISLA and the Federation of European Securities Exchanges (FESE), as well as bilateral discussions with borrowers and service providers to ensure workflows are optimised and liquidity remains unaffected.

From a trade execution perspective, we expect borrowers to increase their T+0 trading activity to meet the demand generated the previous day. Lenders, such as State Street via our Agency Lending Borrower Portal, can publish real-time inventory, providing borrowers greater certainty of execution. We also anticipate more frequent updates to availability files distributed via vendor platforms. Additionally, lenders with flexible operating models are likely to expand execution windows, enabling borrowers to transact earlier in the trading day.

On the post-trade side, lenders who invest in vendor functionality enabling frequent recycling of required values (RQVs) to triparty agents stand to benefit from faster collateralisation and subsequent auto-loan release, ensuring instructions reach the market more efficiently. Similarly, routing recalls and returns through vendors can expedite processing and settlement.

However, there is a risk that market participants who are unable to facilitate substitutions efficiently could restrict liquidity or increase buffers to mitigate the risk of increased settlement fails. Ultimately, firms investing in technology and workflow automation are better positioned to benefit from increased demand, as the cost of operational inefficiencies continue to rise.

Mansfield: Firms are preparing for T+1 by accelerating automation, tightening cut-offs and reviewing operating models across settlement, recalls, and collateral workflows. Shorter timelines increase the risk of settlement fails, collateral shortfalls, and operational friction, particularly where manual processes remain. Readiness will depend on stronger straight-through processing (STP), recall automation, borrower preparedness, and close alignment with clients, custodians, and market infrastructure.

T+1 may also increase intraday liquidity demands if parts of the repo market move toward same-day settlement. In addition, compressed timelines create added complexity for corporate actions, income processing, and partial settlements. Overall, T+1 should improve market efficiency over time, but in the near term it will require significant operational change and greater discipline across the trade lifecycle.

How do you expect digital assets, tokenisation, or distributed ledger technology to impact securities lending over the longer term?

Neville: Tokenised collateral could reduce both capital and credit exposures by enabling delivery-versus-delivery (DvD) settlement, eliminating the need for prepayments, and increasing market operating hours toward a 24/7 model. It also enables more seamless, book-entry movement of tokenised collateral between triparty agents and counterparties, removing the need to move the physical assets through traditional workflows and improving operational efficiency.

In theory, in the long-term, distributed ledger technology (DLT) should enable real-time settlement, no fails and no breaks, as the digital ledger will be the golden source of truth.

While there are already examples of tokenised activity emerging in the market, adoption remains limited to a small number of participants. Broader industry progress will ultimately depend on meaningful increase in demand and scale.

Hussain: Over the longer term, the biggest impact of tokenisation in securities lending will be on collateral mobility and settlement efficiency.

At a market level, tokenised collateral could support liquidity efficiency by enabling near real-time movement. If collateral can be circulated faster and more predictably, it is less likely to sit idle on balance sheets — reducing funding and balance sheet drag for bank treasury functions and improving overall market efficiency.

From an agency lending perspective, the case strengthens as Europe moves towards T+1 and as CSDR continues to sharpen the focus on settlement discipline. Faster, more automated collateral workflows help reduce securities lending fails risk, shorten settlement cycles, and lower operational friction. Tokenisation of collateral has the potential to make the post-trade plumbing more operationally efficient for securities finance.

Mansfield: We believe the long-term impact to the future of securities finance will be an always-on, 24/7 trading world, with time-zone barriers removed, unlocking hard-to transact assets (commodities, funds, trapped locations) while also bringing new digitally native asset classes (stablecoins, CBDC, digital bonds) into the market.

From a trade lifecycle, the potential upside of digital ledgers creating immutable records could remove significant post-trade friction, eliminating billing breaks, contract reconciliations, and disputes in coupon and dividend distributions.

Digital assets and ledger technology will likely lead new entrants into the securities finance industry, not just in the vendor space, but new participants offering niche solutions to a new generation of asset owners and new demand side players.

Karan Singh: Tokenisation has a potential to impact private markets in the long term, which in theory can be lent. However, the rules for margining and buy-ins are not well agreed upon. DLT has the potential to impact the repo market by reducing reliance on traditional banks to move large amounts of cash, but it will remain the domain of the large banks.

How are geopolitical and macroeconomic events shaping your business decisions? How do you see these changes shaping the securities finance market overall?

Karan Singh: Such events impact everything we do and any desk that operates outside it is either not optimising their positions or simply missing the ability to do so. This year the number of recalls were some of the highest since Covid, however, this was foreseeable if macroeconomics was taken into account while book building.

Mansfield: Geopolitical and macroeconomic events are playing a bigger role in securities finance by driving volatility, dispersion, and shifting borrower demand. Periods of uncertainty tend to increase shorting activity, utilisation, and specials demand, although revenues become more episodic and event-driven.

Inflation and changing central bank expectations have also disrupted rate-cutting paths, delaying some of the benefits typically seen in open cash reinvestment spreads. At the same time, market stress can create higher balances and uncover opportunities in previously underutilised markets and assets.

These dynamics are increasing the importance of risk management, collateral optimisation, CCP clearing, and operational resilience. Overall, the market is becoming more dynamic and infrastructure-led, with success increasingly dependent on the ability to mobilise assets efficiently and respond quickly to changing conditions.

Hussain: Geopolitical and macro events are embedded into how we run our agency lending programme — particularly as it relates to collateral, liquidity, and risk appetite. In periods of heightened uncertainty, we focus on maintaining high-quality, resilient collateral profiles that still give borrowers enough optionality, while being prepared to adjust haircuts and eligibility as volatility and correlation risks rise.

From a trading perspective, we are more deliberate about pricing and managing wrong-way risk that may arise. We keep a close eye on tenor discipline to ensure term commitments remain appropriate as funding conditions and market liquidity can reprice quickly.

Howie: Since late February, geopolitical instability has materially increased energy and commodity price volatility, reinforcing a higher-correlation risk backdrop and making borrow fee moves sharper and more episodic.

In response, placing a premium on a diversified securities finance toolkit, and balancing event-driven equity borrow with resilient collateral and financing-led activity, facilitates an efficient pivot as demand rotates.

At the same time, central bank balance sheet normalisation is steadily shifting the system toward more market-mediated liquidity, with repo and term dynamics increasingly reflecting real-time funding demand and balance sheet optimisation.

The implication for securities finance is a market that is more price-sensitive and more cross-asset, where returns are increasingly driven by the interaction between liquidity, collateral quality, and execution certainty, rather than a single, persistent directional short theme.

Neville: From a macro and geopolitical standpoint, we are seeing a greater emphasis on resilience, diversification, and balance sheet efficiency across the industry. In that context, we continue to invest in building tools and solutions that ensure our clients remain attractive to borrowers while optimising capital footprint across agented, principal, cleared, sponsored, or peer-to-peer models.

Additionally, rising geopolitical risks, particularly the increase in cyber threats, are reinforcing the need to avoid reliance on a single vendor. To bolster operational resilience, we have built tools to interact with our clients and counterparts directly.

Our Agency Lending Borrower portal gives borrowers access to our supply directly through FIX or REST API, and our proprietary trading and operations infrastructure. Both represent multi-year commitments that deliver significant value to clients on our platform.

How do you assess the outlook for European securities lending markets for the next 12 months?

Hussain: As European markets move closer to Basel 3.1 compliance, the year ahead is likely to be shaped by familiar dynamics in EGBs and funding: rising borrower demand for balance sheet optimisation and a sustained lending premium for access to HQLA. In this environment, securities lending agents are evolving from 'inventory intermediaries' into liquidity providers — deploying high-quality collateral and term funding solutions on behalf of lending clients to help borrowers meet increasingly regulation-driven needs.

