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Sunil Daswani

Reflecting on Pride Month, Daswani explains why workplaces should be inclusive of all people

An insight on Asia | Interview with industry legend Carol Kemm | An update on the UK market | FIS data analysis

Deutsche Bank to undergo radical transformations

Deutsche Bank will exit its equities sales and trading business, while retaining a focused equity capital markets operation, as part of a radical transformation.

In this context, Deutsche Bank has entered into a preliminary agreement with BNP Paribas to provide continuity of service to its prime finance and electronic equities clients.

According to Deutsche Bank, this is with a view to transfer technology and staff to BNP Paribas in due course.

Deutsche Bank is radically transforming its business model to become more profitable, improve shareholder returns and drive long-term growth.

The bank will significantly downsize its investment bank and aims to cut total costs by a quarter by 2022.

Additionally, the bank plans to resize its fixed income operations in particular its rates business and will accelerate the wind-down of its existing non-strategic portfolio.

In aggregate, Deutsche Bank will reduce risk-weighted assets currently allocated to these businesses by approximately 40 percent.

Further highlights from the strategy include a workforce reduction of approximately 18,000 full-time equivalent employees to around 74,000 employees by 2022.

With this transformation plan, the bank said they aim to reduce its cost-income ratio to 70 percent in 2022.

Christian Sewing, CEO of Deutsche Bank, commented: “In refocusing the bank around our clients, we are returning to our roots and to what once made us one of the leading banks in the world.”

“We remain committed to our global network and will help companies to grow and provide private and institutional clients with the best solutions and advice for their respective needs—in Germany, Europe and around the globe. We are determined to generate long-term, sustainable returns for shareholders and restore the reputation of Deutsche Bank.”

Publisher: Justin Lawson
justinlawson@securitieslendingtimes.com
+44 (0) 208 075 0929

Editor: Becky Butcher
beckybutcher@blackknightmedialtd.com
+44 (0) 208 075 0927

Reporter: Maddie Saghir
maddiesaghir@blackknightmedialtd.com
+44 (0) 208 075 0925

Reporter: Jenna Lomax
jennalomax@blackknightmedialtd.com
+44 (0) 208 075 0924

Contributors: Rebecca Delaney, Barney Dixon

Creative Director: Steven Lafferty

Office Manager: Chelsea Bowles
+44 (0) 208 075 0930

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Kazakhstan's AIX introduces securities lending

Kazakhstan's Astana International Exchange (AIX) has introduced four initiatives including securities lending and borrowing, covered short selling, multi-currency settlement and a new custody model.

Securities lending and borrowing is available to appointed market makers after being authorised by AIX regulation and compliance.

The securities lending and borrowing programme is governed by the industry standard Global Master Securities Lending Agreement (GMSLA) or any other agreement acceptable to AIX.

According to AIX, market makers entering into a valid GMSLA with an authorised lender will also be allowed to perform covered short selling.

Meanwhile, the multi-custody settlement allows investors to trade securities listed in Kazakh Tenge and settle these trades in USD with the facility to add additional settlement currencies based on customer demand.

Additionally, the new custody model provides an improvement for institutional investors and their assets remain under the safekeeping of a custodian who is a participant of AIX central security depository.

AIX noted that they aim to improve the overall efficiency of its market place while increasing international investors' level of confidence.

Saudi Stock Exchange to formalise short selling rules

The Saudi Stock Exchange (Tadawul) has undertaken two concurrent consultations that look at formalising rules for short selling, securities borrowing and lending, the International Securities Lending Association (ISLA) revealed.

According to ISLA, this comes as part of Saudi Arabia's ambitious plan to develop their capital markets infrastructure.

Meanwhile, inclusion of Saudi Arabia in the MSCI indices is driving the development of market infrastructure to provide investors with the opportunity to short sell securities listed in the kingdom.

Industry collaboration on SFTR Testing

Delta Capita, Pirum Systems and IHS Markit are collaborating with an industry testing consortium to help firms meet Securities Financing Transactions Regulation (SFTR) requirements.

In a recent announcement, Delta Capita revealed the creation of a consortium of banks to establish a standardised SFTR industry test pack.

Under this collaboration with Pirum and IHS Markit, Delta Capita will make the test pack available to IHS Markit and Pirum to support testing and provide feedback to the consortium.

According to Delta Capita, customers of the joint IHS Markit and Pirum SFTR solution who have independently licensed the consortium test pack will benefit from knowing the service, and potentially reduce their own testing efforts and costs.

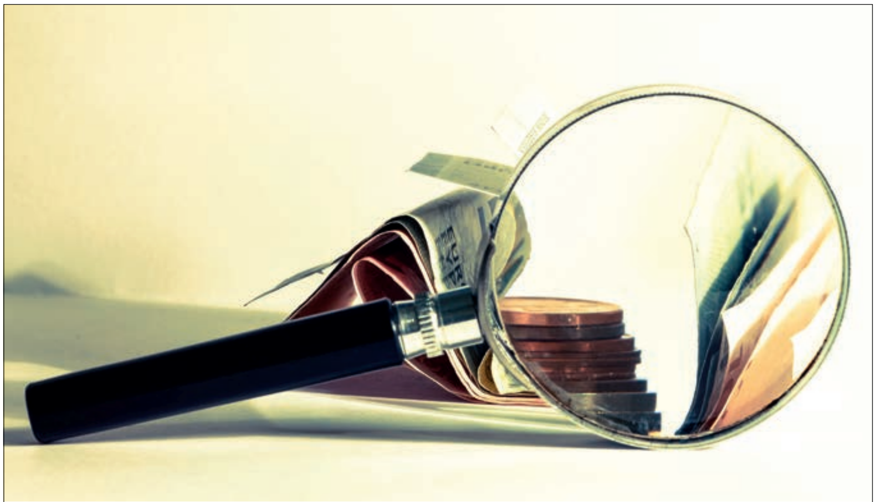
David Field, head of the securities finance practice, Delta Capita, said: "The test pack will provide full traceability to the RTS/ITS, European Securities Markets Authority guidance and industry best practices across repo, BSB and stock borrow/loan."

"It will provide users with the test data, test scripts and expected results they need to conduct their user acceptance testing and to test with their counterparts, trading venues, service providers, central counterparties, tri-party agents and trade repositories."

He continued: "Consortium members will be able to benchmark their testing run rates and pass rates to highlight areas of concern for review and remediation."

Rajen Sheth, CEO, Pirum Systems, cited: "We're pleased to be able to support our clients to leverage the testing consortium in order to bring efficiencies to participants as they work towards meeting their SFTR reporting obligation."

Pierre Khemdoudi, managing director and global co-head of equities, data and analytics, IHS Markit, added: "The securities finance industry will greatly



Global securities lending revenues down for Q2

Global securities lending revenue totalled $2.6 billion, down 10 percent of the average Q2 revenue over the last three years, according to Sam Pierson, director of securities finance, IHS Markit.

Equity lending revenues came in at $2.1 billion, which demonstrated a decline of 17 percent compared with Q2 2018, Pierson found.

Asia equity lending revenues fell 14.6 percent compared with Q2 2018, the first year on year decline in quarterly revenues since Q3 2017.

Pierson also found that corporate bond lending revenue fell 18 percent year on year, which was primarily driven by declining demand for dollar denominated credits.

Meanwhile, exchange traded funds lending revenues continued to underperform, which was the result of lower fees and balances for high-yield bond funds, Pierson noted.

Borrow demand for exchange traded products remains robust and Pierson explained that Q2 balances were 12 percent higher year on year.

He commented: "The year on year revenue shortfall in the first half of 2019 relative to 2018 appears rather large, however it's worth noting that H1 2018 was the best six month span post-crisis, making for a tough comparison."

benefit from the standardisation of testing as we continue implementing technology for SFTR reporting."

