ISLA Daily 1

30th Annual Securities Finance and Collateral Management Conference | Tuesday, 20th June

Redefining collateral mobility

Elisa Poutanen and Charlie Amesbury discuss HQLA^{X}'s mission to redefine collateral mobility through frictionless transfer of securities

Day one agenda inside

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Credit risk RWAs could prove challenging under Basel III rules, says ISLA

The International Securities Lending Association (ISLA) has published an overview of the Basel III framework, its impact on the securities finance market and how to address upcoming challenges.

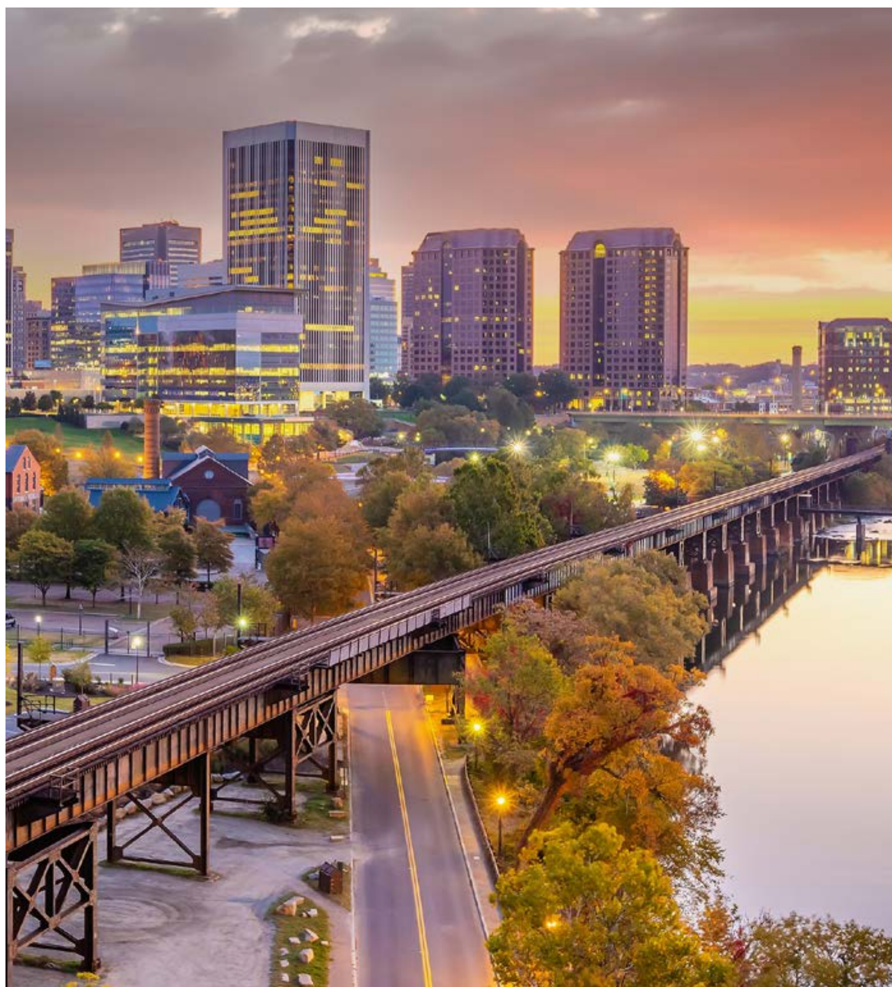
Basel III is a set of international standards developed by the Basel Committee on Banking Supervision (BCBS), which produced a framework of measures to strengthen the supervision and risk management of banks.

The Basel III framework reforms took effect from 1 January 2023 and look to impact banks engaged in securities financing activity. In most instances, banks will now need to allocate more capital to support these activities, according to ISLA.

The Prudential Banking Rules: Explanatory Note published by ISLA reveals that credit risk risk-weighted assets (RWAs) under the Output Floor, as well as minimum haircuts for securities financing transactions under the Basel III reforms, could prove challenging for the industry.

For credit risk RWAs, ISLA observes, the challenge presented to the market is the “potentially significant and disproportionate increase” in the amount of capital banks need to hold under the Output Floor for credit risk in relation to their securities borrowing activity.

According to the Explanatory Note, the counterparty risk weights for most principal lenders under the standardised approach used in the Output Floor



Virginia Department of the Treasury appoints Mitsubishi

The Virginia Department of the Treasury has selected Mitsubishi UFJ Trust and Banking Corporation to provide its securities lending services.

State Street Bank and Trust Company has been chosen to provide the department’s master custodian and transfer agency services.

Through the mandate, State Street will provide the Treasury with traditional custody, portfolio accounting and securities lending services. It will also offer fund accounting and daily valuation services to the Local Government Investment Pool Program, conducting funds shareholder recordkeeping and transfer agent services. Additionally, the firm will handle performance measurement and portfolio compliance services for the Treasury’s externally-managed portfolios.

