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Distributed ledger technology: new designs for securities finance

DLT-based innovation is reshaping securities finance architecture and attracting new providers and consumers of collateral.

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Société Générale joins Broadridge's Distributed Ledger Repo platform

Société Générale has gone live on Broadridge's distributed ledger technology repo platform (DLR) to further transform its capital markets operations.

The blockchain-enabled platform aims to accelerate the digitisation of the global repo market to reduce risk and operational costs and enhance liquidity.

Broadridge launched its DLR platform in June 2021 and this executed US$25 billion in average daily volume during the first week of the go-live date.

Built on Broadridge's fixed income platform that processes over US$8 trillion per day, DLR couples emerging distributed ledger and smart contract technology with existing operational account structure functionality.

This enables real-time securities mobility in the repo market at scale. The innovation of the repo markets will result in a more efficient market infrastructure and increased capital velocity, according to Broadridge.

Commenting on the announcement, Greg Zielinski, chief operating officer at Société Générale Americas, says: "We are excited to leverage the operational efficiencies, benefit from real-time visibility and have access to enhanced liquidity that Broadridge's distributed ledger repo platform provides.

"This partnership with Broadridge reinforces Société Générale's overall strategy by leveraging blockchain technology to reduce and improve efficiency in the financial markets – particularly the US$10 trillion global bilateral repo market."

Vijay Mayadas, president of capital markets at Broadridge, adds: "Société Générale is an innovator in capital markets, and we are excited to welcome them onto this DLR platform.

"Broadridge continues to drive the transformation of repo market infrastructure with the distributed ledger technology repo platform via the utilisation of smart contracts to digitise the trade agreement between counterparties and leveraging digitised assets to reduce settlement cycles."

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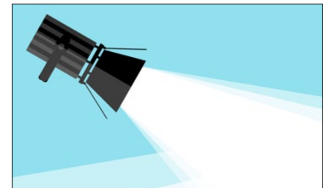

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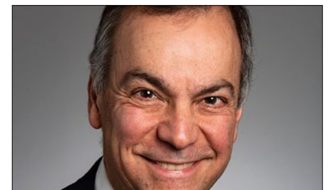

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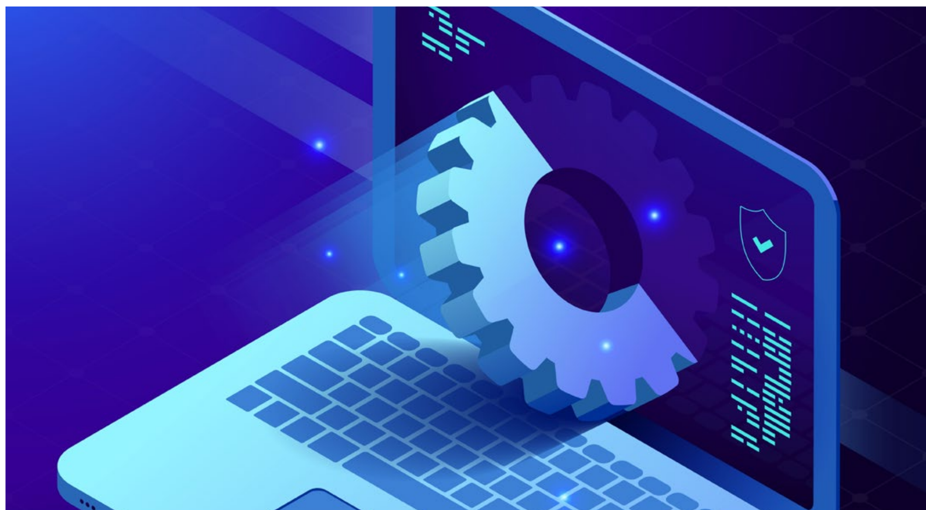

LCH RepoClear SA upgrades its margin framework

LCH RepoClear SA has upgraded its Value at Risk (VaR) methodology across its core euro debt markets.

The Paris-based repo and cash bond clearing arm of LCH Group went live with this new margin framework on 20 June across the 13 euro-currency fixed income markets serviced by this clearing entity.

The new VaR model is designed to enable better recognition of members' diversified portfolios and to incorporate adjusted pro-cyclical measures to support stability and predictability of margin requirements.

This also provides greater capacity to respond to market volatility designed to reduce events that trigger potential liquidity stress within the market.

This model will also apply to LCH SA's €GC+ segment, supporting clearing of euro general collateral baskets, following its proposed integration with RepoClear SA which is expected to finalise in Q4 2022.

DTCC's Report Hub service grows

DTCC's Report Hub service has grown to more than 70 firms as the industry prepares for forthcoming regulatory changes in global derivatives trade reporting.

The members of the hub include leading banks, major swap dealers, and some of the largest custodians, clearing houses and buy-side firms across the globe.

DTCC Report Hub is designed to assist firms with managing their pre- and post-reporting needs across 14 jurisdictions, covering global derivatives, the Securities Financing Transactions Regulation and the second Markets in Financial Instruments Directive.

The cloud-hosted service helps clients increase efficiency, certainty and control over their reporting process while lowering risk.

The solution also helps reduce costs for enhancements related to future regulatory changes, as there are no additional licence fees for regulatory upgrades including the upcoming global regulatory trade reporting rewrites.

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Global Trade Repository (GTR) assists clients with tasks throughout the reporting lifecycle – from data extraction, to reporting to the trade repository, to post reporting quality assurance tools.