Geopolitics are difficult to predict; if macro uncertainty persists, volatility is likely to remain elevated — particularly in European equities. We expect activity to be on par with what we have seen this past year, with sector-specific shorting as opposed to broad-based directional positioning. Lenders could see a more active 'specials' environment and enhanced securities lending returns.

Additionally, we will be watching how market-specific developments play out, particularly with the MSCI Greece Indexes being reclassified from emerging market to developed market status, as well as the direction of travel for short selling restrictions in Türkiye.

Karan Singh: Volatile but calmer than last year. We are also hoping some large lenders come back to the market, which will improve access for the borrowers.

Mansfield: The outlook for European securities lending over the next 12 months is broadly positive. We expect balances to remain elevated, supported by volatility, sector dispersion, and event-driven demand, although revenues are still likely to be episodic and shaped by macro conditions rather than structural short demand.

Markets should remain liquid, particularly in HQLA, even if the expected rate-cutting cycle pauses or reverses temporarily. We also expect continued stress in some emerging markets and parts of credit, driven by ongoing geopolitical uncertainty, including the crises in Ukraine and Iran.

At the same time, structural developments such as CCP clearing, programme optimisation, and the transition to T+1 should support incremental growth and improve market efficiency over the medium term.

Howie: The outlook for European securities lending looks constructive. Market risk conditions remain elevated, with the potential for sharp price swings and higher cross asset contagion during geopolitical stress, which tends to translate into bursts of idiosyncratic borrow demand rather than a single, persistent directional short theme. Consistent with that, the market has shown stronger momentum in EMEA equities versus prior year, suggesting the region is entering this period with healthier underlying activity.

Where the market looks most durable is the plumbing that sits underneath: funding, collateral transformation, and balance sheet efficiency. The ECB's balance sheet normalisation is continuing to reduce reserves and push liquidity distribution back into money markets, with banks expected to rely more actively on repo and related funding channels as more institutions approach preferred reserve levels over 2026.

That backdrop supports steady demand for high-quality collateral and efficient financing structures, reinforced by an expanding and increasingly important European repo ecosystem as participants manage collateral mobility, term premia, and balance sheet constraints. ■

The new liquidity landscape: Why integrated solutions are optimal for pension funds

CACEIS's Olivier Zemb, head of Equity Finance and Collateral Management, Joanna Ksenzova, senior Market Services sales, and Rémy Ferraretto, head of Securities Finance & Repo Sales, explore why a proactive, integrated approach to financing and liquidity, delivered through the custodian, is critical for resilience and performance

For European pension fund managers, liquidity is no longer a mere operational consideration — it is a strategic requirement.

The combination of structural pension reforms, accelerated settlement cycles like T+1, and volatile markets has created a complex landscape. Funds are grappling with heightened liquidity risk, increased collateral demands, and unprecedented operational complexity.

In this environment, relying on fragmented, ad-hoc solutions exposes funds to unnecessary cost, risk, and administrative burden.

The three-fold challenge: Liquidity, collateral, and operations

Following active industry discussion on the current trends for pension funds across Europe, Zemb suggests that these are driven by three interconnected factors: increased liquidity risk, higher collateral requirements, and growing operational complexity. While the Dutch Future Pensions Act (Wtp) is a potent example, similar pressures from regulatory shifts, liability-driven investing, and the need for greater efficiency are felt UK-wide and across the continent.

Managing increased liquidity risk

Liquidity risk arises primarily from volatile cashflows. Effective management requires accurate forecasting, stress testing, and holding sufficient high-quality liquid assets (HQLAs). Without adequate buffers, funds may be forced into distressed sales. The optimal solution could be engaging in repo, particularly evergreen transactions, to improve portfolio efficiency without raising market risk.

Pension funds across Europe face liquidity pressure from more frequent portfolio rebalancing, monthly inflow from defined contribution pension plans, benefit payments, and the macroeconomic need for agile cash management. Furthermore, the imminent move to T+1 settlement in global markets will compress timelines dramatically, increasing intraday funding needs and the risk of settlement fails. Accurate, real-time liquidity forecasting becomes non-negotiable.

Addressing higher collateral requirements

The solutions for liquidity risk, in turn, trigger higher collateral requirements. Funds may face issues with the availability of collateral, both in quantity and quality. Rather than holding HQLAs as a static buffer, entering into collateral transformation transactions via securities lending could yield better outcomes. This preserves growth on primary investments and reduces the opportunity cost of holding idle HQLAs.

The hidden burden: Operational complexity

Portfolio management is becoming multi-dimensional, employing multiple individual portfolios or lifecycle strategies. This requires more calculations, margin calls, and complex reporting, significantly increasing the operational burden. This may be the most significant challenge faced and one that is not obvious at the outset. When looking for solutions, pension funds will identify that outsourcing certain operational activities could be a cost-effective solution. Collateral management alone involves multiple cumbersome, costly tasks with low added value when performed in-house. However, while this may be manageable for a single portfolio, in a modern context with multiple accounts and strategies, it becomes a major operational burden. Today, many pension funds are already working with a service provider that leverages economies of scale to perform tasks more efficiently and which can offer industrial solutions that can ease the operational burden they face.

The custodian's role in providing integrated solutions

Ksenzova explains that custodians offer many of the above-mentioned solutions and are in a strong position to optimise costs and implement solutions that raise the efficiency of administratively intensive processes. They can provide clients with repo, securities lending, asset switches,

"Innovative collateral optimisation platforms can help funds define the most efficient asset allocation strategy, with in-depth stress-testing analyses that verify both the liquidity situation and collateral availability"

Joanna Ksenzova

collateral transformation, and other related solutions, all of them including efficient middle and back office services. However, using such products on a stand-alone basis does not enable the funds to benefit from the full efficiency gains of a more integrated service package. To identify the optimal servicing package for efficient operations, it is essential that the custodian and fund manager work closely together to analyse and define the portfolio's requirements, while staying compliant with the portfolio guidelines. This involves stress-testing scenarios using performant technology platforms and is a key step that while essential is neither costly nor time consuming. Innovative collateral optimisation platforms can help funds define the most efficient asset allocation strategy, with in-depth stress-testing analyses that verify both the liquidity situation and collateral availability. There are a number of leading FinTech innovators that offer these high-performing collateral optimisation software solutions on a stand-alone basis but some custodians, such as CACEIS, now work directly with FinTech partners to integrate the solutions into the processing chain, enabling greater efficiency and more transparent, unified reporting.

Under the current EU shift to DC pension plans, and evolving investment requirements, assets must be rebalanced dynamically, which can lead to a shift from large pools of government bonds to other assets, with lower HQLA buffers available. In such an environment, rapid access to well-tested, integrated liquidity solutions becomes essential.

Key considerations for integrated liquidity management

Various factors should be considered when defining a package of integrated solutions:

Market liquidity squeeze: In a stress scenario, when the entire market is looking for liquidity, it may be very challenging to cover needs. To prepare, using a varied selection of tools, multiple sources and multiple counterparties, is key. Custodians, with their neutral role and diversified client base, should be included in the range of options as their impact from direct market activities is more limited.
Counterparty quality: Assessing the quality of counterparties becomes even more critical when liquidity risk is on the rise. As a neutral counterparty with a core business focus on safekeeping and risk management, the custodian brings additional benefits as a fund counterparty.
Performance and cost efficiency: Funds need to be able to perform pricing comparisons and independent benchmarking.
While committed credit lines and repo facilities can serve as a potential buffer, they can be costly and require careful analysis.

