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A great growth story

Marney McCabe and Jon Whiting of Fidelity Agency Lending discuss the firm's strategy and how a diverse asset mix creates trading opportunities that extend beyond US markets

Broadridge brings G7 securities to DLR platform

Broadridge has expanded its Digital Ledger Repo (DLR) solution, bringing G7 securities into its network.

The addition enables market participants to execute international cross-border repo transactions, intraday repo activity, and collateral movements through atomic settlement.

In August 2026, DLR processed an average of US$351 billion in daily repo transactions, totalling US$7.4 trillion for the month.

The addition of G7 securities expands the range of eligible collateral that firms can mobilise.

As a live solution embedded within existing trading and post-trade workflows, DLR enables the synchronised movement of tokenised securities and cash.

According to Broadridge, this atomic settlement capability reduces settlement risk and operational friction while helping firms optimise funding flexibility, the use of high-quality collateral, and liquidity and capital management.

Aggregated DLR market data, including repo par value, turnover, and trade count, is available to Bloomberg Terminal subscribers through Broadridge's collaboration with Kaiko.

Horacio Barakat, global head of digital innovation, says: "Tokenised financing and collateral markets are not a future-state concept. Through DLR, they are proven market infrastructure operating at scale today.

"DLR is already helping institutions move collateral more efficiently, executing repos, and managing intraday liquidity.

"Bringing G7 securities into the network expands that value globally, giving the street a practical path to stronger liquidity, better capital efficiency, and lower operational friction."

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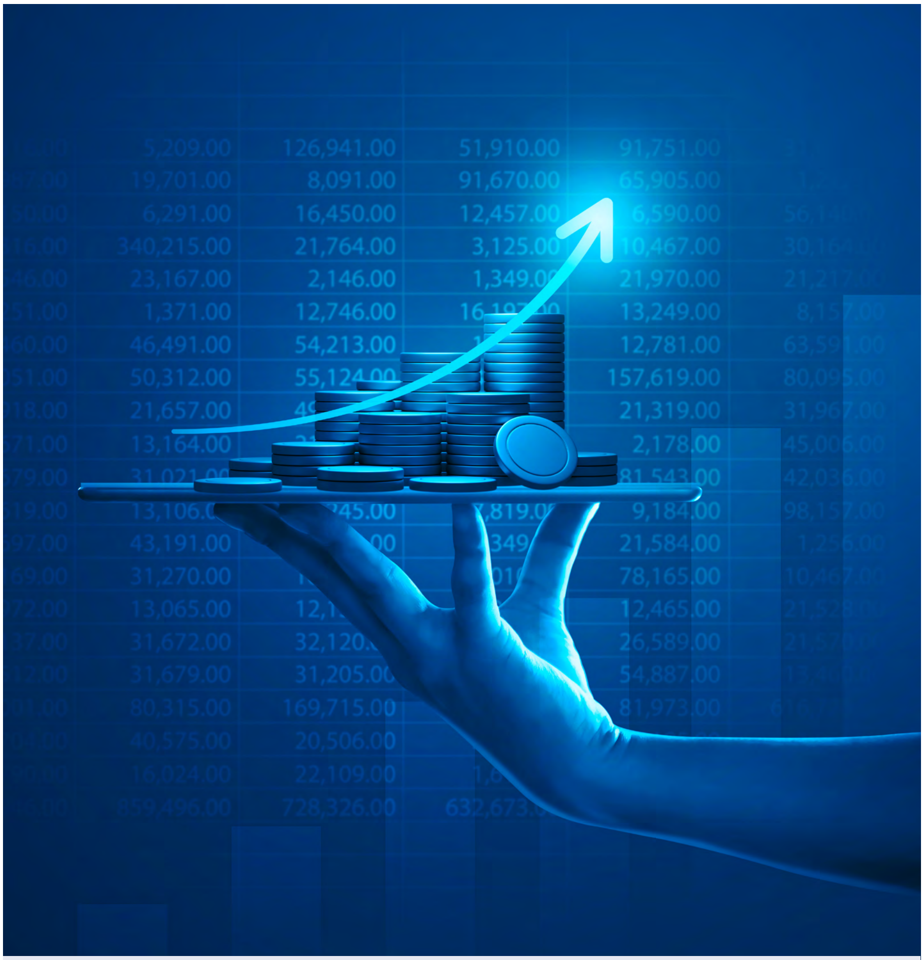


TMX Post Trade’s CCMS surpasses US$1tn

TMX Post Trade reports that its Canadian Collateral Management System (CCMS) processed more than US$1 trillion in turnover during the first half of 2026.

According to the firm, the increase in turnover reflects broader industry adoption of automated collateral management infrastructure in Canada.

The platform is used by Canadian banks and buy side firms to manage collateral movements across secured funding markets, providing operational efficiency, and allowing users to optimise liquidity and mitigate risk.

CCMS supports centralised collateral processing and standardised post-trade workflows for repo and related transactions.

The system continues to operate as a core component of the country’s secured funding and post-trade environment.

Wematch.live welcomes Apax Digital Funds investment

Wematch.live has announced a strategic investment from funds advised by Apax Digital, the growth equity arm of Apax Partners, supporting its expansion across securities finance and capital market workflows.

Wematch's strategic investors — Barclays, Deutsche Börse Group, J.P. Morgan, and Societe Generale — will remain invested alongside the Apax Digital Funds.

Apax Digital Funds will be Wematch’s majority shareholder, and the company will continue to operate as an independent platform serving all market participants, following the completion, which is expected in Q4 2026.

Wematch manages close to US$2 trillion of ongoing notional and, over the past 12 months, the platform handled US$7 trillion of basket substitutions.

Zodia Solutions collaborates with Ownera

Zodia Solutions and Ownera have collaborated to bring tokenised collateral workflows into production at regulated financial institutions.

Ownera's routers will carry the collateral instruction between counterparties — and the custodians, lenders, and cash providers around them — across whichever ledgers each institution uses.

Zodia Solutions will enable banks to ensure the instruction is validated and enforced prior to settlement, applying policy checks, credit and limit checks, asset locking, reconciliation, and reporting within the institution's own environment.

Craig Perrin, chief commercial officer at Zodia Custody, says: “Collateral is where institutions will feel the value of tokenisation first, and our role is to give them the controls to act on it with confidence.

“Institutions already have well-established parameters governing how collateral moves, and this offering applies those same parameters to digital assets, on infrastructure each institution runs under its own brand, licence, and governance.”

Natasha Benson, chief operating officer and head of Tokenised Capital Market Solutions at Ownera, adds: “Collateral moves between institutions, not inside one of them, so the infrastructure has to work across every ledger our clients use rather than ask the market to standardise on one.

“That is what our routers do, and it is why an institution connects to FinP2P once instead of building a new integration for every chain. What they told us they needed next was the ability to apply their own risk and compliance controls before a transaction settles.

“Zodia Solutions already provides that layer to global banks, and combining it with our orchestration gives those institutions a direct path into production.”

Virtu Financial, M1X Global, and Tradeweb complete fully onchain repo transaction

Virtu Financial, M1X Global, and Tradeweb have completed a fully onchain repo transaction, executed on the Canton Network.

According to the firms, this is the first instance of a fully onchain repo transaction in which the securities leg was a sovereign digital bond, functioning as collateral in a repo executed through a major institutional electronic trading venue without intermediation from a prime broker.

Each element of the transaction — securities delivery, cash leg, and return — settled atomically onchain.

Virtu’s repo was executed bilaterally on the Tradeweb platform between regulated institutional counterparties, with a complete cycle reported to have taken under 10 minutes.

The securities leg is the US dollar-pegged sovereign financial instrument USDM1, backed one-to-one by short-dated US Treasuries held in bankruptcy-remote custody, and issued by the Republic of the Marshall Islands.

Regarding the initiative, Jordan Goldman, president and chief operating officer at M1X Global, says: “Derivatives and secured financing markets have been waiting for collateral that works across institutional and digital rails simultaneously.

“This transaction demonstrates for the first time what onchain sovereign collateral looks like in production.”

Dan Eckstein, head of rates sales at Virtu Financial, remarks: “Capital efficiency is not an abstract concept for us — it shows up directly in our ability to deploy working capital and serve clients.

“USDM1 addresses collateral constraints that have limited onchain capital markets and prevented them from reaching institutional scale.”

Liz Kirby, Tradeweb’s head of market structure, adds: “The completion of this transaction demonstrates how digitally native sovereign collateral and atomic settlement can enhance collateral capital efficiency and modernise repo workflows, all while maintaining the institutional standards market participants have come to expect.”