Commenting on the milestone, Chris Childs, managing director, head of repository and derivatives services, DTCC, says: “As local and global regulatory demands increase, firms are looking for solutions to address the complexities of trade reporting.

“Report Hub’s growing community is testament to its unrivalled asset class and jurisdictional coverage as well as its robust capabilities. We look forward to welcoming new clients to the service and in working with the industry to address evolving regulatory demands.”

GLEIF deploys first verifiable Legal Entity Identifier

The Global Legal Entity Identifier Foundation (GLEIF) has reached a new milestone with the deployment of its first verifiable Legal Entity Identifier (vLEI) to sign the organisation’s 2021 annual report.

The vLEI is a digital version of the LEI, which intends to meet an “urgent need” for automated digital verification of the legal identities of businesses.

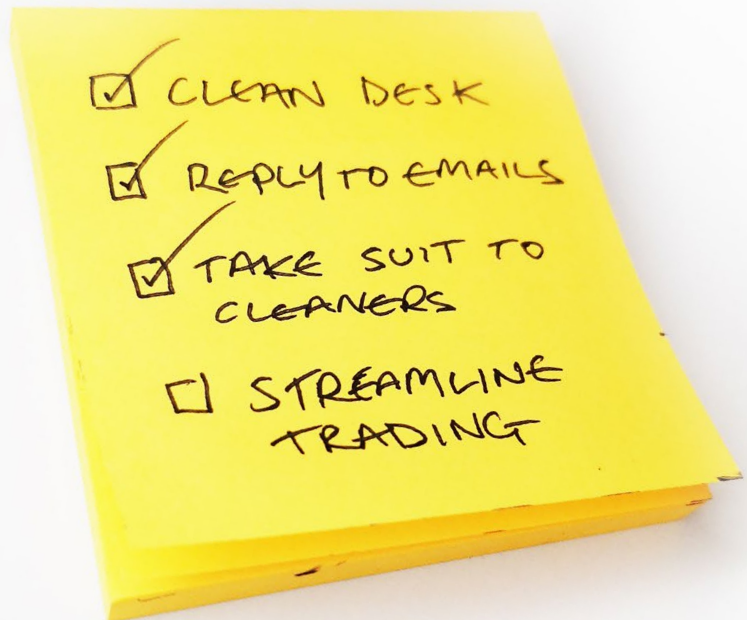
GLEIF indicates that the vLEI “instils confidence in the verified identity of digital counterparties”, allowing them to interact, innovate and collaborate across borders, free of the requirement to perform verification of an organisation’s LEI, and persons that represent their organisations manually.

GLEIF’s annual report illustrates that vLEIs can be used to sign specific sections within a report or data set as well as for signing reports in their entirety.

GLEIF is now working to finalise a qualification programme to enable vLEI issuers to become operational later in the year. GLEIF expects vLEI issuance services to rollout through these qualified issuers shortly.

Stephan Wolf, chief executive officer at GLEIF, comments: “The publication of GLEIF’s 2021 annual report provides an opportunity to showcase the ability of the vLEI to verify, automatically and in real-time, that the report and its signatories are who they claim to be.

“The vLEI has a critical role to play in today’s



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digital world through its ability to provide organisations with unique, permanent verified digital identification globally. This is especially important in the context of identifying legal entities involved in digital transactions, where manual background checks inflate costs and cause huge unnecessary delays."

GLEIF's vision is that there should be one global identity behind every business. The vLEI is expected by the organisation to play a crucial part in making this vision a reality.

More than two million legal entities around the world identify themselves internationally using an LEI, a global business identity system backed and overseen by the G20, the Financial Stability Board (FSB) and a group of worldwide public authorities, says GLEIF.

AccessFintech's Synergy Network boosts operational efficiencies

AccessFintech's 12-month collaboration with Citi and J.P. Morgan has achieved significant operational efficiency enhancements based on internal reviews.

A data and workflow collaboration on AccessFintech's Synergy Network saw Citi and J.P. Morgan complete an analysis of performance improvements achieved over the past year.

Their initiatives focused on securities settlements between the two dealers, with emphasis on European markets as a prelude to the recently implemented Central Securities Depository Regulation (CSDR).

Continuous access to enriched and linked real-time data resulted in a 30 per cent reduction in trade fails, according to AccessFintech.

It also led to an average of 76 per cent reduction in email traffic for operational processes for trades between Citi and J.P. Morgan across securities asset classes over this period.

AccessFintech launched the Synergy

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Network three years ago and has worked with both dealers to establish an ecosystem of connected firms including buy side, sell side, custodians and vendors.

Citi and J.P. Morgan are addressing the challenge of reducing fails with rapid investigation times and are achieving results using predictive analysis during the pre-settlement transaction window, says AccessFintech.

With the Synergy Network's pairing logic, users can view cross-market mismatches side-by-side and act directly within a single user interface. This addresses transaction cost compression, elimination of capital requirements and lack of return on investment.

Roy Saadon, CEO of AccessFintech, says: "The Synergy Network has surpassed critical mass in both the number of its participants and available transaction volume. Our partners recognise that having a data and workflow normalisation and collaboration strategy is critical, particularly as the industry adapts to CSDR regulation and the impending move to T+1 settlement.

"They have the foresight and client focus to see the benefits of having a meaningful increase in the number of Synergy participants, which now enables dramatically bigger cost, capital and operational savings."

Tony Vazquez, global head of securities settlements for Citi, comments: "We are constantly looking for ways to improve our operations and technology through innovation, and using the Synergy Network has allowed us to integrate into one solutions-oriented resource, resulting in more efficiencies for our colleagues and clients.