"By integrating Delta Capita's testing within our SFTR solution, our common clients will be able to move forward with no additional effort, while being assured on the accuracy of the reporting."

IHS Markit: 'Time is of the essence' for SFTR

There is a growing concern that market participants are not going to be ready to report their securities finance transactions (SFTs) when regulatory obligations start next year, Stephen Grady, head of market structure at IHS Markit, has stated.

In an article for IHS Markit's blog, Grady highlighted that the reporting trades by banks under the Securities Financing Transactions Regulation (SFTR) Article 4 commence in April next year.

While buy-side firms' direct reporting requirements do not kick off until October, levels of readiness are, for the most part, significantly lower, Grady explained.

In the article it was noted that some banks will offer a delegated reporting functionality which can reduce the preparatory efforts required for the buy side firm.

Meanwhile, oversight of on-behalf reporting remains key as the regulatory responsibility itself cannot be delegated.

Buy side firms need to ensure they can supply their counterparties with sufficient information to enable reporting, Grady advised.

At a bare minimum, this will be active legal entity identifier codes for the contracting entity. For firms acting on behalf of multiple underlying entities information on the end counterparty to the transaction must be made available to the bank on the other side of the trade.

Elsewhere in the article, Grady advised firms to take decisions regarding the path to compliance sooner rather than later, especially as there are just 196 working days before bank reporting requirements commence.

IHS Markit and Pirum have been developing a "state of the art" fully hosted securities finance transaction reporting solution since 2016.

System integration testing for users of the IHS Markit/Pirum solution has been underway since April.

Grady outlined that there are 40 business days before user acceptance testing (UAT) begins at the start of September, giving clients

the opportunity to use the pre-production environment for six full months before the first bank trades are reported in April.

This allows the identification of booking model practices which will need to change to avoid breaks at the trade repository.

He concluded: "There are now just eight working weeks before UAT begins for clients and given these weeks span the summer holiday period and the fact that legal contracts must be agreed (a process typically taking two to six weeks) before data can be onboarded (another three to five weeks), time is very much of the essence."

Malaysia Capital Market to strengthen collaboration with China

The Securities Commission Malaysia (SC) is set to strengthen closer collaboration between Malaysian and Chinese capital markets to benefit both economies.

This follows the SC's visit to the Shenzhen Stock Exchange (SZSE) on 4 July where Wu Lijun, chairman, SZSE, emphasised the success of SZSE in financing innovative Chinese companies and small and medium enterprises.

According to the SC, this includes those in technology and advanced manufacturing sectors, which are closely aligned to Malaysia's economic priorities.

Meanwhile, there are a number of SZSE-listed companies operating in Malaysia under the Belt and Road Initiative creating opportunities for collaboration between both countries' capital markets.

Datuk Syed Zaid Albar, SC chairman, said: "The SC, along with Bursa Malaysia have had numerous engagements with the SZSE in recent months to discuss initiatives for greater cross-border connectivity, exchange of technical expertise and human capital development."

He added: "We look forward to deepening the ties between Malaysia and China through this collaboration."

Traiana modernises equity swaps

Traiana has launched a new automated post-trade lifecycle management service to modernise equity swaps.

The Equity Swaps Lifecycle Management service will transform the market's previously manual, labour intensive and inefficient post-trade affirmation processes for clients globally, Traiana revealed.

According to Traiana, it will improve the longstanding negative affirmation issues in the equity swaps market by allowing buy side firms to view all exceptions in one place.

Meanwhile, disputes can be resolved between counterparties on a daily basis using the exception manager tool, rather than after monthly resets are struck.

Joanna Davies, global head of Traiana, commented: “Until now, it has been extremely challenging for buy-side firms to sift through multiple swap provider reporting statements in various formats, across thousands of trades and positions per day to look for potential issues and work out exactly what has changed at the month-end reset. Our new Equity Swaps Lifecycle Management service creates huge operational efficiencies and significantly reduces settlement risk for market participants.”

ENSO introduces reconciliation and replication service

ENSO has introduced a financing replication service, which provides reconciliation and replication tools, according to the Chicago Mercantile Exchange (CME) Group.

The tools consolidate Cash PB financing data across prime brokers and highlight the drivers as well as potential avenues to reduce manual reconciliation.

Key features include high-level summary of financing cost drivers with trends; the tools can also identify breaks between actual and agreed charges for prime brokerage benchmarks and spreads.

Additionally, the tools can create configurable grid views and set preferences for persistent reporting, CME Group noted.

As well as this, the tools can compare the cost of financing equities, bonds, or other asset types across all providers.

CME Group also outlined that further key features include the ability to view/export a 13 month historical trending data on a summary, detail and break reporting.

BlackRock sees dip in Q2 figures

BlackRock has revealed a 2 percent decrease in year-over-year revenue for Q2, which was partly driven by lower securities lending revenue, and lower performance fees.

The Q2 report found an 11 percent decrease in operating income year-over-year, which reflects $61 million of fund launch costs. It also showed $151 billion of quarterly total net inflows, or 9 percent organic asset growth, driven by record fixed income and cash activity for BlackRock’s Q2.

Laurence Fink, chairman and CEO, said: “BlackRock continues to be disciplined in the way we invest in and evolve our platform. By approaching client needs comprehensively, bringing together the entirety of our global investment and technology platform, I am more confident than ever that we will continue to deliver exceptional long-term value for both clients and shareholders.”

ESMA's SFTR open hearing

On 15 and 16 July, the European Securities and Markets Authority (ESMA) held a series of hearings with the market to consult on the Securities Financing Transactions Regulation (SFTR). A closed-door session with trade repositories was followed by an open consultation. The following day an invitation-only closed session was held with trade associations.

As the summer holiday months of July and August commence, ESMA packed off the industry with much to consider. Bear in mind, any oral views expressed by ESMA on the day do not constitute official advice. ESMA was keen to note that their official views will be published in their finalised guidelines in Q4 once they have been formally adopted by the board of directors.

Here is a selection of key points from the hearings:

Liquidity and collateral swaps. Both are defined as Securities Financing Transactions (SFTs) in recital 7 of the level I text, however table 2, field 4 has no valid option for the pair. ESMA confirmed that they are to be reported as one of the four main SFTs, most probably a securities lending with the correct uncollateralised fields completed. The confusion arises from the fact that the other four SFTs are expressly defined but these two swaps are not. Indeed even mention of them is buried away in the preamble recitals.

Backloaded SFTs will be paired and reconciled in the same way as new transactions. Participants raised concerns that for historic transactions, obtaining the legal entity identifier (LEI) of issuer may not be possible. While they have the option not to trade new transactions for securities whose issuer does not possess an LEI, for historic transactions no realistic choice is available. ESMA hinted that trading out of the position might be the only option.

On the **LEI of issuer** ESMA stated that there is an excess of securities available. The suggestion being that, if an issuer is not predisposed to obtaining an LEI, one can choose a different security. Participants complained that this would have an adverse effect on liquidity for those securities.

Regarding **collateral reuse** for securities, ESMA confirmed that the assets' own denominator value needs to be populated notwithstanding the acknowledged difficulty of tracking one's inventory of every single stock across all desks and traders. ESMA stated that their hands were tied as the formula is lifted from the Financial Stability Board (FSB). The FSB is a G20 supra-national institution that will aggregate data from across jurisdictions, hence the formula must be adhered to.

There were strong hints dropped that firms should adopt a best-effort basis.

There are questions on **settlement failures** (as opposed to defaults) and whether these should be reported. My view is that settlement failures should not be reported although there are differing opinions.