ESMA signs MoU with SEBI

The European Securities and Markets Authority (ESMA) has signed a Memorandum of Understanding (MoU) with the Securities and Exchange Board of India (SEBI).

It will help to facilitate cooperation and exchange of information in relation to the recognition of central counterparties (CCPs) established in India and supervised by SEBI.

Following the signature of an MoU between ESMA and the Reserve Bank of India (RBI) earlier this year, this agreement marks another step towards restoring access for EU clearing members to Indian CCPs and follows more than two years of sustained engagement between ESMA and Indian authorities.

The MoU will allow CCPs established in India and supervised by SEBI to re-apply for recognition under European Market Infrastructure Regulation (EMIR). It is a key requirement under Article 25 of EMIR for the recognition of third-country CCPs by ESMA.

The authority is continuing discussions with the International Financial Services Centres Authority (IFSCA) with a view to concluding a similar cooperation arrangement.

Global securities lending revenues hit US$1.79bn

The month of August has delivered an "exceptionally strong" month for global securities lending markets, according to S&P Global Market Intelligence, which reports total revenues of US$1.79 billion — an increase of 23 per cent year-on-year (YoY).

Average balances for the same period climbed 34 per cent to US$4.2 trillion. The growth was driven primarily by a sharp expansion in balances and utilisation rather than fee appreciation, as average fees across all securities declined 9 per cent YoY to 0.50 per cent.

Global lendable inventory continued to

expand, rising 24 per cent to US$56.3 trillion, highlighting the scale of assets available to lenders.

Year-to-date revenues now stand at US$12.4 billion, putting 2026 on course to become one of the strongest years ever recorded for securities lending.

The combination of expanding asset values, growing lendable supply, and sustained borrow demand has created a favourable backdrop for beneficial owners, particularly those with exposure to higher-fee Asian equities, exchange traded products (ETPs), and select fixed income assets.

Commenting on the month's performance, Matt Chessum, executive director of equity and analytic products at S&P Global Market Intelligence, says: "August's securities lending performance reflected many of the themes dominating global financial markets during the month: resilient risk appetite, continued enthusiasm around the AI investment cycle, and investor positioning around inflation, tariffs, and central bank policy uncertainty.

"As borrowers increasingly sought exposure, hedges, and relative-value opportunities across global markets, securities lending revenues continued to benefit from elevated trading activity and record levels of deployable inventory."

High performers in equities

Equities remained the dominant contributor to market revenues, generating US$1.40 billion during the month and accounting for approximately 78 per cent of total industry revenues.

Average equity balances increased 41 per cent YoY to US$2.0 trillion, although average fees declined 16 per cent, indicating that increased revenue was primarily the result of larger loan balances and higher utilisation rather than increased pricing.

The standout region was once again Asia Pacific, where revenues surged 106 per cent YoY to US$659 million.

Average fees increased 35 per cent to 1.71 per cent, while balances rose 52 per cent and utilisation climbed 19 per cent, suggesting a combination of strong borrower demand and persistent scarcity in key names.

The performance continues the trend of elevated activity across Asian markets that has characterised 2026, particularly in technology, semiconductor, and growth-oriented sectors.

In contrast, Americas equities experienced a markedly different environment. Revenues declined 39 per cent YoY to US$394 million despite balances increasing 48 per cent.

A sharp 59 per cent reduction in average fees to 0.43 per cent weighed

heavily on returns, indicating that abundant supply and reduced scarcity premiums more than offset the growth in borrowing activity.

EMEA equities produced a solid month, with revenues increasing 69 per cent YoY to US$127 million. Average fees rose 38 per cent, while balances increased 22 per cent, demonstrating improving demand dynamics and a healthier fee environment than seen in the Americas.

Beyond traditional equity lending, ETPs continued to be one of the most attractive segments of the market.

Revenues increased 77 per cent to US$166 million, supported by a 56 per cent rise in fees to 1.32 per cent.

This performance reflects sustained demand for exchange traded fund (ETF)-related hedging, short positioning, and market-making activity at a time when global ETF assets continue to reach new highs.

The firm reports that fixed income lending also contributed meaningfully to overall market growth.

Government bond revenues increased 46 per cent to US$283 million, supported by a 32 per cent increase in balances and a 21 per cent rise in utilisation.

Meanwhile, corporate bond revenues rose 18 per cent to US$104 million, as continued demand for funding, hedging, and relative-value strategies helped support activity across credit markets.

BrokerTec EU repo ADNV jumps 27%

CME Group’s BrokerTec has revealed EU repo average daily notional value (ADNV) was up 27 per cent year-on-year (YoY) for August, generating US$356.4 billion.

BrokerTec's overall ADNV for the month was US$1.059 trillion, up 16 per cent YoY.

The figure represents volumes across benchmark cash US Treasuries, European government bonds, as well as US and EU repo on its dealer-to-dealer central limit order book and dealer-to-client request-for-quote platforms.

In terms of US repo, volumes increased 3 per cent YoY to €390 billion in ADNV, as traders adjusted to changing rate expectations across the yield curve.

For US Treasuries ADNV, August volumes were up 2 per cent YoY to US$84.1 billion, while volatility — measured by the CME Group US Treasury Volatility Index — declined 7 per cent over the same period.

Customer average collateral balances to meet performance bond requirements for rolling 3-months ending July 2026 were US$147 billion for cash collateral and US$166 billion for non-cash collateral.

Erik Norland, chief economist, CME Group, says: “US Treasury yields fell sharply following the US Treasury’s 19 August decision to double the size of their weekly buyback operations from US$2 billion to US$4 billion.

“This implies that the Treasury could buy an additional US$100 billion per year in 10-year to 30-year US Treasuries and fund those purchases by issuing T-Bills.”

Following this announcement, Norland indicates that 30-year Treasury yields fell by around 10 basis points while shorter term Treasury yields rose. By month end, 2-year and 5-year Treasury yields were around 5bps higher than their end of July levels while 10-year yields rose by 1.5bps and 30-year yield fell by 3bps.

He continues: “The mechanism by which the Treasury buys longer dated bonds is akin to what the Federal Reserve did during ‘operation twist’, an effort to flatten the yield curve back in the mid-2010s.

“Such actions can raise concerns about a potential expansion of the money supply since T-Bills are near cash instruments that have little to no haircut when used as collateral, unlike long-term bonds which carry significant duration risk and often require 3-6 per cent haircuts when posted as collateral.”

In international markets, Japanese, French, German, and Italian bond yields rose. ■

A great growth story: Investing in people, technology, and capabilities

Carmella Haswell sits down with Marney McCabe and Jon Whiting from Fidelity Agency Lending to discuss the firm's thoughtful growth strategy, the benefits of its programme scale for clients, and how a diverse asset mix creates trading opportunities that extend beyond US markets

Congratulations to the Fidelity Agency Lending team on recently surpassing US$6.5 trillion in global assets. Where has the growth come from and how is this diversifying the client profile of your business?

Marney McCabe: Thank you, Carmella. It is a great growth story and a significant achievement we are all very proud of, but what is most compelling is how we have grown. Our focus has never been growth for growth's sake; it has been more thoughtful, deliberate, and strategic. Our growth strategy is, and always has been, focused on adding attractive, accretive assets and client relationships that strengthen the overall lending programme and enhance opportunities for all participating clients. The expansion of our programme has been driven by an increasingly diverse mix of lenders across geographies, investment structures, and institutional segments. And while new client mandates have contributed to our growth, many existing clients have also chosen to deepen their relationship with Fidelity Agency Lending, which is a true reflection of the value they have experienced through our programme and platform.

Today, Fidelity Agency Lending is the largest third-party agent lender in the market by client assets, which allows us to provide significant advantages to our clients and their stakeholders. We are an important source of supply for borrowers given our clients' asset size and our status as the largest lender of special or in-demand securities; this drives demand to our platform, improves market relevance, and helps create additional revenue opportunities for clients across the programme.

Our approach translates into meaningful results for our clients. According to S&P Global data, over the past three years (ending as of 31 July 2026), Fidelity Agency Lending clients outperformed their peers by at least 25 per cent on a total return basis. We believe this reflects the benefits of our scale, market position, and disciplined growth strategy, all of which remain central to how we continue to evolve our securities lending business.

As we look to the future, we will remain disciplined about our growth strategy. Every onboarding decision will be evaluated through the lens of maintaining a high-quality, balanced programme that benefits all participants. We will continue our focus and investments on building a securities lending platform that combines scale with performance, ensuring that growth enhances the value proposition rather than diluting it.

With this growth, your relationship management team has surely evolved to service a diverse set of clients. Can you tell us more about the Fidelity Agency Lending service model?