Following offer response dates of 8 December 2021 and 6 December 2021 respectively, the agreements will be active between 1 June 2023 and 31 May 2028. Both will have an optional three-year renewal period following this.

increase from low numbers today — typically around 10 per cent under the internal ratings-based (IRB) approach — to 100 per cent, alongside other increases in RWAs for banks at the same time.

ISLA believes that the proposed treatment of exposures to unrated low-risk counterparties could have an adverse impact on the global securities lending market.

The Output Floor for RWA will be phased in over a five-year period, through transitional arrangements until 1 January 2028.

The Output Floor is a measure that sets a lower limit (floor) on RWAs based on the revised standardised approaches in the framework, therefore limiting the benefit banks can obtain from their use of internal models to measure credit risk and market risk RWAs. This aims to reduce unwarranted variability and increase the comparability of capital ratios of banks using internal models.

However, some jurisdictions have accelerated the timeline for the Output Floor for RWA, while others are planning their implementation on a later timeline.

Eurex Clearing extends Partnership Program to short-term rates products

Eurex is extending its Partnership Program for interest rate swaps to include short-term interest rate (STIR) derivatives.

Under this Partnership Program, the 10 most active programme participants are eligible to receive a significant share of the economic benefits generated by Eurex Clearing's STIR facility. These clients may also play an active role in Eurex Clearing's committee structure and governance.

Through its partnership programme with key market participants, Eurex aims to create a strong alternative liquidity pool for EURIBOR futures and options within the EU, embracing Eurex's long-term interest rate segment and clearing services for OTC interest rate swaps and repo transactions offered through Eurex Clearing.

This forms part of broader plans to grow Eurex's footprint for euro-denominated derivatives and repo transactions, supporting the requirements of a global customer base in these product areas.

Alongside euro interest rate swaps and euro credit default swaps, the European Securities Market Authority (ESMA) has flagged euro STIR derivatives clearing as being of key systemic importance for the EU's financial stability. This segment falls within the scope of measures outlined by the European Commission in December to "reduce over-reliance" on certain third-country CCPs.

The Partnership Program for short-term interest rates is expected to go live in Q4 2023, along with a re-launch of EURIBOR Futures and Options.

The programme also includes Three-Month Euro STR Futures which reference €STR. Eurex indicates that its launch in January marked an important milestone in establishing the new benchmark risk-free rate — marking the transition from EONIA, the previous short-term benchmark rate, to €STR, as part of a wider programme of interest rate benchmark reform.

It indicates that its Three-Month Euro STR Futures are supported by a dedicated group of market makers which are offering pricing in the order book as well as a few banks providing this off-book.

Market participants can now register interest to join the new programme components. Eurex indicates that BNP Paribas, Deutsche Bank, Goldman Sachs, J.P. Morgan and LBBW have already expressed an interest to do so, with firms that register fully before 31 July 2023 being eligible for extra rewards within the Partnership Program.

Commenting on these announcements, Eurex Clearing executive board member Matthias Graulich says: "The extension of the Partnership Program is the latest step in Eurex's efforts to provide the market with greater choice and bring more systematically relevant business into the EU.

"It helps customers not only to diversify risk across CCPs, but also to benefit from comprehensive cross-product margin efficiencies, lowest funding costs via the broadest range of securities collateral and attractive terms for Euro cash collateral."

Indonesia's IDClear launches Bilateral Securities Lending and Borrowing facility

The Indonesia Clearing and Guarantee Corporation (IDClear) has launched a Bilateral Securities Lending and Borrowing (SLB) service for the Indonesian capital market.

The Bilateral SLB facility will complement the firm's existing SLB facility — a negotiated transaction mechanism based

on an agreement between the lender and the borrower, which is then managed through the Bilateral SLB scheme.

IDClear, the clearing house for exchange and non-exchange transactions for the Indonesian capital market, indicates that the new facility will provide greater flexibility and choice to lenders and borrowers. For example, in terms of the fee amount, collateral value and securities returned, in addition to loan period, type of loan and collateral.

With the Bilateral SLB facility, securities lending and borrowing transactions will be "increasingly regular and fair", according to the clearing house. This will enable market participants to optimise all securities that are eligible for transaction through the Bilateral SLB facility.

The soft launch of the facility was announced at the Indonesian Stock Exchange during a seminar in which audience members heard from Jason Wells, chairman of the Pan Asia Securities Lending Association (PASLA).

Speaking on the launch of the facility, Wells says: "The introduction of an onshore bilateral SLB facility will make it easier for investors to engage in transparent, well-regulated and covered short selling activities in Indonesia, increasing the liquidity and efficiency of the country's capital markets.

"We believe it will enable better price discovery and greater market resilience, especially during periods of heightened volatility."

This development comes at a time when Indonesia's initial public offering (IPO)

State Street Global Markets appoints Delikaris as new global head

State Street Global Markets has appointed Nick Delikaris as global head of automation, analytics and platform services for Financing Solutions.