Security/collateral quality must be reporting and participants were concerned that current market practice does not necessarily reconcile that field. ESMA's level III guidance states that counterparties should agree on the credit rating in accordance with Regulation (EG) No 1060/2009 (CRAR). In the event of lack of agreement, counterparties should report the lowest applicable rating.

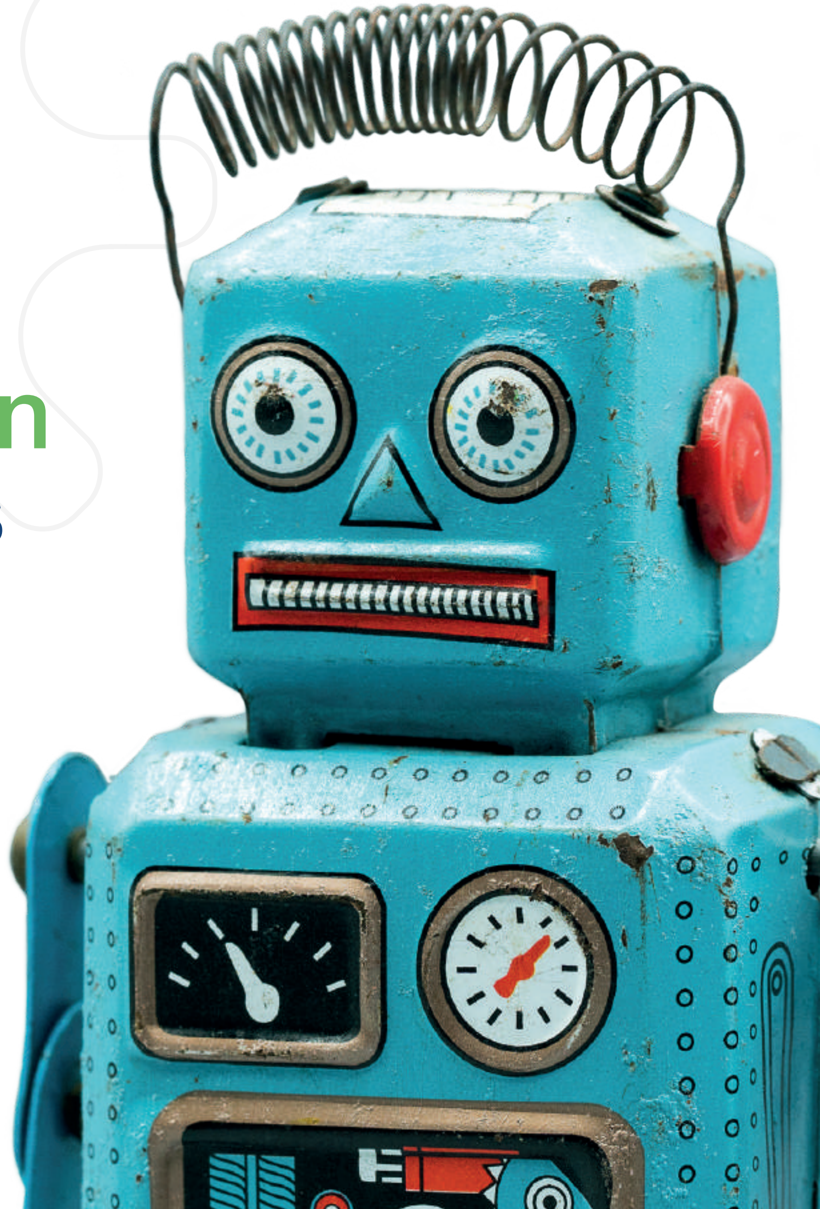
There remains significant uncertainty as to how to classify and hence report different cash flows and securities. In complex and net exposure scenarios, what precisely is classified as the bilateral variation margin, collateral, loan and how these all interrelate can become confusing. Indeed it was telling that perhaps the most complicated aspect of SFTR fielded no questions—much to my surprise and that of ESMA. I suspect institutions and trade associations will save their views for their submissions.

On submissions, ESMA stated that it is their policy to publish submissions within the week, although the summer holidays might delay this.

ESMA's underlying message to the industry, to which I am broadly sympathetic, is that SFTR is law—it is your job to take whatever steps are necessary to ensure you can report. This may require stern words with issuers in foreign jurisdictions to voluntarily obtain LEIs, or foreign lenders to voluntarily provide timely extra information. It will certainly require considerable changes and instituting new procedures to ensure counterparties are reporting identical static data.

In extremis, a firm may be precluded from concluding a particular transaction due to no other reason than an inability to subsequently report the transaction.

Seb Malik
Head of financial law
Market FinReg



Proud to be Proud

Sunil Daswani explains why workplaces should be inclusive of all people, no matter their differences

Justin Lawson reports

Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Pride Month is celebrated each year in the month of June to honour the 1969 Stonewall Uprising in Manhattan. The Stonewall Uprising was a tipping point for the Gay Liberation Movement in the US.

It has now been 50 years since this uprising and many industry sectors are finally looking seriously at all areas of equality in the workplace. Securities Lending Times speaks with Sunil Daswani, business development for securities lending and repo solutions at MarketAxess, about the challenges he has faced as a gay man working in the finance industry. What follows are his very own personal experiences and opinions.

How did you get into the finance industry?

From a very young age, I always had a passion for finance. My father, who I am very close to, was a huge influence and support to me and his desire was to see his son in finance. I come from a family who are generally mathematicians or scientific in nature. I focused my academic life by building up the knowledge I needed to be in finance from studying Economics to eventually majoring in accounting and finance a BSc. (Econ) from the London School of Economics. My career mainly spanned across three banks before I ended up working for a leading fintech firm—MarketAxess. I have covered nearly every role from operations to middle office and within the front office product development and management, trading and sales/relationship management. My current role at MarketAxess is as a senior consultant helping to develop its securities lending and repo businesses, including taking its new Securities Financing Transactions Regulation (SFTR) joint solution to market.

Over the past few years, a lot of securities finance conferences have had panels discussing the benefits of a diverse workforce, but this diversity seems to only extend as far as gender. Why do you feel this is?

This is indeed an interesting topic to bring up. Diversity and inclusion is front and centre of nearly every industry around the globe. Of course we do not need to recognise this just in the workplace but it should be everywhere from, schools, homes and in any form of recreational activity.

Every type of protected characteristic is important in its own way: gender, race, age, disability and sexual orientation. The one area of discrimination that could be different really is sexual orientation as most other forms of discrimination are against things visible to the human eye. Sexual orientation is generally not visible, and certainly not all the time.

As this key difference exists, and given the slow evolution of LGBTQ+ awareness and acceptance, coming out for people has more often than not been incredibly difficult. Of course, this varies depending on background, culture, era and region. But it is a sad fact that, in 2019, there are still over 70 countries in the world where it is illegal—not just not accepted, but actually illegal—to be gay.

Gender, of course, affects a far larger part of every workforce, at least in most industries, as women account for more than half the population. In contrast, recent surveys suggest that only around 10 percent of the global population prefer to be in a same sex relationship—and of those, there may be many who wouldn't admit it in any case.

My community, known as "Sindhis", is a community that came from a region formerly in India but following the partition between India and Pakistan in 1947 is now in Pakistan. This led to many of my community crossing over the border back into India but finding themselves still displaced and ending up in countries all over the world as they had no particular region, even in India, where they felt at home. As a result, we are a global community.

As of 2019 I am the only open and out Sindhi in my community in London that I know of. This community has a population in excess of approximately 30,000 people. Here lies the difficulty of sexual orientation and the ability of diversity to be applied. This protected characteristic has yet to be recognised—and in many cases even by those individuals themselves.

Throughout your life and career, you have been very closed about your sexuality. How difficult, then, was it for you to recently tell your family and workplace?