McCabe: The breadth of our platform and the experience of our team provide a unique perspective on market dynamics across a diverse range of asset types, markets, and client segments. A combination of technology-enabled insights and experienced relationship management allows us to scale efficiently while maintaining the high-touch service model our clients value. Our consultative approach has consistently helped clients enhance returns, improve operational efficiency, and maintain effective risk oversight.

"As our international client base and asset mix have expanded, we have strengthened our ability to connect borrower demand with unique sources of supply across regions"

Jon Whiting
Head of international equities agency lending
Fidelity Agency Lending

Technology plays a critical role in enabling this model by providing automated solutions and critical data insights that our clients rely on. Our significant investments in automation, analytics, and risk management allow us to scale efficiently while maintaining a high-touch client experience. More importantly, data provides our clients with actionable insights that help them to make informed decisions and understand the value their lending programme is generating.

As our business has grown, our service model has evolved well beyond traditional relationship management that is typically focused on managing day-to-day operations and client service. Our goal is to be consultative. We view ourselves as a strategic partner focused on helping clients maximise the value of their participation in our lending programme, in addition to supporting the daily operational requirements and risk management that is essential for programme success and oversight.

Our approach is based on an intimate understanding of each client, their securities lending programme strategy and goals, programme parameters, market insights, and growth opportunities. It starts during the onboarding process and extends throughout the life of the relationship. We believe that our success proves that this consultative approach to managing the relationship is beneficial to improving client returns and reducing operational risk.

Importantly, our approach is not one-size-fits-all. Every client has unique return goals, risk tolerances, governance requirements, and operational considerations. We work closely with each client to build a custom programme that reflects those priorities while allowing them to benefit from participation in one of the industry's largest and most diverse lending platforms.

What differentiates Fidelity Agency Lending is the combination of scale, expertise, and customisation. The breadth of our platform and experience of our team provides a unique perspective on market dynamics, borrower demand, and revenue opportunities across a diverse range of asset types and client segments. Our relationship managers leverage those insights to help clients optimise their programmes and align securities lending with their broader investment objectives.

Ultimately, the goal of our service model is simple: to ensure clients fully benefit from the market insights, borrower demand, and breadth of opportunities our platform creates. As we continue to grow, we remain focused on delivering client experiences that combine strategic partnership, operational excellence, and strong long-term performance outcomes.

As a leader and manager at Fidelity, can you provide some insight into how a client-focused approach drives service excellence?

McCabe: Many of our securities lending clients and borrowers engage with Fidelity across multiple parts of the enterprise, making a high-quality, consistent experience essential. As a result, we focus on delivering the full breadth of Fidelity's institutional capabilities while providing coordinated support and a strategic partnership.

Additionally, as Fidelity Agency Lending has grown, we have continued to invest in the people, technology, and capabilities that help clients solve important business challenges and identify new opportunities. Rather than simply delivering a product or service, we deliberately place our clients' needs and goals at the centre of our platform, investment decisions, and strategic planning. Whether it is enhancing portfolio returns through securities lending or leveraging technology to improve efficiency and transparency, I feel fortunate to be part of a firm whose goal is to deliver measurable value to clients while providing the scale, expertise, and service they have come to expect from Fidelity.

Jon, what new trading opportunities have emerged with the new types of clients that are part of the Fidelity Agency Lending programme?

Jon Whiting: As our programme has grown, we have expanded the breadth and diversity of assets available on the platform, creating new opportunities for borrowers and beneficial owners alike. The

"We will continue our focus and investments on building a securities lending platform that combines scale with performance, ensuring that growth enhances the value proposition rather than diluting it"

Marney McCabe
Head of agency lending relationship management
Fidelity Agency Lending

most meaningful benefit is not simply more assets, but a more complementary mix of assets that strengthens our ability to connect borrower demand with lending opportunities across regions and market environments.

That broader opportunity set allows us to be more precise in matching supply with demand, which can improve utilisation, increase the duration of loans, and ultimately support stronger outcomes for clients. The result is a stronger marketplace where a broader range of borrower demand can be matched with a more diverse inventory of assets, creating additional opportunities for beneficial owners. Growth is most valuable when it enhances outcomes for all participants, and that has been our focus throughout this expansion.

With the integration of international clients on your platform, what are some of those non-US trends that are creating revenue opportunity? Asia has performed well against US equity markets this year, what are your thoughts on this outperformance?

Whiting: One of the most compelling trends today is the growing diversification of global opportunity sets. Increasingly, some of the most attractive investment returns and securities lending opportunities are emerging outside the US.

As global capital flows become more diversified, we are seeing borrower demand emerge from a broader range of markets, sectors, and event-driven opportunities.

In Asia specifically, stronger market performance has translated into increased investor activity and higher demand around certain securities. More broadly, markets such as Korea, Taiwan, and other key innovation hubs continue to attract significant investor attention given their role in global technology and supply chains. These trends can create attractive lending opportunities for beneficial owners.

What is most important is that a globally diversified lending programme allows clients to participate in opportunities wherever they emerge. As our international client base and asset mix have expanded, we have strengthened our ability to connect borrower demand with unique sources of supply across regions, helping clients benefit from a broader and more resilient opportunity set.

In the short term, how is the market landscape changing and what should agent lenders be monitoring as they assess revenue opportunity for their clients?

Whiting: The market continues to evolve as regulations, market structure, and capital constraints influence borrower behaviour around the world. For agent lenders, the most important thing to monitor is how these changes affect the balance between supply and demand, as that is often where new lending opportunities emerge.

We are also seeing continued demand for capital-efficient financing solutions, which can create attractive opportunities for beneficial owners. At the same time, the transition to T+1 settlement in Europe and parts of Asia will place an even greater premium on operational excellence, inventory management, and communication across market participants.

We believe Fidelity Agency Lending is particularly well positioned for a shorter settlement cycle for several reasons. Our investments in technology and automation, combined with the breadth of inventory available on our platform and a strong operational foundation, position us well for one-day settlement. Having successfully navigated the US transition to T+1, we have the experience, processes, and infrastructure to help clients adapt as Europe and Asia move toward the October 2027 implementation. We are focused on ensuring clients are prepared to take advantage of opportunities while minimising disruption as other markets make the move towards T+1 settlement.

Ultimately, the firms best positioned to create value for clients will be those that can leverage scale, technology, and operational expertise to adapt quickly as market conditions evolve. ■

Reaching the endgame

Sam Edwards, managing director, Alpha Collateral Services at State Street, speaks to Carmella Haswell on how the firm is positioning digital assets within its Alpha Collateral Services platform, regulatory influence, and how these assets are changing the face of collateral management

With over 20 years of experience in the industry, how do you interpret the convergence of digital assets with securities finance?

I would describe it less as a convergence and more as an evolution of the market's operating rails. Securities finance has always been about mobilising assets efficiently, managing counterparty risk, and directing scarce collateral to where it creates the greatest value. Tokenisation and distributed ledger technology (DLT) do not change those fundamentals; they create an opportunity to perform them with greater speed, transparency, and programmability.

The important development is that traditionally held securities, digitally native instruments, and new forms of cash can increasingly be managed through a common collateral process. The likely destination is therefore a hybrid market, not an abrupt replacement of established infrastructure: regulated institutions will continue to provide custody, governance, and risk management, while digital rails improve the way assets are represented, controlled, and moved.

Can you explore how digital assets, tokenisation, and the use of DLT is impacting Alpha Collateral Services in terms of its development strategy and where the firm is investing?

Digital assets are now central to our development strategy rather than a separate innovation track. Our focus is to extend Alpha Collateral Services so that clients can manage traditional securities, tokenised representations of traditional assets, and externally issued digital assets through a consistent control framework. That means investing in the ability to mobilise on-chain assets as collateral, to segregate traditional custody assets and create controlled digital representations of them, and to receive and service tokens issued elsewhere.

We are also investing in the foundations around those capabilities: digital asset and wallet data, connectivity to approved networks, optimisation, reconciliation, reporting, and auditable controls. The objective is not to build a solution for one token or one venue, but a reusable, network-agnostic collateral gateway that can support margin, repo, securities lending, and broader liquidity needs while preserving enterprise-grade custody and risk controls.

How are your clients using the likes of digital assets and crypto to optimise and diversify their portfolio? What are you hearing in terms of client demand?

Client demand is real, but it remains pragmatic. Most institutions are still learning, testing use cases, and asking how digital assets can solve a specific funding, liquidity, or operating problem rather than seeking exposure for its own sake. The strongest interest is in tokenised money market funds, government securities and other high-quality assets that can remain invested while being mobilised for margin or financing.

Clients also want greater interoperability: the ability to use assets held in custody across multiple counterparties and venues without creating fragmented pools or duplicating operating models.