The enduring role of integrated securities lending

In addition to securities finance solutions for liquidity and collateral

"Pension funds across Europe face liquidity pressure from more frequent portfolio rebalancing, monthly inflow from defined contribution pension plans, benefit payments, and the macroeconomic need for agile cash management"

Olivier Zemb

management, securities lending can make risk-weighted contributions to fund performance in terms of cost management and overall profitability. It can optimise performance by generating additional revenues on idle assets that can offset custody fees. Putting idle assets to work must be performed with prudential risk management and aligned with the fund's ESG policy. Integration of securities lending with the fund's overall strategy and alignment with repo and collateral management solutions is crucial. Returns generated by a programme depend on the portfolio's risk profile, collateral matrix, and ESG approach, but can be optimised using a pre-agreed lending term or guaranteed revenue structures. While term or evergreen trades may be seen sometimes by portfolio managers to reduce flexibility, any provider should be able to offer solutions such as substituting issuers within the same quality bracket. Term trades with a counterparty holding a large asset pool do however offer significant flexibility and value for stable portfolios. Furthermore, guaranteed structures also provide access to lending at a fixed price for a pre-agreed period and can be beneficial for stable portfolios with a long-term investment strategy.

Conclusion: A strategic partnership for a more demanding era

Based on our experience and expectations for the coming months, Ferraretto stresses that the changing landscape for European pension funds is defined by a clear imperative: to do more with less. Less time, due to T+1. Less margin for error, due to volatile markets. Less operational bandwidth, due to increasingly complex strategies. The challenges of liquidity, collateral, and operational overhead are universal, though their triggers — be it the Dutch Wtp, UK regulatory pressures, or global settlement changes — may vary.

The path to resilience lies in integration and partnership. Siloed solutions for repo, collateral, or securities lending create gaps and inefficiencies. A holistic approach, combining these tools on a unified platform, allows funds to transform reactive cost centres into proactive performance levers. This strategy mitigates the risks of settlement fails and collateral shortfalls while optimising the use of every asset on the balance sheet.

In this context, the custodian evolves from a passive keeper of assets into an active, strategic partner. By leveraging neutrality, scale, and integrated technology, a custodian can provide the essential infrastructure for robust liquidity management. For pension fund managers across Europe, embracing this integrated model is not merely an operational upgrade — it is a strategic necessity to ensure settlement efficiency, safeguard member outcomes, and build durable portfolio resilience for the years ahead.

Reading between the lines

A new paper, co-authored by Dr Radek Stech and Roy Zimmerhansl, explores how securities lending can reveal governance and risk signals across financial markets, and argues for a more interconnected and action-oriented approach to transparency and accountability

Dr Radek Stech, founder and CEO of Global Principles for Sustainable Securities Lending (Global PSSL) and founder of ABC Score, has, with Roy Zimmerhansl, head of Capital Markets, WTS Hansuke, co-authored a new paper entitled 'Rethinking Boundaries in Market Governance: Signals from Securities Lending Practice'.

The paper began in earnest in 2020, when the co-authors joined forces with a shared focus on action and an objective to improve securities lending — a market they believed had multiple entry points for reform.

While conducting research, the scale of interconnectedness within securities lending became apparent, being described as a "trillion-dollar pathway that connects thousands of stakeholders", linking cash, equities, ETFs, fixed income, derivatives, and tokenised instruments.

The research suggests a more holistic approach to market governance is required, and that attention should shift to how different components of the system interact, and how signals identified in one area are then interpreted in another.

As such, a performance metric — ABC Score (Assess, Balance, Calibrate) — is being developed.

ABC Score provides a measure of a company's performance and offers recommendations for improvements with the objective of tracing progress towards greater transparency, accountability, and sustainability among organisations that engage with securities finance.

The paper highlights that ABC Score does not have the intention of introducing another layer of complexity, but to assist users with the help of "cutting-edge" technology.

Following the publication of the paper, there will be further reviews, continued liaison with stakeholders, and testing of initial metrics in practical settings, including in the context of global development.

The focus on action remained from the conception of the paper, which recognised that the intention is not to add layers of siloed frameworks, but instead to establish approaches that can be applied, tested, and refined with practice.

Creating connections

The paper describes securities lending as a "transactional building block", operating across multiple areas of the financial system rather than as an isolated market activity.

"Securities lending connects cash equities, ETFs, fixed income, derivatives, and, increasingly, digital and tokenised structures across jurisdictions and infrastructures," they elaborated.

The authors highlight that the interconnectedness of the industry can provide insights into how transparency, governance, and market behaviour operate more broadly across post-issuance financial markets, noting that, in this sense, the paper uses securities lending not as an end in itself, but as a practical lens through which wider market dynamics and governance challenges can be better understood.

The paper is guided by the principle of "from insight to action", something that reflects the view that market governance discussions should increasingly lead to practical outcomes rather than remain purely conceptual.

According to Stech and Zimmerhansl, one of the objectives of the paper was to assist in establishing a constructive and forward-looking tone for the next phase of the work, including broader "beyond issuance" discussions and the implementation of elements of the 2026 plan centred around the ABC Score initiative.

Regarding the practical outcomes of the work, it is hoped that it will contribute to a more effective interpretation of governance signals across markets, stronger engagement between stakeholders, and the testing of practical metrics that can support transparency, accountability, and more informed decision-making.

The broader aim of the paper is not to add further layers of complexity, but to help develop approaches that can be tested, refined, and applied in practice across different parts of the financial ecosystem.

Scandal signals

Scandal and market events often lead to innovation, with the paper's broader conclusions being supported by the Wirecard scandal.

The Wirecard scandal refers to a corporate fraud case, centred around a German fintech company that claimed to hold large amounts of cash while running a highly-profitable payments business. In 2020, it came to light that almost €2 billion did not exist, and that the firm had lied.

According to the authors, this scandal supports one of the paper's central observations: that important governance and risk signals can remain visible within the broader financial system for extended periods, without being effectively recognised or acted upon.

They underscore that the issue is not the complete absence of information, but the difficulty of interpreting and connecting signals across different parts of the market.

"The paper also highlights that investigative journalism, short selling, and securities lending can contribute to surfacing mispriced risk and governance concerns," the authors add.

The fact that the scandal's signals did not translate into timely, coordinated action across the market reinforces one of the core arguments: "information can exist, and even be visible to some actors, without being effectively shared, trusted, or acted upon at the system level."

The co-authors underscore that the episode also highlights the constructive role that securities lending and short selling can play in surfacing potential fraud or governance failures, provided that markets are set up to interpret and respond to those signals rather than suppress them.

Lessons to learn

The key takeaway the authors want readers and industry participants to take from the paper is that market governance should increasingly be approached in a more holistic and interconnected way.

"Securities finance, ESG, stewardship, market infrastructure, and broader post-issuance activity are often discussed separately, yet in practice they are closely linked through the wider financial system," they highlight.

The paper argues that better outcomes are likely to emerge when market participants focus not only on individual transactions or silos, but also on how signals are interpreted, shared, and acted upon across markets.

"Ultimately, the intention is to encourage more practical, testable, and action-oriented approaches to governance," they conclude.

Dr Radek Stech
Founder and CEO
Global Principles for Sustainable Securities Lending

Roy Zimmerhansl
Head of Capital Markets
WTS Hansuke

Repo reinvented

Sunil Daswani, global head of client management, Match Products at MarketAxess, looks at how speed, clarity, and confidence are reshaping the future of repo markets

The global repo market is entering a decisive phase in its evolution. Volumes are higher than ever, participation is broader, and regulatory change is compressing timelines across the trade lifecycle. The next chapter of repo will be shaped by infrastructure, operating models, and the industry's ability to deliver speed alongside clarity and confidence.

These themes were at the heart of discussions among senior market participants gathered in London earlier this year for a dedicated forum on the future of repo. Bringing together buy side firms, banks, market infrastructure providers, and industry bodies, the conversations reflected a shared recognition: repo is being reinvented, structurally.