Being Indian by origin and given gay marriages were only legalised in India in the last year there was a lot of pressure from my background. Having also worked in finance in my formative years it was a somewhat straight male dominated workplace.

I grew up in the era where AIDS/HIV emerged and there was no cure. This frightened me and stopped me from ever entering a gay relationship.

Then, with the other issues aforementioned, I blanked a significant part of who I was out of my life.

I never had a relationship with a man (or woman for that matter) until I was 40. At 41, the day I broke up with the first person I ever went out with, my mother looked at me and told me she knew I was gay and said it didn't bother her. She knew what she was doing, she effectively helped me through my break up with my first partner but also released me from a prison I had put myself in. In that moment, a huge weight fell off my shoulders.

It took me five further years to slowly tell my extended family and close friends, but I was so in love with my career and was too scared of it ever having an impact on me that I decided not to tell anyone at work.

I also worked on the principle that diversity means treating people the same. If someone is straight they do not need to come into the office and announce their sexual orientation and so I followed the same principle.

Having joined MarketAxess in 2019, I decided at the interview stage to make it known I was gay but without some great announcement. I subtly, in more of passing, mentioned my sexual orientation and my desire to work on setting up a foundation called 'Proud'. The purpose of the foundation was not to focus just on LGBTQ+ but more so to help people, whether they were gay or straight, black or white, tall or short, fat or thin or anything else that they labelled themselves, to accept themselves if they felt their diversity held them back. I have seen human beings hold themselves back from true talent they may have due to some label that affects their life.

While I've been a little busy to get the foundation up and running, it really is my dream. So watch this space!

You have had a very successful career holding positions like head of international securities lending for leading custodian banks and chairing a major industry association the Pan Asian Securities Lending Association. Do you ever feel race or sexuality have stopped you achieving more?

To be quite honest, and in a nutshell, the answer is no. It has never stopped me from achieving more. I see everything in life as a blessing. My view is that when things don't quite happen the way you expect them to or you take a blow to your life, whatever it is, it is important to perhaps mourn or grieve for an acceptable period of time, learn from it and move on to be bigger and better in every way in life. Lessons learned allow us to grow, and sometimes the hardest lessons reap the most benefits. Being gay and living my story you can see it meant that I really focused on my career, but it meant I didn't enter into any relationships.

Once, years ago, I met a spiritual leader and listened as he was asked to play a simple word association game. He was given the word "love". His response was "crippling!"

And while not all of us agree, I think it's clear that relationships and love take energy and commitment. Being late in the game of love and relationships because I was gay meant that I focused more on my career.

Living in London, I've actually rarely experienced racism, given that the city is a multi-national, multi-faith community. I know that there are some who might be quick to label positive and negative impacts on their career as race-related, but I'm not one of them. I've never felt like it's been an issue.

Do you feel firms need to do more to demonstrate the inclusive culture they wish us to believe exists?

My view is that diversity and culture, if it is to really be embraced, should be handled very sensitively. There is confusion, in my opinion, around favouritism versus equality versus fairly treating people. I have never supported such activities as I feel this is all very personal.

Having said that, I have attended London Pride Parade and I do so really to thank all those individuals who participate. Also for those who have fought for the rights of LGBTQ+, and represent something that took me a long time to come to terms with myself. There's nothing wrong with me and I thank all those people who have stood firmly by representing who they are—loud and proud.

The only thing that gets me annoyed is when the word 'revenue' comes in to play with diversity and inclusion. There shouldn't be a numbers or percentage or ratio of statistics that firms try to achieve. The best people should be hired to do a job.

With financial services firms needing to better align their corporate policies and culture, change will only happen when more senior managers come out as an ally and create what is known as a 'positive halo effect'. Have you had any experiences of that effect?

My current manager has demonstrated that effect. He is not LGBTQ+, however when I mentioned at the interview stage that I was gay the conversation just carried on without any reaction. I almost thought he had not heard me. That's the way it should be.

I then 'outed' myself to a few colleagues and again it was like—did they hear me?

I was worried about discussing my private life but people genuinely were interested—although maybe mainly because I was dating someone from a TV show and they were intrigued because he was seen to be somewhat of a ladies man! And no, I'm not going to reveal who.

The bottom line is you need people at all levels to support differences and it should be from different backgrounds, ages and sexes. Overall, that creates the normalisation that LGBTQ+ people I believe want—although I would never presume to speak for the whole community.

No one wants to stand out in a room or in a meeting or in their jobs due to their sexuality and I believe it's important to be recognised for who we are—our skills, our competencies and our characters, but not our sexual orientation.

Sunil Daswani
Business development for securities lending and repo solutions
MarketAxess

All things Asia

Mark Snowdon, head of capital markets, Asia Pacific at Northern Trust, discusses the importance of securities lending in Asia and what lies ahead in this space

Why is securities lending important in Asia?

The global challenges we see emerging across the broader asset management community are very much applicable to asset managers in Asia Pacific. Low-rate low-yield environment organisations such as asset managers and sovereign wealth funds view securities lending as an integrated investment vehicle, which complements their suite of front-office activities. The drive to enhance performance amidst rising cost pressures, although a challenge, is also helping to grow momentum in the securities lending industry for both asset managers and asset owners. Lending is increasingly used to help achieve higher levels of risk-managed performance, with asset managers working closely with agent lenders to build bespoke lending programmes that optimise returns within their prescribed levels of risk tolerance. These programmes are then adjusted and broadened over time, in collaboration with the asset manager's agent lender, to promote new ideas and revenue streams that sit within the manager's compensated risk profile.

Such broadening initiatives include expanding collateral profiles or reviewing alternate trading structures such as 'pledged collateral' in order to drive increased returns. Other trends are the growth of alternative routes to market such as non-traditional borrowers which agent lenders are bringing to asset managers. This includes direct access to the hedge fund community by secure and automated channels, which generates additional returns in an environment where risk is managed and controlled by the bank acting as the agent lender. These types of initiatives are markedly different from the past, where securities lending was deployed almost solely to offset costs, and it is a trend that we predict will continue.

While some asset managers are working closely with their boards to engage in securities lending for the first time, others are leading the way in using security lending as a vehicle to meet the needs of other functions with their businesses. Through concepts such as cash collateral self-investment, agency repo, collateral optimisation and peer-to-peer lending, another interesting theme is the way in which securities lending can support the cash management and liquidity needs of the treasury function. On a market-wide basis, advancing regulation and its impact on capital and borrower balance sheets, is leading to the possibility of widely used securities lending central counterparty clearing platforms.

Asia remains an important region for securities lending with good prospects for growth and a range of compelling opportunities for asset managers. As the low-return and low-rate environment headwinds continue, the need to enhance performance is critical, and this continues to encourage Asian asset managers and sovereign wealth funds to seek risk-managed returns from both traditional and more advanced securities lending programmes.

What is the significance of regulatory and governance developments for securities lending?

History tells us that regulation will continue to be at the top of everyone's agenda for the foreseeable future. Despite Asia's regulatory fragmentation, it is not unreasonable to expect the gradual convergence of securities lending rules across jurisdictions over time. While different regulators have different priorities due to economies developing at various paces, there appears to be a willingness to make changes to securities lending regulation and rules that align with a fairly standardised model. The broader regulatory trends across the region seem to recognise the benefits to participants in pursuing greater harmonisation, and we hope that regulators take this into account, albeit at a pace which complements the development of capital markets on a country-by-country basis.

More specifically, developments such as Securities Financing Transactions Regulation (SFTR) and resolution stay protocols have provided certainty around details and implementation timeframes globally. As these regulations are implemented, they will allow the industry to be better positioned for a flexible and more efficient future for all participants.