I see 2026 principally as the year in which the industry establishes production-ready capabilities and controlled early transactions. The more meaningful scaling of volumes is likely to follow in 2027 as asset supply, legal documentation, network participation, and digital cash options mature.

“Today, an eligible asset may still be difficult to use at the required moment because it sits in the wrong account, custodian, market, or time zone. A tokenised representation can make that asset discoverable and transferable on approved rails”

Can you explore how the use of digital assets as eligible collateral is changing the face of collateral management?

The biggest change is that collateral can become more mobile, more precisely controlled, and available for longer operating windows. Today, an eligible asset may still be difficult to use at the required moment because it sits in the wrong account, custodian, market, or time zone. A tokenised representation can make that asset discoverable and transferable on approved rails without losing the underlying controls around ownership, eligibility, and encumbrance. This supports closer-to-real-time allocation, substitution, and release, potentially reducing settlement exposure, trapped liquidity, and the need for precautionary buffers.

It can also support markets operating beyond traditional cut-off times. However, continuous movement is not automatically lower risk: valuation, liquidity, cyber resilience, permissions, and exception management must also operate reliably. The model therefore needs to combine faster rails with strong custody, reconciliation, segregation, and human governance.

"The endgame is frictionless, highly automated collateral mobility across traditional and digital markets, with assets allocated to the right obligation at the right time and with a complete audit trail"

How are current and prospective opportunities being shaped by regulations around the use of digital assets? And in which areas are market participants awaiting regulatory clarity?

Regulation is increasingly an enabler where it confirms that an asset does not lose its eligibility simply because it is represented on a distributed ledger. That supports opportunities around tokenised government securities, money market funds, and other familiar instruments within regulated collateral frameworks.

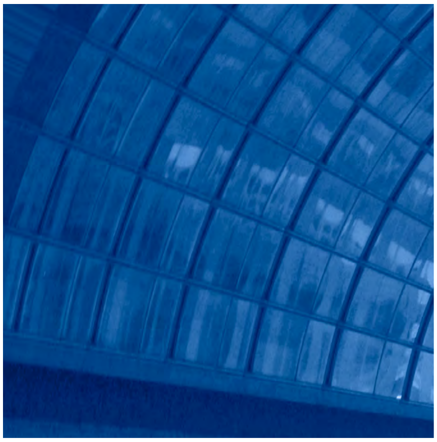
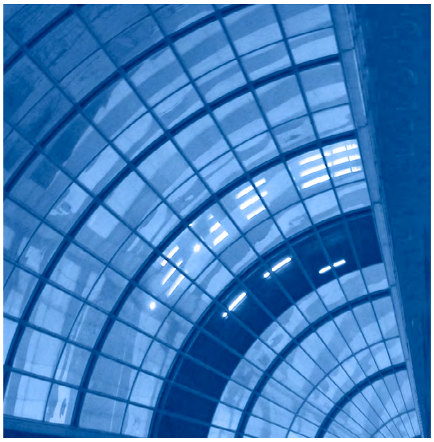
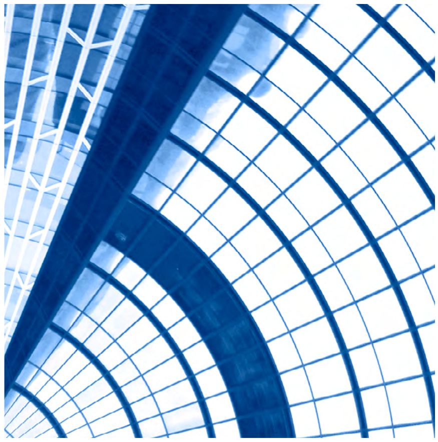
The remaining questions are often less about the technology itself and more about legal and operational certainty. They centre on whether a token provides rights equivalent to the underlying asset and how ownership or title transfer is evidenced. Other considerations include how settlement finality and insolvency are treated, who maintains the authoritative record, and how assets are returned, substituted, or enforced following a default.

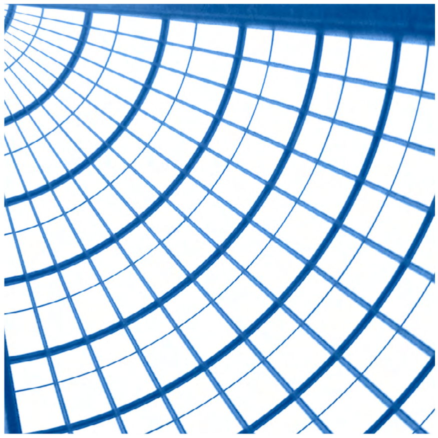
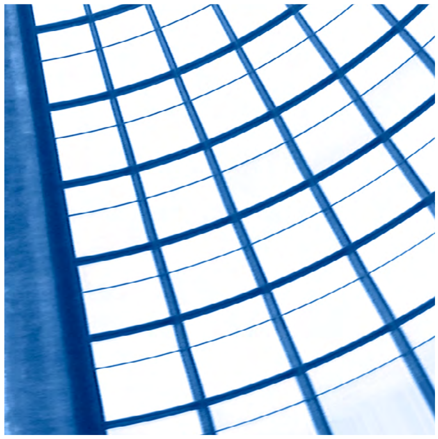
Market participants also need greater consistency across jurisdictions, networks, and documentation. Clear treatment of digital cash, custody, capital, liquidity, and cross-border transfer will be important before activity can scale. The practical path is to start with assets already accepted as collateral and apply the same risk-based standards to their digital form.

Looking ahead, what is State Street doing to drive change towards a truly digital collateral environment? What is the 'endgame' when it comes to the relationship between digital assets and securities finance?

Our aim is to make digital collateral part of the core collateral service rather than a parallel product. We are developing a controlled gateway that can mobilise assets already held in custody, manage digital assets received from other issuers, and connect both to margin, repo, securities lending, and triparty workflows. That requires interoperability across networks, a consistent record of inventory and encumbrance, and intelligent allocation that considers eligibility, liquidity, funding cost, and settlement reach.

The endgame is frictionless, highly automated collateral mobility across traditional and digital markets, with assets allocated to the right obligation at the right time and with a complete audit trail. At that point, the distinction between 'digital assets' and 'securities finance' becomes far less meaningful: securities finance will simply operate in a hybrid environment where the asset may be traditional, tokenised, or digitally native, but the standards for control, safety, and client service remain the same. ■

Thinking twice about reporting once

Following ESMA's report on the simplification of transaction reporting, the authority is set to create a 'report once' approach to regulation; namely MiFIR, SFTR, and EMIR. Carmella Haswell investigates what this really means for the market

Earlier this summer, the European Securities and Markets Authority (ESMA) released its final report on the simplification of financial transaction reporting. The report was born from numerous concerns regarding the cumulative burden generated by transaction reporting obligations across sectoral frameworks.

Market participants and national competent authorities have highlighted a number of challenges, including frequent and unsynchronised regulatory changes, inconsistent definitions, duplicative reporting of the same transactions, as well as data quality issues and associated resource implications in a fragmented reporting landscape.

As a key deliverable under ESMA's broader Simplification and Burden Reduction initiative — aimed at addressing the growing complexity and operational costs associated with EU reporting requirements — the report sets out a path towards a 'report once' approach.

This staged approach looks to combine short-term burden reduction with a long-term structural reform. At the heart of this strategy is the development of a single integrated transaction reporting framework across the Markets in Financial Instruments Regulation (MiFIR), European Market Infrastructure Regulation (EMIR), and Securities Financing Transactions Regulation (SFTR).

This integrated model would allow transaction data to be reported once through a common modular structure to reflect product specificities within one single framework. Such data can then be reused across authorities and supervisory mandates, reducing duplication while preserving the information needed for effective supervision.

While this approach may garner support from some of the market, especially given the onslaught of regulation it has faced over the past 20 years, concerns remain. Jonathan Lee, money markets reporting director at Kaizen, suggests that the reporting burden in Europe is significantly larger than in other jurisdictions and so the sight of significant cost savings will help to restore some of the continent's competitiveness.

According to ESMA, the report once approach could allow for annual net savings of €250 million to €1 billion; a reduction in recurring costs of around 22–24 per cent; and 10-year discounted cumulative net benefits of €1.2 billion to €4.9 billion.

Despite this, scepticism remains. Lee comments: "However, from an SFTR perspective, the proposals are much more limited, and firms may struggle to identify measures that would deliver significant savings any time soon for SFTR reporting. Reviewing and refitting SFTR is a long time coming, unfortunately this is not what is proposed here."

For Mark Steadman, managing director and head of Report Hub at Delta Capita, while there remains logic in this report once approach, given the push towards harmonisation and the years spent adapting to rewrites of the existing reporting regimes, he says moving to a new framework means "another major programme of work" and more resources being diverted away from discretionary or revenue-generating initiatives.