A market moving faster with less tolerance for friction

Repo markets today operate at a scale and velocity that would have been difficult to imagine even a decade ago. Macroeconomic volatility shifts in monetary policy, and changes in the composition of market participants have driven sustained growth in activity. At the same time, regulatory initiatives — notably the move to T+1 settlement in Europe and the UK, and mandatory clearing in the United States — are going to compress already tight operational timelines even further.

Historically, repo infrastructure evolved to solve the problems of its time, with longer settlement cycles, overnight batch processing, and relationship-driven workflows. Many of today's processes, such as manual exception handling and bespoke data formats, are rational adaptations to those earlier constraints.

In a T+1 environment, however, those adaptations are exposed as sources of risk. Speed is now a baseline requirement. Firms must effectively manage the trade lifecycle end-to-end: from execution through confirmation, allocation, lifecycle events, settlement and, increasingly, clearing. Faster markets leave less room for ambiguity: inconsistent data or ownership unclear quickly turns into operational risk.

Data consistency as the foundation of clarity

One of the most persistent challenges in repo remains data inconsistency. Different booking models, system representations and message formats still describe the same economic trade in subtly different ways. These inconsistencies are a primary driver of exceptions, manual intervention and delayed settlement.

For years, the repo industry has attempted to address this through standardisation, often by imposing rigid data requirements on participants. While standards remain important, experience has shown that inflexibility can create new barriers, particularly for firms with constrained technology resources.

A growing consensus is therefore emerging around a different approach: normalisation at the point of ingestion. By accepting trade data in multiple formats and transforming it centrally, market infrastructure can reduce integration friction while preserving consistency downstream. The result is fewer exceptions, faster onboarding, and greater scalability.

This clarity has important implications for market structure. As participation expands beyond traditional dealer banks, lowering technical barriers becomes essential. Data normalisation and clarity become an enabler of broader, more resilient participation.

Beyond trade matching: Clarity across the trade lifecycle

As settlement cycles compress, the limitations of a narrow focus on trade matching become increasingly apparent. Matching alone does not guarantee settlement. Trades must navigate a complex series of downstream processes, often involving multiple systems and teams.

Participants consistently highlighted the need for holistic lifecycle visibility that includes a single, coherent view of where each trade sits, what events have occurred, and what remains outstanding. Today, that information is frequently fragmented across confirmation platforms, settlement systems, custodians, and clearing workflows.

During periods of market stress, uncertainty about trade status can amplify risk far more quickly than price movements themselves. In such environments, clarity becomes a form of resilience.

Bringing settlement status, lifecycle events, allocation flows and clearing parameters into a unified operational view allows firms to prioritise effectively and reduce the likelihood of cascading failures. It also shifts the role of operations from reactive problem-solving to proactive risk management.

Automation driving confidence

Automation has long been part of the repo narrative, but its focus is changing.

Areas such as pair-offs, allocations, and lifecycle event processing have remained highly manual, often requiring repeated intervention across both sides of a trade. These processes are now being re-designed to support configuration-driven automation, where rules are defined once and applied consistently at scale.

Automation supports a faster settlement environment by delivering speed and greater confidence in predictable outcomes and auditability.

The practical role of artificial intelligence

Artificial intelligence featured prominently in discussions about the future of repo, but in a notably pragmatic way. The emphasis was not on replacing human judgment, but on enhancing it.

By analysing historical matching behaviour, counterparty patterns, and market context, AI-driven tools can help identify the most likely causes of exceptions, suggest corrective actions, and prioritise issues that genuinely threaten settlement. In doing so, they allow operations teams to concentrate their efforts more effectively.

AI also offers a powerful lever in onboarding and integration. Mapping data fields between systems has traditionally been a time-consuming, manual exercise, often taking months. Early evidence suggests that AI-assisted mapping can dramatically accelerate this process, reducing time-to-connect and supporting faster market expansion.

Regulation as a catalyst for structural change

Regulatory change has long been one of the most powerful forces shaping repo markets, and the current cycle is no exception. T+1 settlement and clearing mandates are forcing firms to confront long-standing structural issues.

Fragmented ownership across trading, treasury, collateral, and operations functions remains common. Investment has historically prioritised front office capability over post-trade resilience. In many organisations, processes have been layered rather than redesigned.

The risk, as several participants observed, is that firms respond to regulatory change by doing the minimum required to comply. The opportunity lies in treating regulation as a moment to rearchitect operating models for a faster, more resilient future.

Central clearing illustrates this dynamic particularly clearly. Mandatory clearing introduces new workflows, data requirements and connectivity points, often without a single prescribed industry model. Supporting broader access, including sponsored clearing for non-banks, requires infrastructure that can deliver transparency and scale without increasing operational burden.

The buy side perspective: Transparency and predictability

The growing role of buy side participants has fundamentally changed the dynamics of repo markets. Hedge funds, asset managers, and pension schemes are no longer peripheral users; they are core participants with distinct needs and expectations.

Across discussions, buy side priorities were strikingly consistent. They seek transparency into where trades sit in the lifecycle, confidence through predictable settlement outcomes, and operating models that allow them to access liquidity without disproportionate complexity.

These demands reinforce the importance of clarity through lifecycle visibility and intelligent automation. As participation broadens, infrastructure must accommodate diverse operating models while maintaining consistency and control. Confidence, for the buy side, is inseparable from clarity.

Reimagining repo

Repo has reinvented itself before, often in response to external pressure. The current reinvention is no different in that regard, but it is broader in scope. It touches every part of the lifecycle and every category of participant.

What is changing is not just how fast repo markets operate, but how clearly they operate. As speed increases, clarity becomes essential. As participation broadens, confidence becomes the foundation of growth.

The discussions in London made clear that the industry understands both the challenge and the opportunity. The next era of repo will be built on a renewed focus on infrastructure, data, and operating models that support speed, clarity and confidence.

That reinvention is already underway. ■

Repo Matching

Q1 2026 Matched trade volume (USD)

$50 Trillion

up +50% YoY*

Q1 2026 Matched trade average daily volume (USD)

$730 Billion

up +50% YoY*

MarketAxess Post Trade

The architecture of indifference: Why prime brokerage has forgotten its clients – and what comes next

Raj Karan Singh, managing director, co-head Securities Finance & Delta One, and Alasdair Sutherland, managing director, co-head Securities Finance & Delta One of Mirae Asset Securities (UK), consider how prime brokerage has changed in the post-2008 era

There is a paradox sitting at the heart of modern prime brokerage. The function that was designed to be the institutional client's closest financial partner has, over the past two decades, become one of the most impersonal relationships in institutional finance.

The desks have grown larger. The technology has become more sophisticated. The balance sheets have expanded. And yet, if you sit across the table from a hedge fund chief financial officer or chief operating officer today and ask them whether their prime broker genuinely understands their business, the answer is rarely an enthusiastic yes.

This is not an accident. It is the predictable consequence of a strategic decision — made quietly and persistently by almost every major prime broker — to optimise for operational efficiency over client intimacy. Technology has been the vehicle for that decision, and the clients have been paying the price ever since.

The technology pivot and what it cost

The post-2008 era reshaped prime brokerage in fundamental ways. Regulatory capital requirements tightened. Return on equity came under pressure. Firms faced a straightforward choice: reduce headcount and automate, or accept structurally lower margins. Almost universally, they chose the former.

The technology buildout that followed was genuinely impressive in narrow terms. Collateral management systems became more efficient. Margin processes were automated. Reporting portals proliferated. Clients could, theoretically, access more data about their positions than ever before.

But something was lost in the translation. The senior relationship manager who once understood a client's entire book — their directional biases, their liquidity constraints, their stress points — was gradually replaced by a tiered service model in which human contact was rationed and routed through technology layers. Coverage became reactive rather than proactive. The desk became a service portal rather than a strategic partner.