Delikaris will lead the consolidation of quantitative and platform-related functions, spanning algorithmic trading, business process engineering, performance analytics and client and resource optimisation.

He re-joins the State Street team from a year-long position as head of digital finance trading at Coinbase's institutional prime brokerage finance business.

Previously, he was positioned at State Street for nine years before departing from the Boston-based bank in 2022, where he was formerly global head of algorithmic trading.

Earlier in his career, Delikaris spent almost 12 years at Goldman Sachs, most recently as vice president, securities lending and credit repo trader.

He is currently the co-founder and co-chair of the Financial Technology and Automation committee at the Risk Management Association (RMA).

market ranks as the world's fourth largest, year-to-date, according to Wells. This is due to the country's robust growth prospects and importance in supply chains for the global energy transition.

Wells continues: "Global investors are looking to increase their participation in the Indonesian market. This trend will be accelerated with regulatory changes like the introduction of bilateral SLB which aligns with international best practices.

"PASLA will continue to work with the Indonesian authorities to help facilitate the development of securities lending and the broader equity market."

Nasdaq enters agreement to acquire Adenza

US exchange and trading solutions giant Nasdaq has entered into an agreement to acquire Adenza from its majority owner, private equity firm Thoma Bravo.

Nasdaq is acquiring Adenza for US$10.5 billion, comprising US$5.75 billion in cash and 85.6 million shares of Nasdaq common stock, based on the volume-weighted average price per share over 15 consecutive trading days prior to signing.

The acquisition aims to accelerate Nasdaq's vision to become "the trusted fabric of the world's financial system".

When the transaction has closed, Holden Sphat, a managing partner at Thoma Bravo, will be appointed to Nasdaq's board of directors, which will expand to 12 members.

As part of its exit, Thoma Bravo is expected to retain a 14.9 per cent take in Adenza, the financial services software company, which was created through the combination of Calypso and AxiomSL. Calypso serves capital markets participants with end-to-end treasury, risk and collateral management workflows, while AxiomSL supports financial institutions with compliance software.

The addition of Adenza will complement Nasdaq's marketplace technology and anti-financial crime solutions, the firm says, while also enhancing Nasdaq's offerings across regulatory technology, compliance and risk management solutions.

The acquisition will also provide support to financial institutions, establishing a multi-asset class, full trade lifecycle platform with "unmatched" regulatory technology solutions, Nasdaq confirms.

Adenza's financial profile highlights 2023 earnings revenue as approximately US$590 million of organic revenue growth of approximately 15 per cent, annual recurring revenue growth of 18 per cent, and an adjusted earnings before interest taxes, depreciation and amortization (EBITDA) margin of 58 per cent.

StoneX extends its UK institutional prime solution

StoneX continues to build up its UK institutional prime brokerage solution with the addition of securities lending and repo financing, along with multi-asset segregated custody and clearing services.

Its institutional prime solution was established to support the needs of mid-tier hedge funds with execution, financing, position and currency hedging, futures clearing, along with a multi-asset custody product that aligns with the Financial Conduct Authority safe custody rules detailed in the client asset sourcebook (CASS).

The company has strengthened its team in London with the appointment of Gary Clifford-Newman to drive cross-asset sales and James Barten, who becomes head of EMEA securities finance.

Andrew Sterry was appointed head of the newly formed institutional prime division in October 2022, which sits within StoneX's securities group fronted by James McAuslan, global head of prime services and head of securities for EMEA.

Expanding on these developments, StoneX's McAuslan comments: "The build out of StoneX Institutional Prime is a natural complement to our existing US offering, enabling us to deliver a robust multi-asset set of solutions to support mid-tier hedge funds globally.

"The product expansion and appointments continue the significant investment in our technology platforms across trading, regulatory reporting, middle and back office to support sizeable growth in client business within our securities and prime offering."

"StoneX's Institutional Prime business is well positioned to cater for the needs of hedge fund managers as they undertake a selection process for Prime providers," adds Sterry.

"With a partnership approach and a modular product offering, StoneX Institutional Prime can support hedge fund managers throughout their securities trade cycle."

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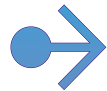
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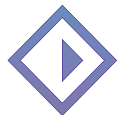
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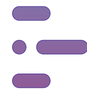
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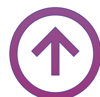
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Redefining collateral mobility: a frictionless transfer of securities

HQLA^{X} sales team Elisa Poutanen and Charlie Amesbury discuss fragmentation across settlement systems as a key market pain point, while exploring the firm's mission to redefine collateral mobility through its operating model

Collateral mobility remains a key focus point of securities finance market participants, but existing settlement practices come with certain pain points. What is the key pain point expressed by the market?

Elisa Poutanen: When discussing the topic of industry pain points with our clients, the number one theme we hear is the inherent fragmentation across legacy securities settlement system infrastructure, particularly in Europe, and the resulting inability to execute collateral transfers in real-time, at agreed precise moments in time, on a 24/7 basis — for example, without securities settlement cut-off times.