He continues: "So while the direction of travel makes sense, there is still scepticism about whether the eventual benefits will justify the cost and disruption required to get there. At the moment, the industry is very much waiting to see the details."

Reviewing the concept of a single framework and how this could impact the market, industry participants highlight that it provides an opportunity to remove duplication, improve consistency across reporting obligations, and reduce the number of regulatory change cycles and major revisions from three to one.

"There are a very limited number of shared fields, with areas such as pricing, direction of trade, and even parties to a transaction differing significantly between products and legacy regimes. This is very far from one size fits all," notes Lee.

"MiFIR, EMIR, and SFTR reporting are often supported by different teams, systems, data sources, and product expertise, so bringing those together in practice could be a significant operational challenge"

Steadman says there is a natural overlap between MiFIR and EMIR, even though they serve different regulatory purposes. Where there are more reservations is around mandatory delegated reporting. He explains: "Dual-sided reporting provides an independent data-quality check because both counterparties report the transaction. Therefore, if one party reports for both sides, you risk losing some of that independent verification."

It would appear that the reality of this move hangs in the balance until the final design and implementation plans are revealed.

Lee warns that without careful implementation, firms could retain much of today's operational complexity behind a more integrated reporting framework, while Steadman remarks that simplification on paper still needs to translate into simpler processes in practice.

A single integrated framework would not automatically create a single operating model inside firms, Lee continues. "MiFIR, EMIR, and SFTR reporting are often supported by different teams, systems, data sources, and product expertise, so bringing those together in practice could be a significant operational challenge."

SFTR you sure?

Now in operation for six years, SFTR remains one of Europe's most resource-intensive transaction reporting regimes with up to 155 fields and 10 reportable action types.

Under the regulation, investment firms are required to report securities financing transactions (SFTs) to an authorised trade repository. With an aim to increase transparency in securities financing markets, the reporting requirements focus on repo; securities or commodities lending and borrowing; buy-sell back transactions or sell-buy back transactions; and margin lending transactions.

SFTR has historically benefitted from being broadly aligned across the EU and UK, making for a standardised approach to the SFTR regulatory operations function, informs Dean Bruyns, executive director, Cappitech by S&P Global.

He indicates that ESMA's plans will mean that firms operating across both EU and UK regulatory frameworks will be assessing the potential impact of increasing divergence between ESMA and the UK's Financial Conduct Authority (FCA). This divergence may require firms to adapt the way they manage their operations and could bring challenges for operations teams, Bruyns warns.

The case for integration appears less obvious for SFTR, given securities financing has different trading desks, source systems, and data characteristics.

"The infrastructure supporting repo and securities lending has matured significantly, in part because SFTR forced the industry to invest in it," comments Steadman. "But that does not necessarily mean folding SFTR into the same framework will deliver the same benefits."

He advises that ESMA demonstrate where genuine duplication exists and how combining these requirements will reduce the burden for firms. "A common framework is only a simplification if it makes the underlying reporting process simpler."

Discussing whether the authority's proposals go far enough to support SFTs, Lee suggests that proposals specific to SFTR risk a two-tier approach to reporting failing trades — one method for securities lending, and another for repo — therefore increasing the burden to in-scope firms.

Further, he believes that proposals around mandatory delegated reporting will require a great deal of refinement to be both workable and introduce efficiencies. Ideally, he says this would mean a move to fully single-sided reporting.

"These proposals do not yet appear to go far enough to support SFTs, and treating SFTs too closely alongside derivatives risks overlooking important product and reporting differences. That could increase costs and affect reporting quality in the SFT space," Lee remarks.

Cost and data lead the charge

If there are two things that play quite a significant role in regulatory reporting, it is cost and data. With most regulatory undertakings, the price firms pay to revamp their teams, tech, and operations can result in a heavy burden. Similarly, the importance of quality data has become increasingly central to the securities finance industry as participants do away with manual processes and take on more regulatory responsibilities.

As previously mentioned, ESMA anticipates up to €1 billion of annual net savings. However, implementation costs are expected to be recovered within three to four years, after which efficiency gains would materialise on a sustained basis.

"Depending on how far the proposals ultimately go, institutions could effectively be looking at another major rewrite of their regulatory reporting infrastructure," says Steadman. "That requires significant investment upfront, even if the objective is to deliver savings over the longer term."

Market participants highlight understandable scepticism regarding the eventual benefits. For instance, it is possible that savings could be unevenly distributed. Lee suggests sell side firms could see limited gains while bigger winners are likely to be large EU non-financial firms. Meanwhile, Steadman notes that if more reporting responsibility is delegated to larger dealers, they could initially take on a more disproportionate share of those costs.

"Implementation costs with a staggered approach are also likely to be very high, such that to realise the actual savings is a much longer term benefit, more like 10 years than 3–4," Lee explains.

With a focus on implementation costs and payback period, this transition will not be made easier through the operational complexity of the change. Bruyns mentions that SFTR incorporates processes such as pre-submission pairing and matching and agent lender allocations which are not applicable to the other regulations.

He continues: "Regulators will also need to consider the impact on the infrastructure. Trade repositories who support SFTR and EMIR would essentially need to become approved reporting mechanisms, who support MiFID, and vice versa. It would be a significant structural change to the market."

Moving on to the data. A core question to answer for this report once transition is around what this would mean for data quality and controls across regulatory regimes.

To solve this, Lee suggests a more fundamental review of the basis of trade and transaction reporting in order to avoid introducing proposals which could deliver unintended consequences for data quality. The review in question could address whether activity reporting could be replaced by once a day open trade or to consider position level reporting.

He continues: “The whole premise of SFTs, derivatives, and cash securities reporting should also be considered, with consideration to a move towards interest rate, credit, equity, commodity, foreign exchange risk-based reporting instead.

“One other important point is that if the reporting requirement is simplified, regulatory expectations around data quality will be higher.”

“Firms should not fear pushing for harmonisation with simpler international regimes that work. Aim high, fortune favours the brave”

Steadman warns that simplification does not automatically mean better data quality. Large financial institutions have spent years developing mature controls around existing reporting regimes, he says moving to a new framework means those controls will have to be rebuilt.

“Sure, there may be opportunities to rationalise controls where requirements overlap, but the underlying businesses and source systems remain different. Bringing SFT and derivatives reporting under a common regime, for instance, does not remove the need to reconcile data coming from different source systems,” he explores. “There is therefore a transition risk. As firms rebuild their systems and controls, data quality could initially deteriorate before the benefits of the new framework are fully realised.”

The future of regulatory reporting

With much yet to be determined, market participants will have to await next step decisions by ESMA, and will need to play a core role in shaping the future of regulatory reporting, not just for that of the EU but that of the UK as well.

The direction of travel for Steadman is “undoubtedly heading towards greater consolidation and potentially more responsibility sitting with larger firms” to report on behalf of their counterparties. Meaning the reporting burden could be redistributed, rather than simply disappearing entirely.

When it comes to how future steps could impact the UK, Steadman remarks that the FCA is already taking a more pragmatic approach to simplification, with recently announced MiFID changes as an example. Importantly, if the EU moves towards a fundamentally different reporting architecture and the UK follows a different path, Steadman says that the industry could see meaningful divergence here.

“For larger firms operating across both markets, that could actually increase costs if they have to maintain existing infrastructure for UK requirements while building a new framework for the EU,” he warns. “Some divergence is likely. The important question is how significant it becomes and how much additional complexity it creates for cross-border firms.”

Lee notes that the UK is undergoing its own review of SFTR. He hypothesises that if the FCA and Bank of England are to take a bold approach — adopting once a day open trade/position level reporting, rather than activity-based lifecycle reporting for example — then the UK model may influence the EU approach if the EU is to remain competitive.

He concludes: “Firms should not fear pushing for harmonisation with simpler international regimes that work, such as OFR non-centrally cleared bilateral repo reporting in the US, rather than be married to ‘this is how we’ve always done things’. Aim high, fortune favours the brave!” ■

The future that we see

Justin Lawson sits down with Steve Everett of TMX and Fabrice Tomenko of Clearstream to discuss the challenges of collaborative market-utility building, the Bank of Canada joining CCMS and Repo 2.0, and what success looks like

Building a new market utility, such as the Canadian Collateral Management Service, requires collaboration across many participants. Was this harder than expected?

Steve Everett: I think it always takes a bit longer than expected. There has been tremendous collaboration in the Canadian market through the existing relationships we have with clients, with ourselves and Clearstream, and joining forces in that way has been incredibly helpful. But also through industry forums — the Collateral Infrastructure and Market Practices Advisory Group (CIMPA) has been a key industry forum to help coordinate the market and make sure we are all going in the same direction. Bringing a level of standardisation has been absolutely critical to the success of that.