SFTR will provide an opportunity to bring the industry closer to a single model and will ensure that industry participants start standardising around securities lending data. The industry continues to work well with both lending agents and borrowers to ensure that trade lifecycles are managed across the various systems in place today, and this standardisation should make the industry more efficient. Fewer exceptions and trade processing delays will improve trading, and should break down barriers to entry, especially for technology firms to bring benefits to the industry. Another benefit would be the improvements in timeliness of data provision to asset managers who led their portfolios.

Changes to the calculation for risk-weighted assets have been approved by the Basel committee and will continue to impact the industry globally. Reducing the regulatory costs of certain securities lending transactions is likely to be the catalyst for increased activity and we need to work with regulators, clients and other industry participants to ensure that regulations are well-understood, and the benefits are delivered.

How are advances in technology transforming the industry in the region?

Advances in technology are transforming financial markets globally, and the Asian securities lending industry is no different. Technology is an opportunity to enhance the entire lifecycle, from trading strategies through to operational efficiencies. The market is focused on investing in areas that will unlock value for clients such as trading technology, which can help deliver greater automation of the trading function. This henceforth allows trading teams to focus on those opportunities that derive the most value for clients.

New technologies in the machine learning space, robotics, artificial intelligence (AI) and data analysis are all areas of focus for the industry. The sourcing, enrichment and delivery of data will be a key benefit to lending agents and their clients, allowing asset managers to optimise returns further. We expect the practical application of these technologies to drive competitive advantage for performance, efficiency and better client experiences.

Building out technology to support the adoption of new models such as 'pledged collateral' and central counterparties will continue, allowing the industry to gain traction in providing trade matching and balance sheet efficiencies. As borrowers look for different trade structures to meet their specific requirements and capital positions, investment in alternative routes to market remain important. Areas of development around indemnification flexibility, directed trades, lending to hedge funds and a broadening of securities financing services will all require commitment to investment and resourcing to ensure clients benefit from progress.

We will see increased use of automated pricing mechanisms, which will enable lenders to more accurately predict and determine appropriate pricing levels for "specials". This will enhance transparency and unlock value for clients through the automation of the trading function, which in turn frees resources to seek maximum trading value.

The potential for blockchain technology to drive both small-scale benefits for lenders and borrowers, and major industry-wide improvements and opportunities will become more widespread. Through our experience and expertise in deploying blockchain technology for private equity markets, we believe distributed ledger technology can improve the transparency and efficiency of the securities lending market.

This will provide potential opportunities to achieve industry cost efficiencies across the value chain and as confidence grows in the technology sector, future opportunities are likely to develop in a wide range of areas.

Deal or no deal?

Against a politically uncertain backdrop, the UK's securities lending industry is seeing growth and preparing for the next wave of regulation, while the risks of a no deal Brexit continues to place pressure on financial services

The UK's securities lending market is currently seeing growth with new entrants regularly coming to the UK market, according to industry experts. This is, however, against the political backdrop of uncertainty surrounding Brexit, and whether or not there will be a deal or no deal Brexit.

Recently, a survey conducted at Vermeg's Annual Collateral Management Conference found that over half, 52 percent, of delegates thought that having London outside the EU will have a negative impact on collateral management harmonisation. The survey found that 15 percent said they didn't feel there would be a negative impact, while 33 percent said that they were unsure. Meanwhile, the upcoming Securities Financing Transactions Regulation (SFTR) is also a hot topic in the UK with firms preparing for the implementation date in April next year.

Commenting on the current state of the UK's securities lending market, Reshad Mullboccus, acting global co-head of securities lending, HSBC Securities Services, observes: "The UK market in 2019 continues to provide stable returns to beneficial owners through stable short-interest and hedging demands, quarterly scrip dividends (HSBC, BP & National Grid) and directional names (Sirius Minerals, Blue Prism & Anglo American), according to data from IHS Markit."

"Broadly speaking, lendable supply remained flat at US $765 billion, while loan balances fluctuated between US $40 to 43 billion in the same time period, the data shows. As a major global market and hub for Europe, the UK's overall lending utilisation has suffered from a trend of deleveraging and re-risking across hedge funds year-to-date."

Deal or no deal?

Despite an original Brexit deadline of 29 March 2019, the UK still remains as part of the EU with a new deadline of 31 October, ironically falling on one of the scariest days of the year, Halloween.

According to the Association for Financial Markets in Europe (AFME), a no deal Brexit is likely to have a significant impact on the financial services sector, despite the substantial work done to mitigate risks. In a paper highlighting the risks, AFME cautioned that the equivalence decision for UK central counterparties (CCPs) is currently due to expire on 30 March 2020.

AFME noted that unless certainty is provided as to the extension of recognition, UK CCPs might be required to start offboarding processes for EU27 members by the end of 2019. Elsewhere in the paper, AFME outlined its concern that EU investors may still not be able to access major pools of liquidity for a number of EU27 shares and be unable to execute trades at the best available price.

AFME recommended that the UK and EU27 authorities put in place the necessary arrangements to ensure continued access of members from both UK and EU27 to infrastructures under their supervision. The risk of disruption to EU and UK markets because of overlapping and contradictory derivatives trading obligations has not been addressed.

In the absence of equivalence, conflicting EU and UK trading obligations would prevent EU27 and UK counterparties from trading in scope derivatives with each other on either EU or UK venues, AFME explained. AFME urged authorities to continue to work together and explore all avenues to avoid overlapping trading obligations and minimise disruption.

In terms of firms' preparedness, Mike Lambert, product director at Broadridge Financial Solutions, says: "With regard to Brexit, most firms already have deal/ no deal contingency arrangements. With so many variables to consider it's difficult to predict any long-term outcomes."

Trending in the UK

Discussing UK trends, Lambert highlights that trends in the UK are following the international pattern such as the focus on the SFTR and Central Securities Depository Regulation (CSDR) compliance.

Lambert continues: "Pledge and CCPs continues to make a slow advance and environmental social and governance (ESG) is now coming to the fore. What ESG means for securities lending and what we have to do about it continues to be debated but it is clear that change is coming."

"Securities lending must become more ESG-aware and that means changes to systems and processes and even the way that firms do business."

He adds: "As I said it is all about SFTR and CSDR compliance at present. We expect that once this round of regulations is bedded in, people will look at ways to add further automation into the trade lifecycle."

Also discussing UK trends, Wayne Burlingham, acting global co-head of securities lending, HSBC Securities Services, says: "There are two main trends to report. The first is the growing amount of interest among potential new entrants to the market on the lending side, primarily as a result of the search for new revenue sources which can usefully offset costs, such as custody and fund administration. Year-to-date we have already evaluated more potential portfolios than we did during all of 2018."

"The second trend is that participation is becoming very polarised. For clients that are actively engaging with their agents and responding to change, revenue levels are generally holding up reasonably well. Clients that are not engaging, however, risk being left behind and revenue will, of course, suffer. Securities lending, as a product, continues to evolve and, in our experience, clients appear to be either actively engaged or disengaged with few adopting the middle ground."

Regulatory impacts

SFTR will take legal force in April next year. Despite its complexities, some industry experts have argued that it will shine a light on the things in the industry that we sometimes shy away from. People will have to look at their trading systems and behaviours in more detail.

Reinforcing this point, Lambert says: "While challenging for the industry, SFTR will provide some benefits once the dust has settled post-go live. In particular, the use of unique transaction identifiers (UTIs) and legal entity identifiers (LEIs) will provide greater transparency in the event of a crisis. SFTR may help macro-prudential regulators and central banks to identify build ups of systemic risk and allow them to implement counter-cyclical measures."

"The regulation should also drive greater standardisation in the industry and lead to increased scope for automation that improves market efficiency. Finally, it will be a new source of data that could provide rich new analytics to inform decision making in the front office."