The fragmented nature of the legacy custody ecosystem results in market participants needing to transfer securities across a very fragmented set of custodial locations. Cross-custodial movements of inventory consume precious intraday liquidity, create settlement risks, require market participants to hold excess buffers and often result in suboptimal collateral allocations. We estimate that inefficient collateral management can cost Tier 1 participants between €50 million and €100 million per year.

How can new technology, such as DLT, help to alleviate pain points caused by fragmentation?

Poutanen: HQLA^{X} specialises in delivering real-time liquidity management and collateral management solutions for institutional clients. Our goal is to create greater certainty and efficiencies for the global securities lending and repo markets through our proprietary platform that leverages distributed ledger technology (DLT).

HQLA^{X} makes the transfer of ownership of securities seamless across disparate collateral pools by removing the cross-custody movement of ISINs. This is a simultaneous exchange of ownership of securities conducted on a delivery-versus-delivery (DvD) basis.

Our platform is fully integrated with the existing marketing infrastructure — the large custodians and triparty providers are connected on the platform to enable collateral to move freely and precisely. Our goal is to enable frictionless transactions that are much more efficient and streamlined, eradicating data discrepancies, reducing back-office activities, and minimising operational risk and settlement failure.

A key aspect of our model is that ownership transfer of collateral happens without movement of the underlying securities between accounts at the custodian or the central securities depository (CSD). By decoupling ownership transfer from movement of assets, exchange can take place simultaneously, in real-time and when required, without the need to move the securities physically.

Borrowing a quote from my colleague Richard Glen, when speaking at an industry event earlier in the year, “settlement time is the new settlement date”. Historically, trade collateral had a date on which it was due to settle. But by using HQLA^{X}, firms can specify the exact point in time the collateral should be exchanged, allowing for intraday trading for example.

What are HQLA^{X}’s key value propositions?

Poutanen: The DvD transfers take place at precise, designated moments in time and create a secure and accurate record of the transfers. Through this, HQLA^{X} helps clients better optimise the allocation of their long inventory of securities to meet their ever-expanding collateral obligations by providing greater control and certainty, leading to improved profitability through the benefits listed in the table.

DvD is the leading day one value proposition. As more

"Our margin management tool enables our clients to be able to manage margin exposures for OTC and CCP derivative exposures when it goes live"

Charlie Amesbury
Sales
HQLA^{X}

participants join the platform, the efficiencies brought about by DLT will proliferate as we progress towards redefining collateral mobility. As a provider of DLT, HQLA^{X} aims to be the precision tool for clients to deliver those efficiencies within their collateral management processes. Collateral management used to be viewed uniquely as an operational pain point. Today, for those doing it well, it can be a strategic point-of-difference, creating a competitive advantage.

What are the products today that have kicked off the pathway to redefining collateral mobility?

Charlie Amesbury: The firm's founding principle is to provide frictionless ownership transfer of securities. Our operating model is based on the premise of mobilisation through immobilisation. A lot of the friction in collateral management is due to the cross-custodian moves required to service the different collateral obligations across the custodial network. Our first product, bank-to-bank lending on a triparty-versus-triparty basis, enables our clients to perform collateral upgrades or downgrades without the need for a cross-custodian move of the physical security. In this operating model, we have bifurcated the existing limitation that physical settlement into an account determines ownership of that security. What HQLA^{X} has built means, legally and operationally, we can transfer ownership of securities on our ledger in a frictionless manner, while the underlying physical security stays within its original custodial or triparty environment.

Building on the success of that initial product, we have expanded the offering to include lending on a bilateral-versus-triparty basis, facing other banks and agent lenders. Focusing on our Agency Securities Lending product, as we pursue our 'built by the market, for the market' ethos, BNY Mellon and J.P. Morgan agency lending partnered with us to shape this use case to make it operationally, and technically, as similar to the existing flows today while generating capital efficiency savings for its users. We maintain the frictionless ownership transfer from the initial product, but we have added in automated on-ramping and off-ramping of the loan securities so that they can interoperate seamlessly in today's existing banking infrastructure.

In these first phases, we have built a model that can simultaneously transfer ownership of securities at precise moments in time, without cross-custodian movement. Adding in the ability to on-ramp and off-ramp the securities, while realising capital cost benefit, has meant

that clients have been comfortable putting significant volume onto the platform knowing the loan securities exchanged on our platform can be used within existing markets as they have done so pre-HQLA^{X}.

What is the roadmap for 2023 and how does it tie into HQLA^{X}'s "redefining collateral mobility" mission statement?

Amesbury: As we look towards the goal for our clients to be able to allocate their digital collateral records (DCRs), on-ramped from any location, towards any collateral obligation without the underlying physical movement, we are adding two other key elements — margin management and DvP repo. With the launch of these two products in 2023, HQLA^{X} will have the technical functionality to service the entire €24.3 trillion collateral obligation market.