There have been announcements about the Bank of Canada joining CCMS and Repo 2.0. What are these, and why do they matter?

Fabrice Tomenko: These announcements are highly significant. They demonstrate the commitment of both the central bank and the central counterparty, bringing the full Canadian market ecosystem into the Canadian Collateral Management Service (CCMS) and enabling participants to benefit from its capabilities. This includes optimisation and reuse — areas where Europe has already shown their importance, particularly during periods of market stress. The Bank of Canada and CCP's decision to join CCMS confirms the Canadian market's objective of building a more resilient repo market.

Everett: It is a significant and positive move for the market that has been very well received, both domestically and internationally. Certainly, there will be tremendous capital efficiencies unlocked across the market and it will build on the operational efficiencies that we are doing with CCMS. CCMS is the foundational layer which we will be building the clearing layer on. So everything is working in lockstep with each other, and it is going to be an incredibly exciting 12 to 18 month period for the Canadian secured funding ecosystem.

How are you seeing market change now with clients that are live on the CCMS?

Everett: We are certainly seeing quite a lot of interesting things. Number one, a secular trend towards doing a lot more earlier in the day, because CCMS starts off at 03:30. That is when activity is automatically starting, as opposed to starting at 08:00, 09:00, or 10:00. We are seeing the introduction of unlimited substitutions — so that is real-time substitutions throughout the day, with optimisation taking place roughly every 10 minutes, which is leading standards in the industry.

Moving from a world where a lot of our clients would have booked a single repo on a single security for an overnight or a week or a term, and to book a substitution, they would have had to break that trade completely. It was very operationally cumbersome, to the point now where we are seeing up to 300 lines on a repo settling in a very short order, 20 or 30 seconds, and then seeing, most importantly, those pieces of collateral being connected to the trading accounts of the clients.

In other words, we are not proliferating the concept of long boxes — this has actually proven to be fantastically important for collateral efficiency and optimisation, because unlimited substitutions are unlocked from very early in the morning until close of day.

Tomenko: We are seeing broader access to both the repo and securities lending markets. New participants are considering entering the repo market, supported by the operational efficiencies that CCMS brings to the ecosystem — a development that is also supported by the Bank of Canada.

What is next for the CCMS? Can you tell us a little bit about your future plans?

Everett: We have been focused primarily on repo and obviously the central bank and CCP — those have been really key tenets of what we have been doing. The next phase is rolling onto much more of a

"From my perspective, success will mean reaching a stronger level of maturity in the use of the triparty solution, which remains relatively new for many Canadian participants"

Fabrice Tomenko
Head of digital trust and strategic partnership
Clearstream

securities lending focus, and they will be enabled by triparty pledge, which has been announced for some time, but we will start going into development. There are a lot of exciting initiatives from Clearstream as well that will be crossing over into the Canadian market.

Tomenko: CCMS benefits from being built on the same platform we have used and further developed in Europe for more than two decades. As we develop new capabilities for the international market, we will also make them available to the Canadian market and to the other market infrastructures with which we partner.

When the market is ready, the digital asset, tokenisation, and cryptocurrency-related capabilities in our pipeline can be developed and (possibly) implemented in CCMS. The Canadian market is already looking ahead, as shown by tokenisation initiatives, and we believe that, together with TMX, we can help advance the development of digital assets in Canada.

How do you see technology and the collateral market changing over the next five years, with the increase of digital assets, tokenisation, and intraday liquidity?

Everett: CCMS in many ways has been a precursor to a lot of this because we have introduced real-time substitution into the market for the first time at scale, and thinking about repos in seconds rather than hours or days. To Fabrice's point earlier, the CCMS is a really good bridge to both the TradFi and the DeFi world, because it is able to move positions in both of those ecosystems. Therefore, bringing in what the power of tokenisation could do, in conjunction with what is happening in the TradFi space. So it is both a precursor and an enabler. But certainly one area which is going to be of real importance is cross-border mobility, which currently struggles with different market cut-off timings of cash or securities, and this is one particular area where I see tokenisation playing a much bigger role.

Tomenko: I fully agree with Steve. From Clearstream's perspective, we already support platforms that enable collateral ownership to be transferred through tokenisation, with $HQLA^X$ being a good example.

Next to that, there is some technology evolution which is important and that we cannot disregard in the light of new AI optimisation. These new tools are giving us a little bit more efficiency in terms of calculation and optimisation, which is very important when we are talking about optimisation of collateral. A lot of triparty agents and vendors are looking into this; not with a conclusive solution now, but in light of the speed of the technology evolution. This is something that certainly will bring benefits to the market, especially in the area of optimisation and improving the pricing, evaluation, substitution, and anticipation — everything that is related to how we manage collateral in an ecosystem 2.0 or even 3.0, will definitely have an impact.

What would success look like for CCMS if we were sitting here in a year's time?

Everett: It will be that the central bank exposures are working well in the market with increased buy side activity, and with securities lending starting to ramp up within the service. From a client perspective, it is going to be that they will be optimising their collateral now, seamlessly across many depots, the central bank moving forward to a CCP, their securities lending balances, and by the time that they walk into the office, their mark-to-marks are done already. This is going to have a profoundly important effect on the entire ecosystem by bringing that level of efficiency. So that measure of success is how importantly, and how positively, it changes the lives of our clients, and how much more business they will be able to do due to their efficiency and optimisation gains.

Tomenko: From my perspective, success will mean reaching a stronger level of maturity in the use of the triparty solution, which remains relatively new for many Canadian participants. This would allow us to move into the next phase of our partnership: reducing cross-border frictions by enabling Canadian assets to be used within Clearstream's ecosystem, and potentially connecting the different collateral pools created through our partnerships in markets such as Canada, Australia and South Africa. That is the future we envision. ■

"That measure of success is how importantly, and how positively, it changes the lives of our clients, and how much more business they will be able to do due to their efficiency and optimisation gains"

Steve Everett
Managing director, post-trade relationship management and business development
TMX

Tokenised cross-border repo: Where efficiency peaks — and where it fails

Tokenisation is accelerating cross-border repo into atomic settlement, stripping out long-standing operational lag and exposing a US$1.3 trillion offshore segment to new liquidity dynamics. Theodore Law investigates whether eliminating settlement delay strengthens stability or amplifies liquidity stress when volatility hits

Cross-border repo's accelerating settlement shift

Cross-border repo has always been shaped by fragmentation. Cash and securities move through different legal regimes, liquidity pools, and settlement infrastructures, each with its own cut-offs and sequencing rules. These divides cause friction, but they also create buffers.

Distributed ledger technology (DLT) compresses that time. As tokenised settlement accelerates, the market loses the operational lag that once cushioned cross-border flows.

The shift is not simply about removing friction. It reconfigures the timing of liquidity, collateral, and risk.

For Léandre Moreno, head of tokenised assets strategy at Murex, the vulnerability is no longer transaction failure but timing friction. Cross-border repo, he argues, is increasingly "a collateral mobility problem disguised as a settlement problem". The challenge is ensuring that cash and securities can be deployed "where they need to be, when they need to be there".

Broadridge's head of securities finance solutions, Darren Crowther, notes that cross-border repo introduces "many more points of dependency" than domestic activity. Different currencies, legal regimes, custodians, settlement systems, and market cut-offs all increase the potential for friction.

The anatomy of the offshore blind spot

The scale of offshore repo highlights the stakes. Data from the Office of Financial Research shows that US$1.3 trillion of non-centrally cleared bilateral repo transactions are denominated in foreign currencies rather than US dollars.

Within traditional settlement cycles, these multi-day chains often leave collateral in transit. That obscures leverage, clouds risk ownership, and weakens visibility across institutions.

Tokenised delivery-versus-payment (DvP) platforms — including Broadridge's DLT and UBS's tokenised collateral initiatives — aim to mobilise collateral across jurisdictions within minutes. But synchronised DvP becomes significantly harder when transactions touch multiple legacy networks, each with its own sequencing rules and settlement windows.

Crowther cautions that the US$1.3 trillion figure should not be read as direct settlement exposure. Instead, it reflects "the scale of foreign-currency dependency embedded in bilateral repo activity". Stress can move quickly across currencies, funding markets, and jurisdictions when liquidity tightens.

Euroclear UK and International's deputy chief business officer, Kate Lowe, identifies collateral fragmentation as the single biggest operational obstacle. Collateral is often held across different institutions, markets, systems, and jurisdictions. Moving it can involve reconciliation and manual intervention, leaving assets that could potentially provide liquidity relatively immobile.