What prime brokers built, in effect, was infrastructure that made their own operations easier to run. Client-facing technology was a secondary benefit, often retrofitted to justify the internal investment. The client experience improved at the margins — better reporting, faster confirmations — but the substance of the relationship, the advisory capacity, the genuine risk dialogue, atrophied.

The siloing accelerated this dynamic. As prime brokerage grew and specialised — with separate teams for financing, synthetics, clearing, stock lending, and capital introduction — the integrated view of a client's relationship fragmented accordingly. Each desk optimised for its own P&L and its own risk metrics. No single person or team held the full picture. The client, meanwhile, was dealing with multiple counterparts within the same institution, none of whom fully understood what the others were doing.

> ***"The prescription for a problem caused by over-reliance on siloed systems was more systems, more siloes"***

Archegos: The risk that hides in plain sight

If any single episode illustrates the systemic consequence of this model, it is Archegos Capital Management's collapse in March 2021. The losses — north of US$10 billion across multiple prime brokers — were not the product of exotic instruments or impenetrable complexity. They were the product of a failure of relationship intelligence that the silo model made almost inevitable.

Archegos had built concentrated, highly leveraged positions across multiple prime brokers simultaneously. Each institution saw its own slice of the exposure. None saw the aggregate. The total swap books were enormous; the cross-firm picture was invisible. And because no prime broker had a genuinely integrated relationship with the client — one that might have surfaced the questions that needed to be asked — the risk accumulated until it could not be contained.

This is not simply a story about inadequate margin calls or insufficient disclosure. It is a story about what happens when prime brokerage optimises for transaction processing and abandons genuine client understanding. The technology was sophisticated. The systems cleared trades efficiently. The margin models ran their calculations. But the human architecture that should have said ‘this does not look right’ had been engineered out of the relationship.

The response from the industry was instructive. Firms invested in more technology — cross-firm exposure databases, improved margining frameworks, stress testing enhancements. More automation. More infrastructure. The prescription for a problem caused by over-reliance on siloed systems was more systems, more siloes.

“But much of the migration to synthetic has been driven by what suits the prime broker, not the client”

The synthetic shift: Solving the wrong problem

A parallel development has compounded the issue. As clients — particularly multi-strategy and quantitative hedge funds — have grown more sophisticated, many have moved aggressively toward synthetic structures: total return swaps, portfolio financing, delta one products. The attraction is real. Synthetic exposure can be cheaper, more capital efficient, and more flexible than physical prime brokerage.

But much of the migration to synthetic has been driven by what suits the prime broker, not the client. Banks with constrained balance sheets have actively pushed clients toward off-balance-sheet structures. The economic logic for the institution is clear. The narrative for the client — efficiency, flexibility, cost — is compelling. But the underlying driver is often the bank’s own capital management, dressed up as client service.

The result is that clients are increasingly engaging with their prime brokers through structures they do not always fully understand, priced by models they cannot independently validate, with risks that have migrated from the obvious to the opaque. Complexity has increased. Transparency has decreased. And the relationship has become even more transactional, mediated by term sheets and International Swaps and Derivatives Association (ISDA) schedules rather than genuine dialogue.

Integrated financing: A different architecture

What would a client-centred model actually look like? Not a return to the relationship banking of the 1990s — the market has changed too fundamentally for nostalgia — but a deliberate reorientation around the client’s needs rather than the firm’s operational convenience.

We call this model ‘Integrated Financing’, and its premise is straightforward: technology should be deployed in service of better client outcomes, not as a substitute for the human judgement and relationship depth that create genuine value.

The first principle is coverage without siloes. A client’s relationship with their prime broker should be managed by a team that holds the complete picture — financing, synthetics, cash equity, risk, capital structure — and is accountable for the totality of the relationship. This does not mean one person doing everything. It means an integrated team with a unified mandate, whose incentives are aligned with the client’s long-term profitability, not with individual desk P&L.

The second principle is proactive risk dialogue. In the Integrated Financing model, the prime broker is not waiting for margin calls to surface problems. Coverage teams understand client portfolios well enough to identify stress before it crystallises — and are empowered to raise it. This requires genuine relationship depth, time investment, and the willingness to have uncomfortable conversations. It is, in other words, the opposite of what a portal can do.

The third principle is transparent structuring. Where synthetic or structured solutions are proposed, they should be genuinely optimal for the client, not the path of least balance sheet resistance for the bank. This requires a level of intellectual honesty about pricing and incentives that the current model rarely demands. In practice, it means showing clients alternative structures, explaining trade-offs clearly, and accepting that the best answer for the client is sometimes a simpler, cheaper product.

The fourth principle is technology as an enabler, not a replacement. The investment in systems should be directed at giving coverage teams better intelligence about client portfolios, better risk aggregation, and better execution — not at reducing the need for coverage teams in the first place. A platform that gives a senior banker a real-time view of a client's cross-product exposure is genuinely valuable. A platform that replaces that banker with a self-service reporting suite is not client service; it is client abandonment with better graphics.

Why the current model produces no primary broker

There is a telling phenomenon in the prime brokerage market today: the concept of a 'primary' prime broker has become almost meaningless for any client of scale. Multi-prime has been the norm for years, but the proliferation has accelerated as clients have found, consistently, that no single institution can or will provide the breadth and depth of service the relationship requires.

This is not simply a function of risk diversification — a rational desire to avoid over-concentration in a single counterpart. It is a function of service failure. Clients spread across five or six prime brokers not because they want to manage five or six relationships but because none of those relationships delivers enough value on its own to justify consolidation. The fragmentation of the client's relationship mirrors the fragmentation within the bank.

In a world where no prime broker is primary, no prime broker has the full picture. And as Archegos demonstrated, that is not merely a commercial failure — it is a systemic risk.

The path forward

The prime brokerage function was built on a proposition that remains as valid today as it was when the first desks were assembled: that institutional clients benefit from a single, deeply integrated counterpart who understands their entire financing and execution landscape, can move quickly when markets do, and adds genuine advisory value over time.

That proposition has not expired. It has simply been abandoned in favour of operational efficiency and technology investment that primarily serves the institution.

> ***"The institutions that answer that question first, and build their coverage model accordingly, will not merely win clients. They will, for the first time in years, deserve to keep them"***

Integrated Financing is a proposal to reclaim it — not by undoing the technology investment, which has real value when directed appropriately, but by reorienting the entire function around the question that prime brokerage has quietly stopped asking: what does this client actually need, and how do we deliver it?

The institutions that answer that question first, and build their coverage model accordingly, will not merely win clients. They will, for the first time in years, deserve to keep them. ■

The next phase for securities financing

Dan Long, global head of securities lending product at GLMX, delves into the balance between standardisation and nuanced engagement to drive liquidity across market segments

Throughout securities financing markets, firms are working in a more connected ecosystem across securities borrowing and lending (SBL), repo, and total return swap (TRS) workflows. The strategic drivers behind these market segments often overlap: balance sheet optimisation, liquidity management, capital efficiency, collateral mobility, and access to inventory or exposure to meet client demands. Market participants that take advantage of the connections among these market segments can improve efficiency, enhance liquidity access, reduce operational complexity and risks, and optimise financing decisions more holistically across products.

With financing business models shifting, successful tech platforms will serve clients and solve funding needs across tradeflows and workflows. Market technology innovators will need to understand which tools are most valuable to market leaders, not just today but also in the future. What was once theory is now turning into execution. From our observations, one thing is clear: nuance matters.

While securities lending, repo, and TRS increasingly sit alongside one another within firms' secured funding businesses, each market retains distinct characteristics across liquidity profiles, participant behaviours, and execution requirements. The opportunity for modern solutions platforms is no longer simply automating workflows and digitising executions in silos. It is enabling firms to operate at scale across products while preserving the nuances that make each market function effectively.