"AccessFintech's Synergy Network provides streamlined, automated and flexible services that have helped us reduce the time spent on emails and operational processes and optimise the time working on securities settlements."

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Tom Damico, head of global equity operations at J.P. Morgan, adds: "This test period has demonstrated that enhanced data collaboration and shared workflows enable us to create a more efficient operating model with a significant reduction in the number of exceptions and follow-up emails."

Canada Post Pension becomes GPFA member

The Global Peer Financing Association (GPFA), a trade body launched and run by buy-side entities and aimed at promoting collaboration between beneficial owner members in the securities finance market, has welcomed Canada Post Pension as its newest member.

The firm will join GPFA's growing global beneficial owner community, which has already onboarded the University of California, Canadian pension plan OMERS, and Pacific Life.

Canada Post Pension joins as the 25th buy-side beneficial owner member of GPFA.

AI applied to accelerate collateral management automation

Clearstream has announced advances in collateral management automation with the release of a new solution, OSCAR, that applies artificial intelligence (AI) techniques to analyse collateral eligibility profiles for collateral baskets.

The product release, named Own Selection Criteria with Automated Reasoning, has been developed in collaboration with fintech Intelli-Select and their academic partner, the KU Leuven.

This will accelerate the time required for users to develop and negotiate individual collateral baskets through use of AI techniques, including knowledge representation and reasoning (KRR), machine learning and structured natural language processing (NLP).

The service is currently in beta-testing and the main features of the solution will go live during Q4 2022.

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This will be implemented through a phased roll out, with basket set up and negotiation becoming available through an initial release in Q3 2022. A second release phase in Q4 will add eligibility checking prior to further upgrades to the service, and additional vendors being brought on board, in early 2023.

The Deutsche Börse-owned post-trade entity believes it is the first collateral management tool available in the market that applies AI techniques in this way to define, create, negotiate and execute baskets of collateral.

Previously, it notes, creating and managing collateral baskets has been a complex and time-heavy process, requiring users to manually review, compare and translate different profiles across multiple triparty agents. These must be constantly updated in accordance with regulatory obligations such as Uncleared Margin Requirements along with changing business needs.

OSCAR is designed to streamline these activities through use of AI, enabling users to define their own intelligent eligibility criteria while screening through an automated process for inconsistencies. Clearstream reports that the tool will also facilitate interoperability with different counterparts, facilitating negotiation, reconciliation and collaboration.

Commenting on the product release, Clearstream head of investor services and financing Samuel Riley says: "OSCAR reduces the time to set up and negotiate an individual fit-for-purpose collateral basket from weeks to hours.

"Like this, Clearstream provides an enormous relief for client operations who can create individual, yet machine-readable collateral baskets to maximise the value of their business's collateral. With Intelli-Select, we found an excellent partner to build our collateral management vision for the industry, thus supporting our clients in the best way possible."

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Empty voting: back in the spotlight?

Recent action of an EU-based bank in borrowing stock to vote at a company AGM prompted criticism from industry working groups. Bob Currie examines the fallout from this widely-publicised case

Drawing on instinct rather than hard empirical evidence, it seems likely that the securities lending industry does not have a major current problem with empty voting — the practice of borrowing shares with the primary purpose of voting those shares at a forthcoming AGM or EGM.

The European Securities Markets Authority (ESMA), the EU securities markets regulator, commissioned a call for evidence just over 10 years ago to analyse potential issues and concerns raised by empty voting and to evaluate the need for further action. In publishing the responses, ESMA concluded that no regulatory tightening was necessary at that time.

Reporting on the process, corporate governance and responsible investment expert Sarah Wilson, CEO of Minerva Analytics, notes that ESMA did not feel the need to take further regulatory action — "possibly because the overwhelming majority of respondents could cite no concrete evidence of empty voting".

Many institutional lenders are taking their fiduciary responsibilities very seriously as stewards of their clients' assets — and often this extends to maintaining a watchful eye on forthcoming company meetings and monitoring any abnormal patterns in lines of stock that they have out on loan.

While many annual or extraordinary general meetings (AGMs, EGMs) have passed since ESMA commissioned its call for evidence in 2011, there have been few reports in the specialist press to suggest that empty voting has mushroomed over the subsequent period.

Given this lack of noise, recent borrowing and voting practices linked to an April AGM of Italian insurer Assicurazioni Generali have raised collective eyebrows across the industry — prompting concern, sometimes anger, among institutional lenders and industry working groups.

A representative from one institutional asset manager told SFT

Mediobanca clarifies its position on borrowing shares to vote

In a public announcement on 11 April 2022, Mediobanca declared that, in the company's opinion, it is legitimate to exercise voting rights in Assicurazioni Generali shares that it had borrowed for this purpose. Its statement reads:

"As requested by Consob, and with reference to the articles that have appeared in the press regarding the securities lending transaction involving Assicurazioni Generali shares disclosed in the press release issued on 23 September 2021, Mediobanca, under the terms of the contract signed, hereby clarifies that it is fully legitimate to exercise at the Annual General Meeting of Assicurazioni Generali to be held shortly the voting rights in respect of the shares borrowed.

"In this regard, Mediobanca reiterates that the aim of the aforementioned securities lending transaction is to protect its proprietary investment which, at market value, is equivalent to approximately €4 billion and whose economic contribution is part of the financial objectives set out in the Bank's current three-year plan."

that instances such as the recent Mediobanca borrowing of Generali stock could “put the fear of God” into some institutional lenders, particularly in light of their declared commitment to socially-responsible investment (SRI) and ESG principles. “We are constantly telling our fund managers that we apply high governance standards to our lending programme and that we will recall stock when necessary around record dates,” said the respondent. “This [recent case of borrowing stock for voting purposes] may undermine that confidence.”