Our margin management tool enables our clients to be able to manage margin exposures for OTC and CCP (to be added in 2024) derivative exposures when it goes live. The aim is to make allocating non-cash collateral in the form of our DCRs as easy and as fast as allocating cash, thereby increasing utilisation of collateral while decreasing the use of more costly cash. It takes the operational headache away from allocating ISINs to cover margin calls, allows for automated substitution and paves the way for real-time margining.

In addition, we expect to launch our DvP repo offering towards the end of this year that will encompass the largest part of the collateral obligation market. The launch of this product showcases two important things for our company. First, the ability to monetise our DCRs versus centrally-backed and commercially-backed digital cash. Second, to exhibit our ability to interoperate with different digital ledgers to ensure we are breaking down isolated silos of capital. In pursuit of this, we are partnering with two digital coin providers, Fnality and Onyx, that will be the 'P' leg to our 'D' leg. Each will bring their own benefits, but principally we will be delivering to market the ability to trade repo intraday and term, with increased operational resilience and precision. Both legs will be managed from a central location, reducing cross-funding movements while providing the functionality to trade across regions regardless of market opening hours.

Plug these products into a client's collateral optimisation engine and the benefits of HQLA^{X} are significantly multiplied, maximising collateral optimisation across both collateral obligations and all custodian and tripartry agents.

"Our goal is to create greater certainty and efficiencies for the global securities lending and repo markets through our proprietary platform that leverages DLT"

Elisa Poutanen
Sales lead
HQLA^{X}

Securities and cash: the king and queen of the financial world

CEO and co-founder of GLMX Glenn Havlicek evaluates the significance of cash and securities in today's market, where market structure, regulation and technology make these entities increasingly interchangeable

The "Cash is King" colloquialism may be due for an update. "Securities and Cash are King and Queen" is more accurate in today's world. Securities move back and forth between counterparties to fulfil delivery obligations, to meet margin calls and to raise cash. Cash movement is driven by the search for risk-adjusted returns and by a need to finance operations.

Irrespective of the reasons driving any individual transaction, firms now look across both cash and securities in search of their joint optimal mix. As market structure, regulation and technology make securities and cash increasingly interchangeable, demand for technologies which facilitate the day-to-day convergence of their liquidity pools grows as well.

Asset optimisation, or collateral optimisation if viewed through a securities finance lens, is an essential practice at most financial institutions as the cost of managing exposures in short-term markets becomes more expensive as interest rates rise. Regulation — such as the Securities Financing Transactions Regulation (SFTR), Uncleared Margin Rules (UMR), Central Securities Depositories Regulation (CSDR), Rule 204, SEC 10c-1 and T+1 settlement, to name a few examples — adds to the cost and pushes up capital and reporting requirements. To cope with these increased costs, firms are actively leveraging technology to optimise their asset and cash utilisation.

Regulated banks bear the brunt of many of these costs, forcing them to limit the balance sheet they provide to clients. Their client approach may be to prioritise those that are strategically important to the firm and then to ration the remaining balance sheet across other clients whose importance is limited to opportunities for the funding desk. To create more capacity for their clients, firms have turned to capital efficient financing vehicles. These alternative transactions create balance sheet netting opportunities for the sell side or are off-balance sheet at the outset of the transaction.

Balance sheet-neutral and off-balance sheet transactions occur in a variety of ways. Sometimes securities that have special intrinsic value are exchanged for, or netted against, similar securities that are deemed general collateral. In repo, these are called "package trades" and in securities lending these are known as "non-cash collateral" transactions.

Netting is also becoming increasingly popular through central clearing counterparty (CCP) activity. When trading with a direct member of a CCP or with a sponsored member, sell-side firms have the opportunity to net down the trade by engaging the CCP with an offsetting transaction. Other forms of off-balance sheet funding include synthetic or derivative financing, often via Total Return Swaps, which is a growing market sector due to the need for dealers to service their clients in a capital-friendly manner.

To have continuous access to liquidity, around bank reporting dates in particular, the buy side — whether beneficial owners are doing their own financing or agent lenders and prime brokers are engaging the markets on their behalf — has become adept at supporting these workflows.

Securities lenders and prime brokers are becoming increasingly skilled at tailoring financing solutions to their clients' specific needs. By taking an in-depth look at individual investment preferences and matching those against sell side limitations, cost-efficient financing is more likely to be achieved — whether through traditional bilateral, cleared or derivative transactions.

The search for solutions across multiple financing alternatives dramatically increases the value of access to liquidity across previously siloed instruments. In today's funding markets, this is a dynamic process as we are in the midst of a secular shift in the securities finance markets as technology becomes a primary liquidity-sourcing tool. An unsurprising outgrowth of the use of technology to source liquidity is what might be called "internalisation" — that is, extending the search for liquidity inside individual organisations and, where possible, matching longs and shorts — to cost optimise while reducing reliance on open market liquidity pools.