The value of convergence

Historically, different secured funding business units operated through separate workflows despite supporting related objectives, servicing overlapping clients, and deploying the same scarce financial resources. Today, participants are looking across products and markets more holistically to maximise efficiencies.

For a hedge fund seeking to establish or maintain a short position, the decision is not always limited to a single financing product. Depending on the security, availability, economics, and trading objective, firms may turn to physical securities borrowing, synthetic exposure, or a combination of both. Prime brokers/dealers similarly evaluate inventory, financing opportunities, balance sheet, and capital considerations across multiple market segments. Prime brokers and dealer financing desks should be able to quickly identify availability from a collective of securities lenders and long holders of inventory, to seamlessly execute the borrowing within a unified platform.

The ability to view and access financing opportunities across different market segments with ease is becoming increasingly valuable.

The tools most needed by market participants are those which enable users to move with fluidity across the value chain while preserving market-specific workflows and nuances each product and firm requires.

Securities lending dynamics

The securities lending market segment has its own drivers, and equity and fixed income lending are further differentiated. Equity lending dynamics are often driven by short selling demand, corporate actions trading, hedging requirements, and rapidly changing availability, particularly in specials. In fixed income lending, participants must solve for collateral sourcing, settlement coverage, market making activity, and implications around funding and balance sheet.

SBL as a whole has made progress towards a form of electronic trading, particularly around general collateral (GC). GC flow is highly standardised and well suited to automated execution. For these transactions, machine-to-machine interaction can deliver meaningful efficiency gains, reduce operational risk, and enable participants to manage large volumes of activity at scale. In this lower-margin but higher volume area, low latency is paramount. Especially here, full end-to-end automation remains a critical component of modern securities lending.

However, a meaningful portion of securities lending activity is still analog and transacted through voice negotiation and manual processes. This reflects the need for context and nuance to find and engage with liquidity in warms, specials, and hard-to-borrow securities. That dynamic also presents an opportunity for participants to streamline negotiation, increase visibility, and reduce settlement friction via straight-through processing.

Hard to borrow securities, exclusive inventory, rerates, and recalls frequently introduce considerations that cannot be easily captured through fully automated workflows. These require a high-touch and hybrid approach.

As bank balance sheets and the macro environment have evolved, transactions have become more sensitive to inventory, market events, and availability. Financing is more strategically important than ever. Traders require greater flexibility and seek solutions to negotiate terms and structures (for example evergreens and extendables), source pocket liquidity, and optimise outcomes.

They routinely evaluate factors beyond the headline fee/rate. Borrowers may focus on financing cost, inventory certainty, risk-weighted asset, and execution flexibility. Lenders may prioritise revenue optimisation, both from lending fees and in the case of cash collateral, the reinvestment yield, utilisation rates, collateral requirements, and recall certainty. The value of a loan depends not only on the security itself but on who needs it, why they need it, and for how long.

Because these priorities vary by participant and transaction, securities lending cannot always be reduced to a simple price and size decision. Liquidity discovery and execution often require a more nuanced approach that reflects the objectives of both borrowers and lenders.

Supporting multiple paths to liquidity in securities lending

In financing markets, interaction is part of the liquidity discovery process. However, that does not mean every transaction requires negotiation. The best path to liquidity discovery, access, and execution depends on the situation.

In high pressure, illiquid, or complicated situations, request for quotes, auctions, and instant pricing provide powerful avenues to find and execute on liquidity. Clear evidence of the best execution option available under any given circumstance provides critically needed certainty.

Standardisation has a role to play in supporting automation. A highly liquid general collateral trade may be suitable for straight-through automation. A warm and hard-to-borrow equity special may require more sophisticated interaction around availability, pricing, rerates, or term.

The challenge for market participants is not choosing between automation and bespoke interaction. The challenge is accessing both effectively and efficiently. That requires solutions capable of supporting multiple execution and workflow protocols simultaneously.

Trading firms are looking for solutions that allow them to manage more sophisticated interactions at scale with efficient balance sheet usage. We hear every day from clients that they want streamlined liquidity discovery and the ability to negotiate and execute without sacrificing the nuances that many securities lending transactions require.

The most effective technology platforms will support all of these workflows within a unified environment. This flexibility is becoming increasingly important as firms seek to optimise financing decisions holistically across converging products.

Supporting sophisticated financing workflows

Standardisation and specialisation are not mutually exclusive.

As the broader financing market becomes increasingly interconnected, firms require technology that enables participants to access securities lending, repo, and TRS workflows within a common ecosystem while preserving the unique dynamics that drive liquidity formation within each market segment.

For securities lending in particular, the objective is not simply to automate existing workflows. It is to make liquidity easier to discover, inventory easier to access and deploy, financing decisions easier to evaluate, and market interaction more efficient for both borrowers and lenders, thereby fostering scalability.

As the financing market continues to evolve, it will require combined automation, connectivity, and flexible interaction within a single environment. GLMX helps market participants manage the complexity of global securities lending workflows, across both equity and fixed income, more efficiently while preserving the nuances which drive liquidity.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From laggard to leader: Renewed interest in South Korea ignites securities lending activity

Korea has shifted from a peripheral market to a core opportunity for lenders, says Matt Chessum, executive director, equity and analytic products at S&P Global Market Intelligence, who explores the market's recent movements

Over the past 12 months, South Korea's equity market has undergone one of the most dramatic re-ratings in global equities, transforming from a historically discounted market into one of the primary beneficiaries of the global shift toward artificial intelligence infrastructure. For securities lending participants, this has not just been a story of performance, it has been a wholesale shift in market structure, borrow demand, and revenue opportunity.

A market that has decisively re-rated

The scale of Korea's equity rally is difficult to ignore. The KOSPI has delivered extraordinary gains over the last year, rising well over 100 per cent in many measures and significantly outperforming most global peers. Even more striking, in 2026 alone, Korean equities surged more than 45 per cent in market-cap terms, lifting total capitalisation to roughly US$4.04 trillion and overtaking the UK's FTSE 100 market, which grew by only around 3 per cent to US$3.99 trillion.

This reversal is remarkable given that as recently as late 2024, the UK market was approximately twice the size of Korea's. In short, capital has rotated quickly, and decisively, toward Korea.

From a valuation perspective, the market has also re-rated upwards. Multiples have expanded as global investors have shifted from viewing Korea as a "discounted emerging market" to a strategic exposure to AI infrastructure, particularly in memory semiconductors.

The drivers: AI, policy, and capital flows

At the core of this rally is a narrow but powerful driver: semiconductors. Samsung Electronics and SK Hynix now represent more than 40 per cent of the KOSPI index, effectively making Korea a proxy for the global AI hardware trade. Surging demand for high-bandwidth memory and AI chips has driven earnings expectations sharply higher, supported by a global build-out of data centre infrastructure.

This concentration of performance has been accompanied by record export growth and a revival in semiconductor shipments, which have been a key contributor to the broader rally. The AI cycle has also triggered a broader reallocation of capital away from mature markets, toward technology-driven economies.

Policy has played a secondary, but meaningful role. The government's 'Value-Up' agenda and corporate governance reforms have begun to address the long-standing 'Korea discount' — which refers to the tendency for South Korean stocks to trade at lower valuations than global peers because of concerns around corporate governance — supporting higher valuations through improved shareholder returns, transparency, and capital allocation incentives. Foreign investor participation has increased as a result, with global funds re-engaging in the market after years of underweight positioning.