Burlingham also agrees that SFTR can provide benefits, he says: "The driver of the regulation is the need for regulators to have full insight into market activity, particularly on the shadow banking side. Given the issues suffered by a number of different firms in the financial crisis of 2008/9, including borrowers, some agent lenders and beneficial owners, there is a good case for supporting any regulatory initiative that could prevent reoccurrence."

Discussing the deadline date, and how many firms will get it right, Lambert expects most firms will get over the line in time to meet the deadline. Many firms, however, have not yet defined a detailed and robust operating model for SFTR and to help with this Broadridge has launched a consulting service to help firms comply, says to Lambert.

He states: "It is likely that matching rates will initially be very low. Counterparties who do not provide timely accurate data will create additional operational overhead for those who do, for example, breaks. Once live, the trade repository reconciliations will highlight these breaks, and inevitably some firms will do better than others. Even at this early stage it will become apparent to a firm and its counterparties if they have serious issues."

In terms of the abundance of data that will come with SFTR, Lambert comments: "With derivatives reporting under European Market Infrastructure Regulation (EMIR), regulators are already dealing with incredibly large volumes of data. The question is, will the regulators be able to make sense of the data? Is the data rich enough to allow them to see the market interconnectivity and collateral velocity data they seek?"

"In my view, the answer to that is 'not in this phase'. That's why I think we can look forward to 'SFTR Phase 2' at some point in the future—once the regulator has had a chance to bed in and analyse the 'Phase 1' data."

Looking to the future

Looking at the UK's securities lending horizon for the next five years, Lambert predicts that we will see more electronic trading and more automation in future.

> ***"With derivatives reporting under EMIR, regulators are already dealing with incredibly large volumes of data. The question is, will the regulators be able to make sense of the data?"***

He affirms: "Smarter, more efficient trading and operations are the only way that firms will be able to deal with the increasing costs driven by regulation and still maintain profitability."

"This includes compliance costs for SFTR and CSDR, and future iterations of these rules (SFTR Phase 2 etc)."

Burlingham predicts: "In line with the rest of the financial services and other industries, it's all about digital and data."

"The growth in trade automation continues apace and with even more information becoming available (think SFTR for example) those providers that are able to exploit new opportunities will ultimately prevail."

"Within five years there is real potential for trading to be almost completely fully automated with machine learning and artificial intelligence replacing the role of traders."

He adds: "Machine to machine has to be viewed as the natural evolution but this of course requires significant investment and a significant number of people will need to adapt to a totally new way of thinking and working." SLT

The Securities Lending Journey

Industry legend Carol Kemm discusses highlights from her career in securities lending, how the industry has changed over the years as well as her predictions for the future

Maddie Saghir reports

How has the industry changed since you started your career in 1985?

1985 was a year prior to 'Big Bang', and the UK securities lending market was heavily controlled by the Stock Exchange Money Brokers, as they were the only ones permitted to borrow and lend equities and gilts. At the time the market comprised manual processing, physical stock certificates, messengers walking around the city with bills and Certificates of Deposit (CDs), while all stock certificates were kept locked away in 'the cage' and taken out to facilitate the stock loans and the collateral provided against them. Talisman was the Stock Exchange system for equities and settlement was on a fortnightly cycle, the Central Gilts Office ran the UK Gilt market and Money Market instruments were managed by a different body.

We sent 1.5 inch computer tapes to the Stock Exchange at the end of each day, and received back the updated details to load up into the internal system the following morning. There was a daily 'top hat' walk to the Bank of England for an 11am meeting with representatives of all the banks, market makers and discount houses to discuss liquidity and interest rates. Margins were high for collateral against equities, I remember a margin of 15 percent, and it was principally non-cash collateral, rather than cash. Fee rates were quite often provided as fractions.

Long lunches were enjoyed after the morning borrows and loans had been logged, and the day may well have been finished around 3pm once the daily balancing was complete. There was very little automation, with no package software system available to the Money Brokers, and daily borrow and loan transactions were recorded in a manual ledger, or on an Excel spreadsheet. All fee statements were created manually at the end of each month and sent out to lenders and borrowers.

Big Bang happened in October 1986, when the market was opened up to foreign banks, causing many of the original market makers and stock jobbers to disappear, swallowed up by US, German, Japanese and French banks. This continued over the next few years with many amalgamations happening on a constant basis. The long lunches disappeared as firms needed to manage the Japanese market in the morning and the US market in the afternoon. Most firms had systems available prior to Big Bang or they would have been unable to manage the volume of business that occurred.

Since then the securities finance business has changed enormously, there are no longer any market trading floors, and book entry processing facilitates borrows and loans, with physical certificates being phased out some years ago. Talisman was replaced by CREST eventually, after an abortive attempt to bring Taurus in. Following this, there was a higher emphasis on collateral management, with both cash and non-cash collateral being taken against stock loans, although cash has always been used as collateral for repo trades. The business has become much more global over the years, and has encompassed many other aspects of securities finance, moving away from the pure borrowing and lending of equities and bonds. More international markets were added to the portfolio for lending and borrowing and Bloomberg was used for requesting stocks. There are now a number of options for the processing of automatic borrows, although the market still retains some of the original focus on business relationships between the borrowers and the lenders.

What are your biggest and most memorable career highlights?

For me, the first highlight was probably going live with the Money Broking software we wrote for the Market Maker James Capel, and seeing this being successfully used following Big Bang. The second highlight was when Global One went live at London Global Securities and was then purchased by Nomura, Barings (now ING) and Credit Suisse—all in 1992.

I remember the first RMA conference we took Global One to—it was held in the Swan hotel in Disneyland in Florida—and we were the only vendor booth, so positioned ourselves right outside the entrance to the conference room. Conferences in those days were much more serious than they seem to have become over the last few years and we used to do many demonstrations and give away a lot of sales literature, none of which really happens at conferences now.

We also put BLEND out of business once Lehman Brothers went live on Global One in October 1994. BLEND was the transaction based international securities lending platform started by I.P Sharpe in Canada and then purchased by Reuters. It was the only software option for international lending and borrowing at that time, apart from firms writing and maintaining their own systems.

We were so busy selling and installing Global One in the US, Europe and Asia for the years from 1992 until after 2001, when we became part of SunGard, that there wasn't much time to reflect on what we had achieved. However, I did sell 12 copies of Global One to a consortium in Kuala Lumpur, Malaysia, against a competitive system in 1996. We had teams from K-Tek going out and installing the systems, only to have the market crash in Asia within three months and Malaysia ban stock lending! The market is now just coming back—slowly—to stock loan once again, after more than 20 years.

You developed Global One as an international securities lending system where K-Tek worked closely with London Global Securities with first clients going live in 1992. Those clients from 1992 are still using Global One today, why do you think this is?

Basically, Global One does 'what it says on the tin', and in most cases has been incorporated into internal and external associated systems by many of the clients. Most brokers want to have their own front-end software, to provide their traders with a unique advantage, but are not bothered about the day to day processing or the settlement of the trades, so were happy to see Global One as the engine that managed the middle and back end. Additionally, it is very robust, many clients post millions of activities a day onto Global One and have many hundreds of thousands of outstanding borrows and loans. We recently had a client who had posted more than a billion transactions since installing the system.

I've recently heard industry participants say securities lending used to be more of a 'back-office business' with less of a regard for optimisation of collateral, what are your thoughts on this?

I agree that collateral optimisation has become much more important than it used to be. In the past, as long as acceptable non-cash collateral—in the form of equities, bonds, CDs, bills, etc—was received to cover the margin required on a loan, then there wasn't too much concern about how that collateral was used. Tri-party agents weren't that prevalent in the market, unlike now, where a huge amount of business goes through the tri-party agents and they optimise the collateral on an ongoing basis all through the day. The concern about collateral started to some extent when Lehman failed in 2008 and the collateral wasn't returned to the underlying giver as efficiently and smoothly as everyone thought would happen in that situation. In fact, we understand, that it took some considerable years for everything to be unwound.