In the most recent meeting of the Bank of England (BoE) Securities Lending Committee, discussion moved on to the subject of empty voting, particularly in connection with this widely-publicised instance where a counterparty had borrowed shares for voting purposes at a forthcoming AGM.

The Committee, which was attended by 20 senior representatives from the securities lending industry and three representatives from the Bank of England, expressed disappointment that this transaction had taken place in clear breach of Chapter 4, section 6.3 of the UK Money Markets Code.

This group re-iterated that borrowing specifically to vote is “contrary to the widely agreed best practice in the market”.

According to the minutes of this meeting, which were published on 27 May, Committee members confirmed that the Money Markets Code should be upheld at all times to provide confidence to institutional investors that their shares and lending actions will not be “contorted” by the actions of borrowers.

In a recent blog post on the International Securities Lending Association’s (ISLA’s) website, ISLA CEO Andrew Dyson looks back to a case in July 2002 when Laxey partners, an Isle of Man-based hedge fund that was incorporated in 2000, borrowed approximately 6 per cent of share capital in British Land with the primary objective of voting against management.

Dyson observes that the action of borrowing securities to influence a vote at an AGM must be seen as market manipulation no matter which era this action is taking place. This, and other similar instances, led directly to creation of the UK Money Markets Code which states that firms have a responsibility not to engage in this practice. The most recent version of this Code, published in April 2021, states that "it is accepted good practice in the market that securities should not be borrowed solely for the purpose of exercising the voting rights at, for example, an AGM or EGM".

Although the issuer, the borrower and the AGM were not named by Dyson, nor by the Bank of England Securities Lending Committee, the case is understood by SFT to refer the action of Mediobanca, the Milan-based investing banking group, in increasing its shareholding in Italian insurer Assicurazioni Generali through borrowing shares prior to an AGM that took place on 29 April 2022.

Mediobanca was understood to favour the re-election of CEO Philippe Donnet, whose leadership was under challenge from a number of shareholders that opposed Donnet’s re-election for a third term. This included Generali shareholders Francesco Gaetano Caltagirone and Leonardo Del Vecchio, who wished to see a reshuffle at CEO and executive level to drive faster growth and a step up in M&A activity from the Milan-based insurer.

The bank made no secret of the steps it took to increase its shareholding in Generali through borrowing shares in the company. In a public statement on 23 September 2021, marked as "price sensitive", Mediobanca indicated that it had “executed a securities lending transaction with a leading market counterparty in respect of a total of 70 million Assicurazioni Generali shares, equal to 4.42 per cent of the company’s share capital.”

This transaction was conducted on a closed basis and with a duration of approximately eight months, or “at least until the AGM called to reappoint the company’s Board of Directors”. Alongside the shares that it already owned, Mediobanca reported that this loan stock took its interest in Assicurazioni Generali to 17.22 per cent of the voting rights in the company.

In addition to confirming that it had borrowed stock to vote at an AGM, Mediobanca made it clear, in a public statement on 11 April 2022, that it believes it is “fully legitimate” to exercise voting in Assicurazioni Generali shares that it had borrowed for this purpose (see box on p 17) — indicating that this is an appropriate action to protect its proprietary investment of close to €4 billion.

Reuters’ bureau in Milan, referring to a filing to the financial regulator, reports that on 18 May Mediobanca’s holding in Generali

fell back to just under 13 per cent of total share capital after the bank returned shares that it had borrowed prior to the Generali AGM that took place on 29 April.

While Mediobanca maintains that its actions in borrowing stock for voting purposes were "legitimate" as means of protecting its investment in Generali, this position was not shared by ISLA or by members of the Bank of England Securities Lending Committee.

On this point, ISLA's Dyson says that it was "disappointing" to recently see the open use of securities lending to gather votes ahead of a public AGM. "While our position is very clear on this issue, I would also stress the reputational damage this type of activity could have on our industry," he says.

The Money Markets Code indicates that lenders should consider their corporate governance responsibilities prior to lending stock over a period when an AGM or EGM is expected to be held.

Dyson indicates that similar principles are embedded in ISLA's guide on Voting Practices & Shareholder Engagement, which was developed and published in conjunction with four other regional securities lending associations towards the end of 2021.

He also points to the Borrowers' Warranties provisions within the Global Master Securities Lending Agreement (GMSLA) 2010, where 14(e) requires a contracting party to confirm that "it is not entering into a loan for the primary purpose of obtaining or exercising voting rights in respect of the loaned securities".

Set against a progressively engaged institutional investor community, Dyson says that it is vitally important that ISLA works with this community and other relevant stakeholders to ensure that those with the right to vote can do so in an open and transparent way.

For participants in the BoE Committee, a primary consideration was how the market authorities should police this activity and respond in cases of breach. For the example at hand, where a non-UK bank has borrowed stock in an Italian issuer for voting purposes, the borrower might not be guided by the UK Money Markets Code — and there is need for clarification regarding how far a UK-based watchdog will have authority over non-UK entities in cases where a loan transaction is executed in the UK market.

The head of global securities lending at an international asset manager told SFT that if they have clear evidence of stock being borrowed for lending purposes, their policy is to cease lending to, and engaging with, entities that are participating in, or acting as lending intermediaries, for those trades. "If we are serious about actively implementing our ESG agendas, then this action must be an integral part of that policy," said the respondent.