Geopolitical catalysts: Volatility within a structural uptrend

The rally has also unfolded against a complex geopolitical backdrop. US-China trade tensions, semiconductor export controls, and supply chain fragmentation have elevated Korea's strategic importance in the global technology ecosystem. At the same time, periods of volatility, such as the US-Iran conflict and global tariff shocks, have triggered sharp corrections, though these have generally been followed by rapid recoveries.

This combination of structural demand (AI) and episodic macro shocks has created a market that is both high-performing and highly reactive, conditions that are particularly relevant for securities lending.

Securities lending: The data story

From a lending perspective, the past year has been defined by significant growth on loan balances and lendable supply, alongside strong revenue trends.

Percentage of market cap on loan: Asia technology and semiconductor sectors

Balances: year-to-date balances have risen to US$40.3 billion in Q1 2026, up 63 per cent year-on-year (YoY) from US$24.8 billion average in 2025.

Lendable supply: lendable inventory has expanded by 140 per cent YoY to US$353 billion in Q1, reflecting both higher valuations and increased institutional participation.

Utilisation: despite the larger pool of assets, utilisation has softened slightly to 4.7 per cent in Q1 when compared to the 2025 average (down 11 per cent YoY), suggesting supply has outpaced incremental borrowing demand.

Q1 2026 revenue surged 687.8 per cent YoY, reaching US$221.6 million as volatility and short demand spiked during the early phase of the rally.

Fee levels also improved materially in Q1, rising to 2.21 per cent versus 0.90 per cent in Q1 2025 (+145 per cent YoY), 2025 average 2.14 per cent.

Where the revenue has concentrated

The borrow demand behind this revenue has been highly concentrated in a set of high-growth, high-volatility names tied to the AI and energy transition themes.

Top revenue contributors in Q1 2026 include:
Hanmi Semiconductor — US$10.7 million revenue
LG Energy Solution — US$7.9 million
Ecopro / Ecopro BM — combined ~US$11.9 million
POSCO Future M Co Ltd — US$6.0 million
LG H&H — US$4.6 million

These names highlight two clear themes:

- Semiconductor exposure (AI supply chain trades)
- Battery and industrial technology (EV and clean energy ecosystem)

The impact of the short sale ban reversal

An important structural driver of lending activity over the past 12–18 months has been the removal of South Korea's short selling restrictions. During 2024 and the start of 2025, the market operated with limited shorting activity, which suppressed borrow demand, reduced utilisation, and constrained revenue generation despite rising equity prices. However, once the ban was lifted early last year, securities lending activity rebounded sharply.

This release of pent-up demand was clearly visible in the data. Q1 2026 revenue surged nearly 688 per cent YoY, while loan balances increased more than threefold compared to the same period in 2025. The combination of renewed hedge fund participation, re-engagement of relative value strategies, and improved market liquidity drove a step-change in borrowing activity. In effect, the lifting of the ban acted as a catalyst, aligning Korea's securities lending market more closely with global norms and unlocking demand that had been sidelined during the restriction period.

Bringing it together

From a securities lending perspective, Korea has shifted from a peripheral market to a core opportunity for lenders. The re-rating, driven by AI, policy reform, and global capital rotation, has created deeper pools of lendable assets and spikes in demand and average fees. In many ways, the lending market now mirrors the equity narrative itself: concentrated, fast-moving, and increasingly tied to global macro and technology cycles.

Matt Chessum
Executive director
Equity and analytic products
S&P Global Market Intelligence

Keeping it in the family

Jorge Sanchez Galisteo, senior sales on the Iberia Flow and Insurance Solutions Team at Santander CIB, considers his career, and how a family of economists spurred his interest in the financial markets

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

My interest in financial markets has always been closely linked to my family's background. Both my maternal grandfather and my father are economists, and my younger brother is following a very similar path. Though I initially pursued the scientific route in high school with the intention of becoming an engineer, I ultimately decided to study economics, and throughout university I became increasingly passionate about financial markets and the broader financial industry. That interest was reinforced through several internships during my studies. I started working at a global asset management firm within institutional fund sales, and later at a local research boutique as an equity research summer intern. Those experiences gave me early exposure to institutional clients, market analysis, and the importance of combining technical expertise with a customer-centric approach. After returning from my Erasmus exchange programme in Frankfurt, I joined a large US-based investment bank, covering institutional clients on Iberia within equity sales. That experience was particularly valuable in helping me understand how international financial institutions interact with clients and how market intelligence and execution capabilities come together in a fast-paced environment.

Shortly afterwards, I had the opportunity to join Banco Santander through its global talent programme, which was designed to develop future leaders within the organisation. The programme gave me exposure to numerous areas within Corporate & Investment Banking through rotations.

I rotated across linear rates and inflation trading, structuring, and institutional sales for clients in Iberia. Coming from an equity-related background, this experience played a key role in expanding my understanding of fixed income, macro products, derivatives, and cross-asset solutions. Also, it has allowed me to develop a much more holistic view of financial markets and institutional client needs. Currently, I work within flow and cross-asset solutions sales for institutional clients on the Iberia Peninsula, where I have the opportunity to combine market analysis, client relationship management, and solution-driven advisory work.

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

What I find most exciting about the financial industry is that no two days are ever the same. Markets are constantly evolving, and every day brings new economic data, geopolitical developments, central bank decisions, or market events that can materially affect pricing and investor behaviour. These dynamics make the industry both intellectually stimulating and highly demanding.

Given my academic background in economics, I particularly enjoy seeing how macroeconomic trends and policy decisions ultimately translate into market movements and investment strategies across asset classes. I find it especially interesting to analyse how interest rates, inflation expectations, monetary policy, and broader macro conditions shape client behaviour and portfolio decisions.

From a professional perspective, one of the most rewarding aspects of my role is the opportunity to work closely with institutional clients and help them design solutions adapted to their balance sheet, investment, and risk management needs. In many cases, this involves combining different products and areas of expertise to provide tailored cross-asset solutions in increasingly complex market conditions.

“Banco Santander has played a fundamental role in my professional development from the very beginning of my career”

I also greatly value the collaborative nature of the role. A significant part of the work involves coordinating closely with internal partners across the trading, structuring, research, syndicate, and risk teams in order to deliver the most effective solution for the client. I believe that the combination of market analysis, teamwork, and long-term relationship building is one of the most attractive aspects of working in this industry.

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

Banco Santander has played a fundamental role in my professional development from the very beginning of my career. As part of the global talent programme, the bank sponsored a Master’s degree in Finance at CUNEF university in Madrid, one of Spain's leading business schools, designed specifically to develop future leaders within Santander. Beyond the academic component, the rotational structure of the programme provided invaluable exposure to multiple areas within Corporate & Investment Banking and enabled me to build a broader understanding of financial markets, products, and client needs across different business lines.

"One misconception about the financial industry is the perception that it is purely transactional and mainly driven by short-term profitability"

Santander has also provided strong support for continuous learning and professional specialisation throughout my career. More specifically, I have had the opportunity to participate in several specialised seminars and training programmes on the insurance industry, solvency regulation, and balance sheet management. These experiences have been particularly valuable in helping me deepen my knowledge of insurance clients' strategic and regulatory challenges and enabled me to provide more informed and tailored solutions in my current role covering institutional insurance clients.

More broadly, I believe one of Santander's greatest strengths is its ability to combine global scale and institutional expertise with a strong commitment to internal talent development. The bank's culture encourages lifelong learning, collaboration and internal mobility, which creates an excellent environment for long-term professional growth.

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

One misconception about the financial industry is the perception that it is purely transactional and mainly driven by short-term profitability. In my experience, particularly within banking and financial markets, it is much more relationship-oriented and long-term in nature. One of the aspects I value most about the industry is the importance of building lasting relationships based on trust, consistency, and credibility. Clients expect financial institutions not only to provide products and execute transactions, but also to act as reliable partners that can support them through different market cycles and periods of uncertainty.