How has technology changed the dynamic of the industry?

It's totally different to pre-Big Bang days or even the 1990s, as there are so many more algorithms in place now, including automatic order processing, matching, trading, marks, interfaces to tri-party agents and so on.

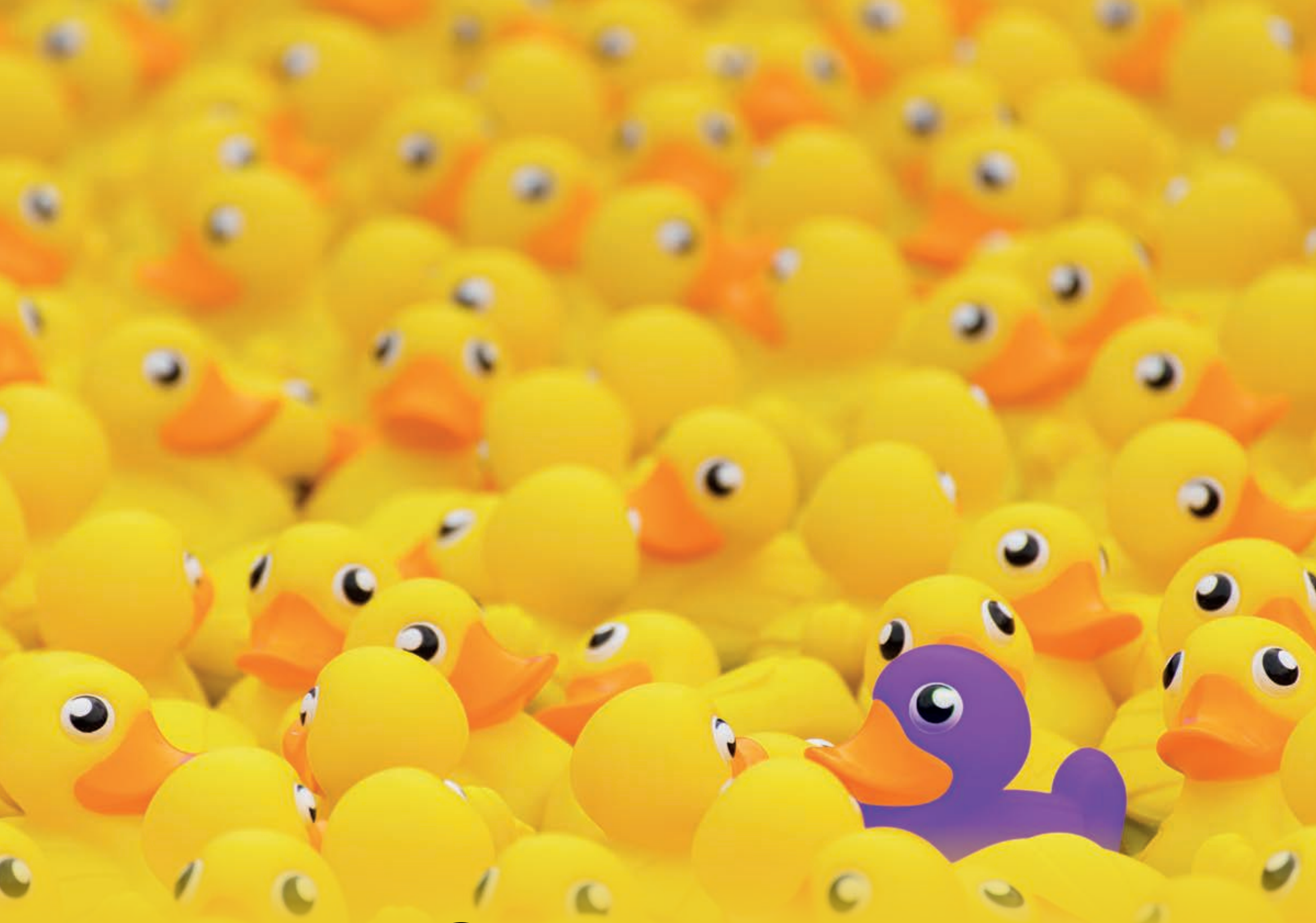
The improvement in technology allowed a much greater volume to be processed without adding staff. General collateral loans are pretty well automatically processed now, leaving the traders to concentrate on specials and arbitrage positions. As previously mentioned, securities finance is still a relationship business—more so than the repo market—although this is changing as well, as those with the expertise and knowledge leave the market after many years.

What changes do you expect to see in the securities lending industry over the coming years?

It's definitely going towards even further automation, with the increasing use of robotics, artificial intelligence and so on which will reduce the requirement for human decisions, in cases where they can be made by software.

The other changes that have come about over the last 10 years, and are constantly a growing burden, are the regulatory reporting and capital requirements, such as Agent Lender Disclosure, Basel I, II and III and now the Securities Financing Transactions Reporting initiative which will have a huge impact on Securities Finance processing and profit margins.

In my experience, the industry has lost a lot of what made it unique, as it was previously very much a niche and relationship business. I feel that is a great shame to those of us who have worked in, and really enjoyed, the securities finance business, over the past 30-plus years.



Time for a rethink?

David Lewis of FIS discusses the dip in the securities finance industry's global revenues and explains the factors changing the dynamics of the industry

2018 was a good year for the securities finance industry, with global revenues of $10 billion coming from record balances and activity. Unfortunately, sometimes there is only one way to go when you are at the top, and that is down. 2019 has not started well, at least in comparison to 2018, with volumes dropping through the first quarter and revenues down around 10 percent in the second compared with recent years. But is this just the industry taking a breather before pushing further upward, or could it be a sign of something more fundamental?

With half my career spent as an agent lender, the mantra that you cannot create demand to borrow securities, only make yourself an attractive lenders has never been more appropriate. Borrowing demand is certainly down, and there are potentially many reasons for this. In Europe, the fall of the yield enhancement (or dividend arbitrage to give it its old, pre-health and safety name) trade will have had a dramatic impact, but there are also other forces at work. Regulatory issues are being blamed by some, as the demands and costs of compliance with Securities Finance Transaction Regulation (SFTR, coming into effect in April 2020) and risks of settlement fines from Central Securities Depository Regulation (CSDR), for example, push those on the periphery of the market to leave.

However, these effects, should they come about, will affect the supply side of the market more than the demand side. At present, a lack of supply is not the problem—quite the opposite in fact, so looking to repeal or reduce regulation is not the answer. Supply in the market has increased substantially over recent years as more funds look to securities lending to increase returns and/or mitigate their costs, such as those exchange-traded funds (ETF) providers and asset managers launching zero management fee funds. The simple laws of supply and demand dictate that this increase, in and of itself, will lead to a slimming of the slice of the revenue pie for individual funds, if not a reduction in the total pie overall.

The gross revenue across the market is, instead, falling from a lack of demand, which the beneficial owners and their agents are relatively powerless to change. Part of that change can be blamed on the characteristics of the lending market driving demand away, and some on the change in the profile and behaviours of the end user, hedge funds and alternative asset managers. A bias towards long positions is arguably a cyclical effect; there may be other, less cyclical and more systemic changes at play, combining to reduce borrowing demands.