This reinforces the point that beneficial owners need to be looking closely at their lending books, they need to be actively monitoring their positions, questioning why stock is going out on loan – and when they see large movements in shares in which they have significant loan positions, this needs to be flagged and investigated.

This oversight can be complex and costly to manage, notes the respondent — and an unintended consequence may be that this will discourage lending by smaller beneficial owners that have limited scale and lack the in-house expertise to accommodate these costs and oversight responsibilities.

Significantly, if the additional costs and reputational risks attached to securities lending continue to increase, lending may become more difficult to justify internally [to fund boards and risk committees] as an attractive source of risk-adjusted return. Some fund boards are already divided regarding whether the benefits of securities lending justify the risk and costs, said the respondent – and the Generali case provides further grounds for sceptics to question the benefits of the lending programme.

Proxy voting and responsible investment specialist ISS, now majority owned by Deutsche Börse, declined to comment on the details of the Mediobanca case. However, ISS executive director for communications Sarah Ball confirmed to SFT that the products and tools offered by ISS help investors to anticipate when future AGM dates are likely to occur, enabling these investors to recall any shares they may have out on loan to ensure they will be "on the book of records for the company and eligible to vote their shares at the meeting".

In line with this sentiment, Roy Zimmerhansl, practice lead at Pierpoint Consulting, notes that investors may restrict shares from being available for loan over a record date (for example, prior to an AGM or EGM) and they may recall shares that are on loan as a meeting approaches. "That, I believe, is how good investor governance should operate," he says.

A number of institutional investors have been calling for greater transparency around the reasons for borrowing shares – including the Government Pension Fund of Japan, which took the decision in December 2019 to suspend stock lending against short selling activity, believing this practice to be inconsistent with its responsibilities as a long-term investor.

However, Zimmerhansl believes this call for transparency is problematic to implement. Borrowers are unlikely to disclose if their principal reason for borrowing stock is for voting purposes — and securities lending intermediaries (typically agent lenders, prime brokers) in many cases do not have access to full information, and supporting evidence, of why shares are being borrowed.

When a share is borrowed, the borrower must return an equivalent security to the lender – with shares being fungible under the lending agreement. However, if shares are re-loaned or re-financed as part of a chain of transactions, this reinforces the complexity of monitoring the borrowers' reasons for borrowing stock across this chain of interlinked transactions.

In line with these considerations, Zimmerhansl believes that steps to prevent empty voting should be beneficial owner led, with investor associations playing an active role in coordinating these initiatives. "If they wish to restrict voting on their stock, institutional lenders will typically restrict lending and recall shares around record date. Lending intermediaries have an important role to play in executing these functions efficiently in line with the terms of the lending agreement," he says.

Powers of enforcement

We have noted in this article that guidance in the Money Markets Code and the General Master Securities Lending Agreement is generally pretty clear — borrowers should not be sourcing stock to vote at an AGM or EGM. But what enforcement powers are available if firms are in breach? And who will enforce this?

Responding to this question, ISLA's Andrew Dyson observes that the UK Money Markets Code is classified as a 'Recognised Code' by the Financial Conduct Authority, the relevant industry regulator, in the UK. "As such, individuals subject to the Senior Managers and Certification Regime (SM&CR) need to meet the requirements for market conduct, including behaviour in line with the requirements of the Recognised Codes, and including the provisions within the Money Markets Code," he says. "These provisions effectively link personal accountability to adherence with the provisions of the Code."

Another industry veteran made the point that the Bank of England Money Markets Code is — as its name suggests — a code of best practice. If financial regulators believe that borrowing stock for voting purposes is unacceptable, the practice should be made illegal and appropriate enforcement measures must be set in place.

A broader question is whether the anxieties triggered by this recent case will prompt financial supervisors to tighten their scrutiny of securities lending markets around record date prior to corporate events, including company AGM and EGM. The BoE Securities Lending Committee noted that transaction records collected under Securities Financing Transactions Regulation (SFTR) reporting provides a data pool that could provide information on how a position is building prior to a company meeting.

"There is no doubt that reporting regimes such as SFTR do potentially allow regulators to understand these borrowing patterns," says ISLA's Dyson. "Set against this backdrop, the regulatory position here in the UK is clear and has been with us for roughly 20 years," he concludes. "We may also see pressure for similar regimes elsewhere across Europe, especially as shareholder activism gains further momentum."

Putting this dialogue in perspective, we should recognise that a well-reported case of borrowing stock for voting purposes does not constitute a trend. As Dyson notes, this instance appears to be an exception, rather than common practice. "Although we do not have access to any underlying market data, the recent example of borrowing securities with the apparent primary purpose of voting at an AGM is, in my view, an infrequent event," he says. "Increasingly, institutional investors are engaging more broadly with the companies they invest in and as such they would be less inclined to lend securities over record dates."

Notwithstanding, the industry's response to Mediobanca's action highlights that many are committed to preventing complacency and ensuring that this practice does not proliferate.

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Distributed ledger technology: new designs for securities finance

DLT-based innovation is reshaping securities finance architecture and attracting new providers and consumers of collateral into the market. Bob Currie examines the development pipeline

Fifteen years after publication of the seminal paper by Santoshi Nakamoto, Bitcoin: a Peer-to-peer Electronic Cash System, distributed ledger technology (DLT) continues gradually to penetrate the world of securities finance, finding selective application across a range of use cases as firms upgrade their approaches to transaction record keeping and seek efficient ways to lend and finance their inventories of traditional and digital assets.