In practice, maintaining those relationships requires much more than technical expertise. It involves understanding clients' long-term objectives, providing transparent and responsible advice, and demonstrating discipline and reliability, especially in more challenging market environments. In many cases, trust is built over years and becomes one of the most valuable aspects of the relationship. Working at Banco Santander has reinforced that perspective for me. The bank places significant emphasis on long-term client relationships, prudent risk management, and combining global capabilities with a strong local presence. I believe that approach reflects the role that large financial institutions should play in supporting clients and the broader economy in a sustainable way. Personally, I try to reflect those values in the way I work by combining analytical rigor with professionalism, transparency, and a long-term perspective in every interaction.

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

For young professionals aspiring to build a career in the financial industry, my main advice would be to focus on developing both strong technical foundations and a long-term mindset. Global markets is a highly demanding and constantly evolving industry; therefore, intellectual curiosity, discipline, and consistency are essential from the very beginning. I also believe it is important to understand that success in this industry is not based solely on technical knowledge or short-term performance.

The ability to build trust, communicate effectively, work collaboratively, and remain composed under pressure are equally important qualities. In many cases, long-term credibility and professionalism become a differentiating factor over time.

Another key aspect is to remain open to continuous learning. Markets, regulation, and client needs evolve constantly, and the professionals who adapt best are usually those who combine analytical rigor with humility and a willingness to keep improving. From my own experience at Banco Santander, I have seen the value of working in an environment that combines global reach, strong institutional standards, and a genuine focus on long-term client relationships. I believe that exposure to experienced professionals and diverse market situations is one of the most valuable ways to grow early in a financial career.

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

Over the next five years, I would like to continue developing both technically and professionally within Banco Santander, gradually taking on greater responsibility and expanding my role within the organisation. In particular, I would like to deepen my knowledge of financial markets while continuing to broaden my coverage and understanding of institutional clients across the region.

I am also very interested in furthering my expertise in the regulatory and solvency framework that applies to insurance companies, as I believe regulation is playing an increasingly central role in investment decisions, balance sheet management, and client advisory activities.

More broadly, my aspiration is to become a well-rounded professional who combines strong technical capabilities with sound judgment, long-term relationship management, and a deep understanding of clients' strategic needs. I believe Banco Santander provides an excellent environment to continue developing those skills through exposure to international markets, complex transactions, and a highly collaborative culture. ■

Jorge Sánchez Galisteo is a senior sales on the Iberia Flow and Insurance Solutions Team at Santander CIB. He is responsible for advising Iberian institutional clients on fixed income and derivatives structures, with a particular focus on insurance companies. His coverage includes flow and structured solutions across government bonds, SSAs, covered bonds, interest rates and credit derivatives, and securities finance products. He also specialises in Solvency II-related asset-liability management strategies for insurance companies, including interest rate, inflation, volatility, and convexity hedging solutions, as well as yield enhancement and balance sheet optimisation structures.

Prior to his current role, Jorge completed Santander CIB's Global Markets Graduate Program, where he rotated across EUR Linear Rates & Inflation Trading and Fixed Income Structuring. Before joining Santander, he worked at Morgan Stanley within the Institutional Equity Division as a cash equity sales analyst covering institutional clients in the Iberian market. Earlier in his career, he gained experience in equity research at Bestinver and in institutional funds sales support at Robeco.

Jorge holds an MSc in Finance with Honors from CUNEF Universidad. He also studied Finance at Frankfurt School of Finance & Management and earned a Bachelor's degree in Economics and Business Administration from Universidad Autónoma de Madrid, specialising in economic analysis.

Knapp swaps OCC for Digital Asset

Digital Asset has appointed Oberon Knapp as global head of equities.

Based in New York, he will lead the firm's institutional equity and derivatives market structure strategy.

In addition, he will partner with leading and emerging financial institutions to build the next generation of capital markets on the Canton Network.

In an online statement, Knapp says: "I've spent 25 years building alongside many of you, working at the edges of capital markets in ways big and small that moved us forward.

"Now the convergence of technology, regulation, and commercial appetite has unlocked a profound opportunity. The next generation of capital markets is waiting for us, and Canton Network is where that is happening."

The news follows Knapp's departure from the Options Clearing Corporation (OCC) following four years with the firm, where he was most recently head of strategy.

Knapp first joined OCC in April 2022 as executive director of participant solutions within the firm's securities lending team, where he was responsible for developing the strategy and vision for the future of the OCC's securities lending function.

With almost 30 years of experience across capital markets, Knapp was previously global head of product and investment operations at Brown Brothers Harriman.

Hasumi joins FIS

FIS has appointed Yuka Hasumi as senior sales executive, capital markets, trading, and asset services in Japan.

Based in Tokyo, Hasumi will be responsible for the company's securities finance solutions business in Japan and will report to Mitsunori Takata, head of Japan sales, capital markets. Hasumi joins FIS after nearly 15 years at EquiLend, where she most recently served as director, head of Japan, client relationship management/ client success APAC.

Cboe Global hires Duinstra

Cboe Global Markets will be appointing Boudewijn Duinstra as executive vice president and chief risk officer.

Upon joining the company, Duinstra will lead Cboe's global risk management function, with responsibility for the firm's enterprise risk framework, operational resilience, and governance. Duinstra brings more than 30 years of experience across risk management, clearing, and derivatives markets. Most recently, he served as CEO of ABN AMRO Clearing USA.

Prior to this, he was head of risk management at ICE Clear Europe. Earlier in his career, he held several senior positions at ABN AMRO, including global chief risk officer and managing board member of ABN AMRO Clearing Bank.

Craig Donohue, CEO of Cboe Global Markets, says: "As we continue to execute on our next phase of growth, maintaining a strong, resilient, and globally integrated risk management framework remains foundational to our strategy and long-term success.

"Boudewijn Duinstra brings deep enterprise risk expertise, proven operational leadership, and direct experience in areas core to Cboe's future growth — particularly erivatives and clearing — which will be highly valuable as we scale our capabilities globally."

Duinstra comments: "As a leading global markets operator, Cboe has for decades operated dynamic, interconnected markets where resiliency, risk discipline, and operational integrity are paramount.

"As Cboe's business continues to innovate and evolve, I look forward to building on the strong risk management framework established by its leadership and ensuring that it remains a key enabler of Cboe's continued success."

TS Imagine welcomes Baum and DeRosa

TS Imagine has expanded its sales teams with the appointments of Terrance Baum as director of sales, US, and Anthony DeRosa as sales executive.

Both new hires will report to Chris Pielock, head of sales, North America.

According to the firm, the appointments come as TS Imagine continues to expand its global footprint and client base, with client assets under service now surpassing US$19.5 trillion — up from US$5.3 trillion in 2023.

Baum joins TS Imagine from Vermeg, where he served as sales and key accounts director.

DeRosa joins from SS&C Technologies, where he worked with institutional clients across portfolio management and order management solutions for buy side firms.

BNP Paribas selects Pellerin

BNP Paribas has promoted Stéphane Pellerin as head of Americas for Securities Service.

With over 30 years of experience in the financial industry, Pellerin started his career at BNP Paribas in Tokyo in 1996, and has since held a wide range of senior positions within the bank in Hong Kong, the UK, Bahrain, and the US.

Most recently, he was the head of Linear Rates Trading, North America. BNP says in addition to leading Securities Services in the Americas, Pellerin will continue in his current role as head of Derivatives Execution and Clearing and Foreign Exchange Prime Brokerage Americas.

In this expanded capacity, he will implement the business's selective growth strategy in the region, while ensuring operations remain coordinated, collaborative, and focused on delivering value across the client lifecycle, the firm adds.

Based in New York, Pellerin will be reporting to Claudine Gallagher, head of Securities Services at BNP. ■

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