A move to synthetics is one argument, with hedge funds looking to other trade structures that might offer the same economic results, but some of these still rely on someone in the chain borrowing or lending the underlying security as a hedge, therefore exposing the counterparties to the changing borrowing costs, and therein lies the rub. At FIS, our engagement with hedge funds and alternative asset managers, as some prefer to be called, has increased dramatically over recent years. It is often said that a measure of your own age is how young police officers look; in the finance industry it seems to me that should be just as applicable to hedge fund managers, some of whom have never worn a tie, or perhaps even long-sleeved shirts. Something else that appears foreign to them is the reliance of relationships when it comes to trading.

Many systemic or quantitative funds have no traders at all; the job description simply doesn't exist. A machine, working on parameters and data feeds, transacts with the market; such machines care little for relationships and they are not something that can be factored into the decision process. The analysts and quants driving such strategies struggle with the idea that a transaction they made yesterday to borrow a security at 1 percent, might cost them 10 percent today. With, say, a six-month trade in mind, they are driven to look for economic certainty to feed their models.

The securities lending markets struggle to cope with this demand, in certain circumstances at least, driving the end users to look elsewhere. The need to re-rate is understandable; the agents are employed to make the most revenue they can for their lending clients, but the prime brokers also need to be paid for their credit intermediation, so rate hikes get passed on. The requirement for a solution has driven innovation in peer-to-peer lending and enhanced custody offerings, employing a provider's own assets, or looking across their own client base rather than borrowing from 'the street,' which, of course, brings the net borrowing demand down across the traditional transaction chain.

In this respect, it may be possible to point the finger at regulations. The second Markets in Financial Instruments Directive has driven the search for 'best execution' across many markets, and the requirement to prove that transactions have been undertaken at the best possible rate has certainly impacted the securities finance market. Unfortunately, one aspect of this has been the reliance on a simple measure of what best execution really means. In many markets, where a trade is enacted, it is simply the strike price, evidenced as being at the published 'market rate,' whereas a securities finance transaction lasting weeks or months is not so easily measured. Applying the best rate as a benchmark drives all parties to re-rate up and down as the market moves, but, as discussed above, this may be part of why demand is falling. Lower net revenues for beneficial owners cannot be construed by any observer as best execution, particularly as some funds which need lending revenues to pay their management fees may well lend under the market to secure those revenues, bringing a whole new layer of best execution conflicts into play.

Automation of our market, with advanced matching of borrowers' needs to lenders' capacities, will help maintain returns as efficiencies rise and costs fall. But this is not the whole story or the long-term answer; in the medium to long term, the structure of the market will need to change, moving to meet the changing demands of its end users, or accepting those changes and changing direction away to a more insular collateral management exchange-driven business. Whatever the outcome, there are multiple factors at work changing the dynamics of our industry—factors that require complex solutions and a capacity for change.

Automation of our market, with advanced matching of borrowers' needs to lenders' capacities, will help maintain returns as efficiencies rise and costs fall

David Lewis
Senior director
FIS

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Comings and goings at Traiana, Natixis and more

Joanna Davies has been appointed as CEO of Traiana.

Davies also currently serves as CEO of NEX Regulatory Reporting.

Traiana is part of NEX Optimisation, a business line within NEX Group, which offers a portfolio of cloud hosted services across the transaction lifecycle.

Before this, Davies was managing director at Traiana, and prior to this she served as a consultant on regulatory reform at UBS.

Currently, NEX is owned by Chicago Mercantile Exchange (CME).

Natixis has promoted Simon Sourigon to executive director, head of global securities financing Americas/global head of security optimisation, based in New York.

Most recently, Sourigon served as executive director, global head of security optimisation, based in Paris. Prior to this, he served as global head of equity collateral trading and before that, equity finance trader.

Donia Rouigueb promoted at CACEIS

Donia Rouigueb has been promoted to head of sales, securities finance and repo at CACEIS.

Meanwhile, Aude Martin has been promoted to investment specialist at legal and general investment management.

Additionally, Dan Copin has been promoted to group head of securities finance and repo at CACEIS Bank, Luxembourg.

Simone Broadfield has joined J.P. Morgan as the Asia Pacific (APAC) head of agency securities lending trading.

Most recently, Broadfield served as APAC head of agency securities lending at BNP Paribas Securities Services. She also served in roles at Citi and Deutsche Bank.

Alan Lawrence has departed Fidessa as buy-side director.

Lawrence served at Fidessa for over 19 years and held various roles including head of market access development for Fidessa's sell-side business, and was a member of Core Development's senior management team.

Lawrence is set to join Google as a site reliability manager in September, based in London.

Grant Davies has left Matchbox as head of business development, it has been confirmed.

Launched and active since August 2015, Matchbox is an equity total return swaps (TRS) platform built to automate the execution and lifecycle management of long and short TRS baskets.

Prior to Matchbox, Davies served at CORE Collateral as partner.

Davies also worked at iShares as head of client execution sales for Europe, the Middle East and Africa. In addition, Davies is a Securities Finance Charity Spring Ball board member, an organisation set up to raise money for a number of local charities.

Clearstream has appointed Jean-Robert Wilkin as executive director of banking, funding and financing, head of business development.

Wilkin has been at Clearstream since 1993.

In his last role, Wilkin served as executive director, global funding and financing, head of market development and previously as executive director of global securities financing, head of product management.

As executive director of global securities financing, he was responsible for collateral management services, securities lending and borrowing services fixed-income securities, equities, investment funds and projects in over-the-counter derivatives and bank loans (credit claims).

Anthony Venditti has retired from his role as managing director, co-head global prime finance and Delta 1 Trading, at BMO Global Capital Markets, effective 19 July.

Venditti served at BMO Global Capital Markets for over 13 years between roles, including president of Paloma securities and co-head of BMO's GPF and Delta 1 trading business

In total, Venditti has over 35 years of experience in the securities industry, and he spent 10 of those years at Nomura Securities.

At Nomura Securities, he held roles, including global head of equity finance in London where he also had responsibility for the structured equity group.

Additionally, he was also head of Nomura's US equity sales business in New York.

Meanwhile, Jordan Lupu will take on Venditti's role.

Venditti said: "I will particularly miss the people who I have worked closely with over the years and the fun we had around creating/launching new products, and making our clients/counterparts feel so special."

MarketAxess board of directors has elected Richard Prager, a former senior managing director of BlackRock, who led the firm's global trading, liquidity and securities lending teams.

Prager served on BlackRock's global executive committee and played a leadership role in managing BlackRock's global investment platform.

He retired from BlackRock on July 1 2019.

Prior to joining BlackRock in 2009, Prager worked for Bank of America in several senior management roles, including global head of rates, currencies and commodities.

Rick McVey, MarketAxess chairman and CEO, commented: "Richard Prager is well known for his industry leadership in developing and supporting innovative liquidity solutions in the global fixed income markets."

"Few people in our industry have his breadth of knowledge and experience in the entire front to back trading lifecycle. He is passionate about technology solutions to improve efficiency in fixed income trading and settlements. Our company will benefit greatly from his perspective and expertise as we continue to invest in the next generation of electronic trading capabilities and expand our global presence."

Prager commented: "MarketAxess has been an important catalyst in the accelerating transformation of global fixed income markets.

Marcus Rudler has departed Citi as director of Europe, the Middle East and Africa, head of equity agency securities lending trading, sources have confirmed.

Prior to Citi, Rudler served as vice president of JPMorgan Chase and before this, he worked at BlackRock as senior securities lending trader.

Citi declined to comment.

James Slater appointed global head of business solutions

BNY Mellon has appointed James Slater as global head of business solutions for asset servicing.

Slater will report to Hani Kablawi, chief executive of the bank's asset servicing group.

Slater has worked at BNY Mellon for nine years, most recently he was co-head of BNY Mellon Markets and global head of securities finance, segregation and liquidity.

Prior to that, he held roles including managing director, head of securities finance, liquidity and collateral segregation.

He also worked at CIBC Mellon between 1996 and 2010.

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