Simultaneously, cash investors are facing issues similar to those of collateral managers. As inflation has spiked around the world, central banks have raised short-term rates by hundreds of basis points, while markets are still flush with cash generated by years of quantitative easing. A clear reflection of this is the US$2.7 trillion in money market mutual fund balances parked with the Federal Reserve's reverse repo facility (RRP) programme as investors have moved record amounts of cash from low-yielding bank deposits to higher-yielding money market funds.

As the remnants of quantitative easing clear, investors in front-end markets will increasingly revert to diversified cash

"GLMX is extending its established reach within the repo market to include securities lending, time deposits, and, by the end of the year, certificates of deposit and derivatives"

Glenn Havlicek
CEO and co-founder
GLMX

management strategies and the attendant need to deploy their cash across many instruments. Short term government and agency debt, time deposits, commercial paper and repo represent the largest money fund investment destinations. Despite their popularity and adjacency, finding the best yields across these instruments can be extremely challenging. In retrospect, these investment instrument 'close cousins' have evolved into remarkably fragmented sub-ecosystems. The difficulty of finding the best rates is exceeded only by the challenges of booking and allocating those transactions.

Perhaps the greatest challenges emanating from the complex and fragmented world of collateral and cash management accrue to agent securities lenders, who engage the markets every day to manage collateral and to reinvest proceeds of their collateral lending activities. For agent securities lenders and money market mutual funds, there is an immediate need to unify access across the numerous short-term markets in which they trade.

All individual markets, to some extent, are built off the legacy of previous technology constraints. Given these constraints, it is quite difficult for practitioners to unilaterally and organically harmonise liquidity access across markets.

To address this challenge, GLMX is extending its established reach within the repo market to include securities lending, time deposits, and, by the end of the year, certificates of deposit and derivatives. Through a single GLMX interface, clients can engage across their target markets with greatly enhanced efficiency.

Despite the recent focus — after decades of neglect — on fixed income market technology, the industry remains dependent on numerous manual processes and spreadsheet hacks.

Participants in the money market ecosystem include bank and non-bank repo desks, principal and agent lenders, prime brokers, hedge funds, pensions funds, insurance companies, sovereign wealth funds, central banks, state agencies, futures commission merchants, money market funds, bank treasurers, corporate treasurers and securities lending reinvestment desks.

This otherwise sophisticated group is executing trades worth tens of trillions of dollars every day using antiquated technology, which ultimately increases costs to all involved. GLMX offers a path to unifying this fragmented landscape. ■

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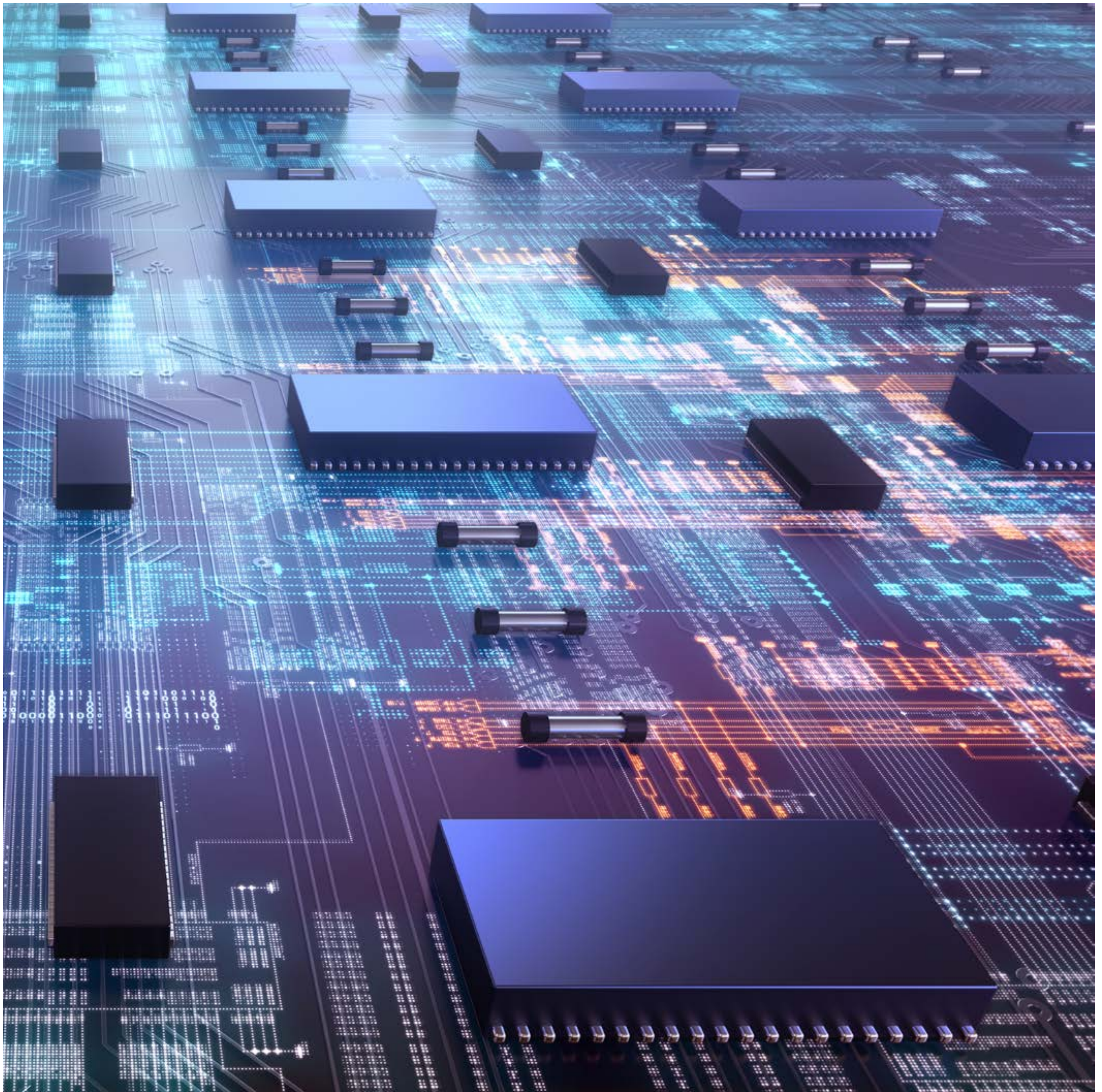