This study, by the researcher or research group calling themselves Nakamoto, laid the early foundations for use of blockchain-

based record keeping in financial services. Now the DLT world is maturing, attracting new entrants, driving partnerships and takeovers, and generating competitive pressures that have already forced some DLT fintechs to exit the market. Product specialists are working with their technology teams to identify new use cases where DLT may offer benefits — while those that have launched commercial services on blockchain are looking for ways to scale these applications. Fifteen years is still a relatively short timeframe in the advance of a technology, but it gives us clues about how the project pipeline may develop.

Paul Pirie, J.P. Morgan executive director and collateral management product manager, tells Securities Finance Times (SFT) that, for J.P. Morgan, the benefits offered by DLT as a technology are "undeniable". His firm's primary focus in the near term is to apply DLT to improve collateral velocity and mobility, particularly in its agency lending and collateral management functions.

In a recent conference panel on DLT and its application in securities finance hosted by SFT, it was striking that each participating firm has a live DLT-based application that is currently up and running and delivering real benefits to customers. In this sense, this was not simply a forward-looking discussion speculating on what is possible in the future. Rather, participants have completed the design, testing and release of a prototype solution, a minimum viable product, and they are delivering live solutions to their clients.

"Within J.P. Morgan, we have a well-established suite of private permissioned blockchain solutions through the Onyx business unit," says Pirie. "This provides an operating system on which business lines can develop their own applications — enabling J.P. Morgan to be fast to market with digital products and solutions."

One example is the development of J.P. Morgan's intraday repo product, launched in 2020, where J.P. Morgan's Collateral and Trading teams have worked with the Onyx business unit to develop an intraday repo product which involves the exchange of tokenised collateral against tokenised cash in the form of J.P. Morgan Coin. "Blockchain allows us to exchange these tokens simultaneously, eliminating intraday credit exposure for the transaction," says Pirie. "Consequently, this provides a very compelling use case."

In May 2022, J.P. Morgan also announced that it has settled its first transaction using tokenised money market funds (MMFs) as collateral. This uses a tokenised collateral network in steps to increase the velocity of collateral. Following this successful execution of a collateralised trade using tokenised MMF shares, J.P. Morgan plans to expand this model to enable transfers of tokenised equities, fixed income securities and other assets as collateral.

Richard Glen, solutions architect at HQLA^{X}, indicates that the Luxembourg-based fintech has focused on the pain points inherent in collateral settlement and the drag that this has traditionally placed on bank capital or liquidity. Conventional market practice has been to settle collateral transformation transactions using two free of payment (FoP) securities transfers or two delivery-versus-payment (DvP) settlements. The former consumes bank capital in instances where FoP deliveries are not simultaneous, thereby consuming intraday credit. In contrast, DvP settlements consume intraday liquidity against the respective cash payment legs.

The fact that settlement occurs at unspecified and often imprecise times within settlement windows forces banks to maintain buffers of collateral and liquidity to manage these exposures — and this translates into operating costs, regulatory cost, as well as opportunity costs, for the firms concerned. This is compounded by an increasing demand for collateral — driven partly by regulatory initiatives such as Uncleared Margin Rules (UMR) — and by an appetite for higher collateral velocity.

According to Glen, DLT can play an important role in meeting these requirements. We live in a world where users expect prompt delivery in many walks of life — and this extends to mobilisation and delivery of collateral. Not only does DLT enable transfer of securities to be executed immediately; it also allows for transfer of ownership to be finalised at a precise moment in time. This creates new opportunities to support intraday markets in both the DvD and the DvP space — and reduces operational risk and associated costs for banks and their clients.

Matthew Wolfe, executive director and product owner for Renaissance Clearing at OCC, indicates that when the Chicago-based clearing house asked its members to identify their greatest pain points, it received a clear message that daily reconciliation challenges with their counterparties were foremost in their priorities.

In 2020, OCC announced plans to develop and implement a DLT solution to replace its existing securities lending infrastructure. It

selected Axoni, a technology firm that specialises in multi-party workflows and infrastructure, as its technology partner in developing this service.

According to Wolfe, OCC's new DLT-based stock loan system has provided additional benefits: an opportunity for OCC to expand in the DLT space and to provide a relatively low-cost way to improve risk management and operational efficiency for its clearing members.

In practice, clients typically operate trading systems, billing systems, custody systems and a range of other systems. Using traditional database technology, it can be challenging to ensure that these records are fully aligned. However, using DLT technology firms can run each of these in-house systems from a common synchronised record. The user may take a node on the blockchain record, utilising a data streaming service to synchronise across each of their internal systems.

In short, a primary benefit of implementing DLT is for both the lender and borrower to have a direct connection into a ledger and be able to view their positions in real time. Wolfe explains that users can clear transactions through OCC, or trade bilaterally with counterparties, confident that they are working off the same version of the contract as other parties to the trade, rather than relying on a daily update, typically through exchanging end-of-day batch files. The state of a contract is visible in real-time throughout the day. This can also improve audit procedures and transparency. Agent lender disclosures and regulatory compliance obligations such as Reg SHO can be managed more efficiently and at lower cost via DLT.

According to Michele Hillery, managing director for DTCC equities clearing and settlement products, DLT has the potential to lessen or eliminate many of the reconciliation overheads that it encounters currently — ensuring that users are working from a common, shared book of record held on blockchain. Among other benefits, this will allow DTCC to simplify the data architecture that it currently maintains, removing the requirement for extract, transform, load (ETL) layers within its current ecosystem, for example, that are used to consolidate data from multiple data sources into a single consistent record. "Overall, we consider this to be a major opportunity to deliver greater operational efficiency to our clients," says Hillery.