Tokenisation offers a partial remedy as a shared record of the asset and its ownership can make collateral "visible, controlled, and deployable across otherwise disconnected pools".

Sabine Farhat, head of securities finance at Murex, argues that the offshore blind spot is fundamentally an interconnectedness issue. Funding, liquidity, collateral, and FX exposures can no longer be managed in separate silos.

Danese echoes the point. "Generally, the more complexity introduced into the settlement chain, the greater the potential for disruption."

In volatile conditions, a localised FX liquidity squeeze can rapidly cascade into a collateral bottleneck. Operational lag becomes systemic opacity.

This offshore blind spot is not simply a settlement delay; it represents a fundamental gap in market visibility.

Tokenisation and DLT in action: Where efficiency peaks

Atomic DvP synchronises cash and collateral movements, eliminating principal risk and collapsing multi-stage settlement chains into a single adjustable event.

The Bank for International Settlements' (BIS) Project Agorá demonstrated that tokenised central bank reserves and tokenised commercial bank deposits can settle wholesale cross-border payments on an "all-or-nothing" basis. Reconciliation burdens fall, manual intervention shrinks, and settlement becomes more predictable.

More than 40 private-sector institutions and seven major central banks participated. The testing proved that atomic settlement can operate at wholesale scale while preserving central bank control over national currencies.

The implications for repo are significant. Traditional cross-border repo relies on sequential settlement — cash, securities, FX, and collateral movements occurring across different infrastructures and time zones.

Tokenisation compresses these steps. Smart contracts can embed conditional triggers, automate lifecycle events, and synchronise cash and securities legs without relying on batch processing or end-of-day cut-offs.

Moreno argues that tokenisation does not change the economics of repo, but the operating model. "The real innovation is not faster settlement — it is faster collateral mobility," he comments.

Tom Pikett, executive director at DTCC Digital Assets, agrees that mobility is the true value driver. Speed, he argues, "matters, but as an enabler". As tokenisation matures, he believes the greatest efficiency gains will come from allowing the same pool of high-quality collateral to move seamlessly between financing, margin, and liquidity uses.

Faster mobility means collateral can be redeployed intraday rather than overnight. Inactive buffers decrease and liquidity management becomes more dynamic.

“Cross border repo is increasingly a collateral mobility problem disguised as a settlement problem”

Danese sees the same opportunity and states that tokenisation can “improve interoperability, minimise settlement risk, and accelerate collateral mobility”. Canton’s architecture, he notes, is designed so that “native interoperability sits at its core”.

The International Monetary Fund adds a broader perspective.

Tokenisation represents a structural reallocation of trust within financial markets as execution, settlement, and aspects of risk management shift from institution-specific processes to shared programmable infrastructures.

Temporal frictions — end-of-day settlement, batch processing, delayed reconciliation — collapse into continuous settlement cycles. Collateral can be mobilised in real time, but liquidity demands become more immediate.

Crowther agrees that atomic DvP can materially reduce principal risk and shorten timing gaps, but he stresses that settlement timing optionality remains important. “The goal should be smarter settlement, not simply forcing every transaction into an atomic model,” he says. Fractionalisation could extend this further. Once tokenised sovereign debt can be split into granular units, collateral optimisation may reach its full potential.

Farhat notes that tokenised and traditional collateral must coexist within a unified inventory and risk-management framework. Moreno reinforces the point: “The new competitive advantage is collateral mobility, not settlement efficiency.”

Where tokenisation fails — and where it worsens stress

Tokenisation does not create new liquidity. It accelerates the velocity of existing pools.

If markets face a shortage of cash or high-quality liquid assets, DLT cannot bridge the gap. Moreno puts it plainly: atomic settlement “solves timing risk, but does not solve liquidity risk” and instead adds time pressure to it.

Danese highlights the structural hurdles preventing seamless cross-border atomic settlement. Technology may be “fit for purpose”, but legal certainty, common token standards, and regulatory alignment remain incomplete.

Interoperability remains the hardest challenge. Tokenised collateral sits across multiple DLT networks, each with its own standards and legal frameworks. If these platforms cannot communicate, the market risks fracturing into digital silos.

Pikett warns that “the future will be multi-chain and multi-network, but it cannot be multi-silo”. If tokenised collateral can only move efficiently within a single ecosystem, he argues, the industry risks recreating today’s fragmentation in digital form rather than solving it.

Lowe emphasises that digital assets must connect with existing settlement arrangements, collateral management systems, and liquidity pools. Success, she argues, should be measured by whether liquidity improves, operational friction is reduced, and costs fall for participants. Crowther notes that tokenisation relocates risk rather than eliminating it, by moving “the focus towards legal certainty, interoperability, settlement finality, operational resilience, and the quality of the settlement asset.”

Even if atomic settlement eliminates principal risk, legal friction can still delay collateral movement at critical moments.

Intraday liquidity: The new fault line

Tokenisation compresses settlement into near-real-time and liquidity management changes from an overnight cycle to a continuous one.

At the same time, the buffers that once absorbed operational delays disappear and liquidity risk moves into the trading day.

The BIS warns that accelerated settlement shortens the window to source funding and mobilise collateral, making intraday shortfalls more likely.

The ECB finds that liquidity usage rises when cash, securities, and FX flows must align without delay across multiple infrastructures.

Moreno says the shift is structural. The industry “knows how to manage overnight risk” but the next challenge is managing intraday risk.

Farhat agrees that the pressure moves upstream. Managing never-ending liquidity and risk becomes an operating-model problem rather than an infrastructure problem.

Danese adds that faster settlement must be distinguished from instantaneous settlement. If dealers were required to pre-fund or pre-lodge securities before transacting, liquidity provision could shrink.

Pikett stresses that the future should not be viewed through a binary lens of delayed versus instant settlement. Instead, programmable settlement should “coordinate collateral and liquidity obligations at the appropriate time”, using atomicity where it reduces risk while preserving netting, optimisation, partial settlement, and sequencing.

Crowther notes that atomic DvP removes principal risk but not liquidity, valuation, legal, or counterparty risk. The bigger opportunity, he argues, is “building infrastructure that supports the right settlement model for each use case”.

Institutions must mobilise collateral faster and respond to funding needs more frequently. Therefore, the challenge moves from collateral sufficiency to collateral accessibility.

A faster market with thinner shock absorbers

While tokenisation is frequently presented as a settlement innovation, its true paradigm shift lies in redefining collateral.

By converting static assets into real-time sources of liquidity, it paves the way for repo desks to evolve into continuous optimisation engines.

However, market participants urge a measured approach to this digital transition. Moreno summarises the structural landscape by explaining that “tokenisation does not remove risk”, but instead “changes its location.”

This sentiment is reinforced by Farhat, who highlights the operational reality that “automation must be governed, and efficiency cannot come at the expense of stability”.

Furthermore, the relationship between speed and liquidity remains a critical variable. Danese cautions that shortening settlement cycles does not automatically create deeper markets, warning that accelerated settlement “could potentially come at the expense of market depth”.

As cross-border repo enters an era of unprecedented velocity, the industry’s ultimate challenge is clear. The true test of success will not be speed alone, but the collective ability to build the robust governance, seamless interoperability, and dynamic intraday liquidity frameworks needed to ensure that faster markets do not become more fragile.

Playing the humble detective

Shirley An, assistant vice president, Financing Solutions sales and client management APAC at State Street, speaks to Carmella Haswell on understanding the interconnectedness of markets, learning on the job, and remaining intellectually curious

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

My interest in the industry began during my postgraduate studies, when I worked on a case analysis exploring the collapse of Credit Suisse and the role of total return swaps in the Archegos and Bill Hwang situation. What initially caught my attention was how a financing product, often operating behind the scenes, could have such a significant impact on markets and financial institutions globally. Understanding the interconnectedness of markets, financing structures, and hedge fund strategies sparked my curiosity and planted the seed for a future career in this field.

About two years ago, while exploring opportunities in Hong Kong, I came across a role within the client coverage team under Financing Solutions at State Street. What attracted me was the opportunity to sit at the intersection of markets, products, and client relationships. The role offered exposure not only to sophisticated financing solutions, but also to a diverse range of market participants, including hedge funds, asset managers, asset owners, sovereign wealth funds, banks, etc. I was fortunate to join a platform with over five decades of collective experience in securities finance, with the opportunity to learn from experienced professionals and gain exposure to this growing area of the financial markets in APAC.

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

The most exciting part of the role is being a 'humble detective' as a product sales professional.

The 'detective' aspect comes from the sales and client-facing nature. In many ways, sales is about uncovering information, navigating clients' objectives, identifying opportunities, and connecting the right stakeholders to make things happen. Sometimes it also requires patience and persistence, revisiting opportunities when the timing is right.