Promoting resilient collateral management infrastructure

Vermeg has been consistently investing in its collateral solution COLLINE to drive innovation in collateral services

VERMEG

"What if" is always a good question to ask

Recent events in the financial markets have highlighted the importance of a robust and resilient collateral management infrastructure. These events also illustrated the need for new strategies to avoid uncontrolled collateral costs during times of turmoil.

Collateral management needs to evolve to onboard new functions that can help to predict collateral demands for future events. If the 'perfect storm' happens, these systems need to be constantly ready to preserve established levels of automation, transparency and optimisation.

At Vermeg, we have been consistently investing in COLLINE, our collateral solution, to be the main technology enabler of such a transformation. The target is to build an operating model that navigates financial market volatilities with minimal costs and that simulates the potential impact of future events on overall inventories and liquidity.

COLLINE can:

- consolidate collateral management in a unique platform across asset classes: over-the-counter (OTC) derivatives, cleared OTCs derivatives, repo, securities-based lending (SBL), to-be-announced trades (TBAs) and exchange-traded derivatives (ETDs). This can support both principal and agency businesses.
- optimise collateral pledges to reduce related costs, automate deliveries to meet margin calls, manage liquidity and optimise the inventory utilisation. "What if" scenarios complement such optimisation.
- streamline connectivity to utilities and agents through the onboarding of new standards such as the Common Domain Model in credit support annex (CSAs) and complex eligible collateral schedule representation.
- reduce IT costs through new technologies such as PostgreSQL for the database management system and efficient SaaS services.

Besides efficiency gains, COLLINE ensures continuous compliance to the regulatory framework evolution — including the Central Securities Depositories Regulation (CSDR), European Market Infrastructure Regulation (EMIR) Refit and Uncleared Margin Rules (UMR)-related market practices — and to ESG standards. Our goal is to help our clients and the industry offer new services and to accompany our clients' businesses growth.

COLLINE usage

Financial institutions can use one or many of the following services available in the latest COLLINE including:

- a comprehensive repository for legal and collateral agreements, covering CSAs, Global Master Repurchase Agreements (GMRAs), Global Master Securities Lending Agreements (GMSLAs), Master Securities Forward Transaction Agreements (MSFTAs), ETDs and bespoke agreements with interoperability based on CDM standards.
- a flexible and rich rule builder for eligible collateral schedules covering complex rules introduced by the extension of collateral eligibility to additional asset classes. Eligibility checks are done in real time for both bilateral and triparty businesses.
- initial margin (IM) calculation using SIMM or Grid methodology and IM threshold monitoring.
- straight-through processing (STP) – SWIFT connectivity to triparty agents (BNY Mellon, J.P. Morgan, Clearstream, Euroclear, BNP Paribas, State Street) and long-box inventory mirroring.
- STP – SWIFT connectivity to third party custodians, covering more than 100 custodians globally.
- cross-agreement margining for multiple business lines (non-cleared OTCs, cleared OTCs, repo, SBL, ETDs).
- a centralised inventory to maintain collateral asset pools and mirror the overall securities positions and cash balances held at custodians and cash agents, with full and global transparency across venues.
- COLLINE Optimizer to automate delivery and return collateral. The source of rules can be any combination of client-sourced rankings or COLLINE-sourced algorithmic with a native and real-time integration with an agreement's collateral eligibility schedule and management of rehypothecation.
- email processor — automation of margin workflow for inbound emails through an embedded digital app that parses emails and automatically triggers the processes in COLLINE or any third-party collateral solution. ■

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12:30 - 13:45
Women in Securities Finance Meet & Greet

A networking event that will be held at the Epic Sana, ahead of the official start of the #ISLASFCM30! Members and allies of the Women in Securities Finance are invited to meet and greet their peers in this informal session. Light lunch and refreshments will be served.