In reviewing this process in more detail, Hillery notes that securities finance transactions are just one element of a much wider securities processing flow that DTCC manages on a daily basis.

DTCC is being selective in where it will apply DLT applications across its service portfolio based on where it can deliver the best value and efficiencies. For US cash securities markets transactions, for example, peak clearing volumes typically average between 200 and 250 million transactions daily and DLT-based systems are not yet well suited to processing this level of transaction volume.

That said, Project Ion — DTCC's DLT-based alternative settlement platform that is due to go into production in mid-2022 — is exploring settlement, and is limited to bilateral transactions. "I envision that as DLT matures, and the industry has wider take-up of this emerging technology, we could see DLT used for a broader set of transactions, as well as potentially in other parts of the post-trade lifecycle," says Hillery.

Significantly, as a clearing entity, OCC's Wolfe also indicates that the application of DLT is enabling OCC to manage credit risk more accurately and at an earlier point in the trade lifecycle. Traditionally, in the case of OCC's Stock Loan/Hedge programme, when the lender and borrower have negotiated the loan, the details are sent to the depository. Following the delivery-versus-payment confirmation, OCC records and guarantees a loan between the lender and the borrower. However, the delivery confirmation of the current system does not include the terms of the loan (e.g. the dividend rate, the rebate rate, any term structure, etc.) and this limits what OCC can guarantee, causing the lender and borrower to have some residual bilateral credit exposure. The lack of information is also a barrier to expanding clearing services such as supporting non-cash collateralised loans.

Wolfe explains that under the new programme based on DLT, OCC will have the full contract details, allowing it to expand its guarantee of Hedge Program transactions. An example of this improvement is that OCC will be able to maintain rebate rates and calculate accrued interest. The accrued rebate amounts will be settled on a netted basis with OCC, replacing the current process of creating payment orders for every counterparty.

Managing transition

When considering implementation, DTCC's Michele Hillery indicates that a key challenge lies in managing a transition to a DLT-based environment for a diverse range of DTCC users. This ranges from

large Tier 1 investment banks with sophisticated technology and a relatively sizeable annual technology budget through to small and mid-tier broker-dealers that have a smaller level of resource they can dedicate to technology upgrades.

By this point, some larger firms are likely to take a node on the blockchain, while others will access the DLT transaction record through their existing messaging systems, through API, through a web-based user interface or through other channels. “At DTCC, we must be able to accommodate this full spectrum of users, ensuring that we continue to provide reliable clearing and settlement services to the full marketplace,” says Hillery.

DTCC plans to share more information on the delivery mechanisms as it goes live with Project Ion, proving the effective functioning of the minimum viable product to the market and demonstrating the resiliency, security and scalability required to support the future of its clearing and settlement services.

HQLA^{X}’s Richard Glen indicates that by utilising digital transfers of ownership — which eliminates the need to move underlying assets between custody accounts — the DLT solution offered by HQLA^{X} enables users to manage collateral transformation trades for assets held in different silos. This allows users to hold these assets for safekeeping in their preferred location, whether this is driven by existing custodial relationships and asset servicing requirements, the need to optimise scale and cost efficiencies, or their ability to access liquidity using triparty.

“The HQLA^{X} solution builds on this decision model, allowing users to manage and transfer the ownership of collateral assets held in different silos without settlement friction,” explains Glen. This is particularly advantageous for portfolio managers looking to generate additional yield on hard-to-fund assets, for example, as well as clients that need to source collateral to cover initial margin (IM) or variation margin (VM) obligations with clearing houses or UMR counterparties.

Alongside the above, other DLT-based initiatives are also gaining traction in the securities finance arena. In June 2021, Broadridge Financial Solutions announced the release of its distributed ledger repo (DLR) platform. This allows users to agree, execute and settle repo transactions on the platform, enabling transfer of ownership using smart contract while immobilising the underlying securities, dictating that these underlying securities do not need to be moved between custody accounts (as discussed above).

SFT has also reported on plans to release an interbank repo and FX swaps platform, which is currently in testing and scheduled for release in mid-2023 (see SFT Issue 305). In June 2022, 14 large banking groups completed a trial to execute intraday repo and FX swaps through an interbank platform built by Finteum and a number of these banks have indicated that they plan to go live on the service when this is launched. The firm established a relationship at an early stage with DLT specialist R3 and is building on the R3 Corda blockchain.

Speaking to SFT, Finteum co-founder Brian Nolan indicates that this will be one of the first interbank venues to support intraday FX swaps and intraday repos alongside each other in the same platform, enabling treasury teams to use these two markets interchangeably to manage their financing requirements. The platform aims to use existing settlement infrastructure, with the trial assuming DvP settlement using Euroclear Bank’s triparty infrastructure. BNY Mellon’s triparty infrastructure can also be used to settle US dollar intraday repo transactions executed on the Finteum platform. Finteum is also trialling settlement with digital settlement rails such as the Fnality Payment System and the company indicates that it is open to extending these DvP options according to demand from participating firms.

Promoting interoperability between solutions

Steve Sullivan, managing director and head of strategic solutions at SETL, notes that a wide array of tokenised assets are being created that can potentially be used in secured financing transactions. However, in many cases, firms are trying to manage these assets within their existing trading and post-trade infrastructure, rather than using this as an opportunity to adopt a new strategy and architecture.