I have the privilege of working with a diverse range of institutional clients, including hedge funds, asset managers/owners, funds, banks, etc. across different markets and cultures. Every type of client has unique goals, whether it is generating alpha, managing risk, improving liquidity, or navigating regulatory constraints. I enjoy the process of finding the right people, uncovering their motivations, and exploring how financing solutions can help bridge the gap between their challenges and ambitions.

The 'humble' aspect comes from recognising 'live and learn'. I have always been fascinated by the breadth and complexity of the markets, particularly the evolving nature of investment and hedge fund strategies. New products emerge, regulations change, arbitrage opportunities develop, and market participants continuously adapt. The industry challenges me to remain curious, adaptable, and open-minded every day.

What makes my role particularly exciting is the opportunity to gain exposure to both securities lending and prime services. It provides a unique perspective on how different parts of the financial ecosystem connect and support one another behind the scenes. While securities finance may not always be visible to the broader market, it plays a critical role in enabling liquidity, market efficiency, and investment activity. I find it fascinating to see how these moving pieces come together to support the functioning of global capital markets.

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

People are a company's greatest asset. My managers and senior colleagues from various teams have been very supportive in sharing their expertise/knowledge, providing guidance, and creating opportunities for me to take ownership of opportunities and business initiatives. Their guidance has played a significant role in accelerating my development, including product knowledge, commercial awareness, and client-facing skills. The 'learning-by-doing' approach has helped me build confidence, take more ownerships, and develop a more well-rounded skill set.

Meanwhile, my company has provided strong support for my professional development as well through formal sales training, cross-selling product education, and mentorship programme. One of the most valuable aspects has been the opportunity to collaborate with colleagues across functions and gain cross-selling exposure. This has helped me better understand the broader business and how different products and solutions can address client needs, as well as demonstrating a 'one State Street' mindset.

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

Past successes do not guarantee future results. A misconception is that client success can be sustained once it is achieved. Capital is 'greedy', naturally drawn toward better returns, more efficient solutions, and more competitive pricing, so every basis point counts. If you become complacent, opportunities can quickly move elsewhere. A client's balance may be there today, but it may not be there tomorrow. As a result, client relationships, market opportunities, and business momentum all require continuous attention and effort.

For me, staying proactive and intellectually curious is critical. Information is king, but valuable insights do not appear automatically. They are built through staying close to clients, active engagement with the market and peers, and a commitment to self-learning and exploration. Setting actionable goals for everyday would contribute to making incremental progress day by day. Reflecting and challenging myself with "am I better than I was yesterday?" helps turn that mindset into reality.

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

My biggest piece of advice is to proactively connect with people from different backgrounds, industries, and functions. As young professionals, our years and experience are naturally limited, so learning from others can significantly accelerate our growth. Sometimes, a single sentence, piece of advice, or shared experience from someone more experienced can completely form your perspective or inspire a new direction. Many of the most valuable opportunities and lessons come from conversations you least expect.

At the same time, networking should be complemented by continuous self-learning and research. Developing the habit of learning independently is essential not only to stay informed, but also to cultivate your own views and convictions. Therefore, you would be able to find your own 'playground' where you can amplify the advantages and build meaningful expertise threshold.

Most importantly, stay curious, ask questions, and remain open-minded. A strong network can open doors, but it is your willingness to learn and grow that determines how far you can go.

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

I hope to be a solid product salesperson and gradually develop into a trusted advisor, who is someone clients turn to not only for products and market insights, but also for perspectives that help them navigate evolving opportunities and challenges. I would like to hone my knowledge vertically within securities finance while expanding horizontally across broader capital markets and financing solutions.

The most valuable insights often come from understanding how different parts of the ecosystem interact and influence one another, and no product or market operates in isolation. My aspiration is not simply to deepen my expertise, but to develop the judgment, perspective, and credibility that clients seek when navigating complex decisions.

Ultimately, success for me is not defined solely by title or seniority. It is about becoming someone whom clients trust, colleagues rely on, and future generations of professionals can learn from. If I can make a meaningful impact on both the people around me and the industry I work in, I would consider that a successful career. ■

Shirley An is assistant vice president, Financing Solutions sales and client management APAC at State Street. She joined State Street in November 2024. She holds a postgraduate degree at the University of Cambridge and pursued her undergraduate degree at Boston University. After graduation, she returned to Shanghai and gained experience across banking, including at J.P. Morgan, and the consulting industry before relocating to Hong Kong to join the securities finance sector.

Outside of work, she has been a dancer since the age of three and currently focuses on ballet and contemporary dance. She is also an avid wine enthusiast who enjoys wine tasting. Painting and exploring art and aesthetics remain some of her favourite creative pursuits as well.

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Marex promotes DiClemente

Marex has promoted Allison DiClemente to global head of capital introduction.

In her new role, she will lead a 13-person team across the Americas, UK, Middle East, and Asia, focused on connecting hedge fund managers with institutional allocators globally.

Based in New York, Allison joined Marex Prime Services as executive director in May 2024, bringing 20 years of industry experience, including 15 years at Barclays Corporate & Investment Bank, where she was director of capital introduction and business development.

Marex has built its capital introduction offering around the needs of emerging hedge fund managers, developing an allocator network focused on investors actively seeking opportunities in this section of the market.

The team combines deep knowledge of its manager clients and their strategies with an understanding of individual allocator interests and objectives.

It currently provides access to a network of approximately 2,100 institutional investors, advisors, and family offices globally, with an on-the-ground presence in New York, San Francisco, Dallas, São Paulo, London, Dubai, Hong Kong, and Singapore.

Pirum hires Wong

Pirum has appointed Ray Wong as director of product for AI and data, a role focused on driving the firm’s ongoing development and roll-out of agentic AI products.

Based in London, Wong brings 20 years of product leadership experience across capital markets technology, having led engineering, sales, and product teams in Asia, Europe, and North America.

Wong joins from Duco, where he led product management across the firm's capital markets automation suite.

His prior roles include head of innovations at AG Delta, a Singapore-based fintech, where he built structured products platforms connecting private banks with market makers, and product specialist at Reuters, covering treasury and risk across major banks in Asia.

Societe Generale appoints Maurier and de Luze

Societe Generale Securities Services (SGSS) has appointed Mathieu Maurier as chief business officer, SGSS, and Thibaud de Luze as country head of SGSS Luxembourg.

Maurier brings over 30 years of experience in the securities services industry, having joined Societe Generale in 1994 and holding several senior management positions throughout his time within the firm.

Most recently Maurier was country head for SGSS Luxembourg in 2018, and also became SGSS regional head for Ireland and Germany in 2024.

Based in Paris, Maurier will retain his responsibilities as regional head for Ireland and Germany alongside his new role, says the firm.

De Luze succeeds Maurier as the country head of Luxembourg, bringing more than 25 years of experience in the field, with recognised expertise in banking operations, post-trade services, and business transformation.

Joining Societe Generale's corporate and investment bank in 2007, de Luze was most recently the global head of cash clearing and settlement for SGSS, having been appointed the role in 2019.

Based in Luxembourg, de Luze will be responsible for further strengthening SGSS's position in the country beginning 2 October, according to the firm.

General Risk Advisors recruits Price

General Risk Advisors (GRA) has appointed Tom Price as head of client partnership and business development, as the firm expands its reach across portfolio management, balance sheet exposure, securities finance, and prime brokerage.

Based in New York, Price brings more than 25 years of experience across trading and post-trade infrastructure, and market transformation.

He was previously senior director for sales and relationship management at the Depository Trust & Clearing Corporation (DTCC), Broadridge, and FIS (SunGard).

GRA is a risk solutions enterprise founded by Ken Grant. Its model is designed to help investment managers and advisors and financial institutions translate complex portfolio data into clear, actionable intelligence.

Its core capabilities include daily P&L monitoring, exposure and liquidity analysis, Value at Risk, and stress testing, factor sensitivity analysis, credit and counterparty reviews, as well as data integration.

OCC onboards Middleton

The Options Clearing Corporation (OCC) has appointed Jake Middleton as chief security officer.

Middleton brings over 20 years of cyber and information security leadership to the role, and will lead and manage OCC's enterprise-wide information security and cybersecurity teams.

He joins from Federal Reserve Financial Services, where he served as vice president and head of product and platform security. Here, he led security architecture for the Federal Reserve's national payment, clearing, and settlement services.

Prior to that, he spent nearly a decade as vice president and information security officer of the Federal Reserve Bank of Chicago.

Middleton will oversee cyber operations, security governance, security business operations, security engineering and technology integration, and the security red team. ■

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