13:30 - 14:00
Registration

14:00 - 14:15
Welcome Remarks - 30 Years in Context

Since the inception of the conference, a look-back at the industry over the last 30 years, and how key historical events have shaped the Association of today.

Speaker

Andrew Dyson, Chief Executive Officer, ISLA

14:15 - 14:35
Macro Economic Update

As we reach the mid-year point, and the global economy continues to grapple with the cost of living crisis as well as the fallout from the war in Ukraine, this session will consider where governments and policy makers are in responding to these challenges from an economic perspective. At the same time, 2023 is beginning to deliver the full impact of Brexit with regard to financial services.

Speaker

Geoffrey Yu, Senior Macro Strategist, BNY Mellon

14:35 - 14:55
Opening Keynote Address

Speaker

Lídia Pereira, Portuguese Member of European Parliament (MEP) European People's Party (EPP)

14:55 - 15:40
ISLA Advocacy, Regulatory & Digital Highlights

Set against the backdrop of the end of the current EU parliament and political cycle in Brussels, as well as the emergence of the UK authorities as a major focus point, a review of in-flight and imminent regulations, and the implications for advocacy. This update will also look at the digital landscape, primarily from the perspective of ISLA's strategy and the work of the various working groups and streams.

Speaker

Adrian Dale, Head of Regulation & Markets, ISLA

Farrah Mahmood, Director - Regulatory Affairs, ISLA

David Shone, Director - Digital Affairs, ISLA

16:10 - 16:50
Legal & Tax Initiatives 2022/23

An update detailing the wide-ranging work that ISLA has undertaken on behalf of its members over the past 12 months. This session will include considerations for new and existing netting jurisdictions, ongoing adoption of our new GMSLA Security Interest Master Agreement, as well as further work on tax changes across Europe.

Speaker

Michael Brown, Partner, Clifford Chance

Meera Khosla, Director, Barclays

Jamie Masters, EMEA Head of Legal for Financing Solutions, State Street

16:50 - 17:20
Bank of England Securities Lending Committee (SLC)

A session dedicated to the work of the Securities Lending Committee (SLC), looking at their overall remit and work undertaken in the past 12 months around areas such as settlement discipline, borrowing securities to vote, as well as advancing broader Diversity, Equity and Inclusion across the markets that the Bank oversees.

Moderator

Tina Baker, Head of Legal Services, ISLA

Speaker

Jon Pyzer, Senior Advisor, Bank of England

EX

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17:20 - 18:10
Thematic Discussion Streams

ISLA is looking to hold three concurrent breakout sessions at this year's conference, looking at the topics of the Basel Regime, New & Emerging Markets and CSDR.

Basel & the Capital Debate

It is generally accepted that the rolling implementation of the Basel III/IV framework will have potentially profound and far-reaching consequences for our industry as well as the banking sector more broadly. Ahead of the trading panel on Day 2, this breakout session will provide some context by outlining the current legislative landscape, but also the key touchpoints with our industry. The discussion will go on to consider the various structural and operational solutions that are being developed that could potentially deliver a more efficient RWA profile between market participants. Familiar themes such as the cost of indemnification, the introduction of an output floor, and how we address the issues of unrated counterparties, will all be discussed.

Facilitators:

Farrah Mahmood, ISLA

Christian Dale, Barclays

Mark Faulkner, Credit Benchmark

CSDR

A few years after the 2008 financial crisis, the European Union proposed CSDR to strengthen the EU's core settlement infrastructures and to harmonise settlement discipline across member states. The Settlement Discipline Regime was a final piece of legislation to be delivered, which was not implemented until 14 years later. Just over a year after SDR go-live, session facilitators from ISLA, as well as the front-office and operations functions of member firms, will provide a short recap on the background, scope and impacts of this aspect of CSDR. Among other things, this will include current settlement rates, market impacts and the use of mitigating actions. Looking at different workflow scenarios, the panel will also assess how firms have been impacted by this system of fines, depending on where they sit within the trade lifecycle.

Facilitators:

Adrian Dale, ISLA

Gabi Mantle, EquiLend

Monique Baines, Macquarie

New & Emerging Markets

At the DAVOS World Economic Forum earlier this year, Maroun Kairouz, Head of the MENA region, said that the Gulf is in a prime position as the 'centrepiece' of global geopolitical efforts. Set against this backdrop, and recognising the importance of the region to our industry, this informal session will consider the markets where we see the most interest from the perspective of the international investment community, including Saudi Arabia and the United Arab Emirates. Touching upon ISLA's own strategic aims and objectives, it will discuss the wider efforts needed to support the development of important local markets, including Sharia law compliance into legal frameworks, and related market best practices.

Facilitators:

Fredrik Carstens, ISLA

Ed Oliver, eSecLending

Jamie Pullen, BlackRock

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