“Perhaps this is the time to explore a new approach,” says Sullivan. “Firms may explore opportunities created by digital assets as a new line of revenue, a new P&L. The key is to look afresh and evaluate how we would really like securities finance to be done. This may allow us to strip out all the operational costs and inefficiency that persist from use of traditional models and legacy architecture —

costs that remain because firms find it difficult to depart from the way this business has traditionally been conducted."

At SETL, the focus is on providing an interoperable layer between different DLT entities, enabling tokens to move efficiently regardless of whether a ledger is supported on Ethereum, Hyperledger or another blockchain system. SETL will talk to a wide range of protocols, whether permissioned or public blockchain, providing the layer that links together the internal organs of these systems and, in turn, linking this environment to external parties. "As firms extend their ability to work across tokenised and traditional assets, it makes sense to have one single place to do your business, accessible through a single user interface," says Sullivan.

In developing DLT-based solutions, J.P. Morgan's Pirie indicates that collaboration is particularly important. The danger of fragmentation is very real and J.P. Morgan has worked closely with clients, peers, fintech companies and other partners to promote interoperability across the market. "In doing so, we aim to promote choice and flexibility, recognising that there should not be one, but multiple solutions, available to the user," he says. With this in mind, J.P. Morgan has developed in-house solutions working with Onyx Digital Assets, but it is also a strategic investor in HQLA^{X}.

In creating the J.P. Morgan intraday repo product, the incentive was to tackle the significant levels of intraday funding that were historically supported on an unsecured basis and to bring this into a secured financing transaction, thereby delivering capital savings to both the cash provider and the receiver.

"The technology is now in place to support this solution and we know it works, having released minimum viable products and developed these into solutions that are now in production," says Pirie. "Technically, we can deliver these solutions very quickly."

But he warns we should not underestimate the legal and regulatory complexity surrounding use of DLT-based solutions. For users, it is clearly essential that the collateral receiver has certainty over their claim to the posted collateral. "Our ability to provide answers to these fundamental legal questions has been critical to the success of the solution," says Pirie.

DTCC's Michele Hillery argues similarly that in transitioning to a DLT-based centralised ledger, DTCC's Project Ion team is clear that it must do so without creating new sources of fragmentation — ensuring that the new DLT-based systems that it introduces must be able to communicate and interoperate efficiently with each other.

Does this require DLT?

In this article, industry experts have outlined a range of compelling benefits that application of distributed ledger technology can bring to the securities finance arena. A question that has been underexplored by industry commentators, however, is how far DLT is really necessary to achieve these objectives. Arguably, many of these goals come back to good data discipline. With this in mind, SFT asked whether these outcomes could be delivered equally effectively on a relational database or other 'traditional' database architecture (eg SQL, NoSQL)?

HQLA^{X}'s Glen indicates that there are certainly some data management benefits offered on blockchain that can be managed in a traditional database. But DLT offers advantages in minimising or eliminating the reconciliation overhead, and in providing greater information security and resilience. Beyond this, there are some real cost savings that come from using DLT technology.

"For HQLA^{X}, a primary objective is to make collateral settlement failures a thing of the past — and DLT technology is important in supporting this objective," says Glen. By working from a single shared book of record held on blockchain, key decision makers in the front office will be able to access all of the salient information that they need in one place — integrated into their trading apps — and without the need to log into multiple legacy interfaces or to make multiple calls or email exchanges across middle and back-office.

As we move through the next few years, Glen indicates that the key to project delivery will be the improvement of the linkages between the analogue and the digital world and the ability to integrate traditional assets and digitally-represented assets within a single collateral inventory. "With this in mind, we are working closely with business specialists and technology teams to evaluate the different integration options available and to help the business sponsors realise the benefits of implementing a digital collateral environment," he says.

SETL's Sullivan embraces a similar commitment to driving integration across tokenised and traditional assets. In December 2021,

SETL announced that it would work with SWIFT on an innovation programme pilot designed to promote interoperability in the advance of a tokenised asset market. Through a series of experiments, the company has been working with SWIFT, Clearstream, Northern Trust and other participants to evaluate token issuance, redemption and DvP settlement in efforts to create a frictionless market for tokenised assets. This will work with established payment mechanisms and with central bank digital currencies.

SWIFT notes that one of the key risks that the market must confront in an environment where tokenised and traditional assets coexist is that this will generate a fragmented patchwork of technologies, platforms and regulatory regimes. To prevent this fragmentation, Sullivan indicates that SETL is working to promote integration between DLT environments, offering its PORTL toolset to allow organisations to build applications that interoperate across a wide range of enterprise DLT protocols, including Corda, DAML, Besu and Fabric, and SETL's own proprietary ledger.

For HQLA^{X}'s Glen, the technology is an enabler in itself. In a digital age where data is king and cyber resilience is at the top of every chief technology officer's (CTO's) agenda, many banks have looked at the costs of maintaining a patchwork of legacy systems and are assessing solutions to provide them with transparency, security and simplification at a more scalable level. DLT provides the opportunity to drive content efficiently into vendor-style "applications" that provide real-time visibility over collateral positions. In doing so, these provide a single golden source of truth which streamlines reconciliation challenges. Importantly, these also provide an optimised data source to drive post-trade analytics.

Inevitably, how this operates in practice will depend on how a firm's workflow is structured. But with the DvD collateral transformation solution that HQLA^{X} offers, a firm can see in its front-end systems when transfer of ownership for a securities basket has been finalised. Glen indicates this is a major advance over previous arrangements, when typically it would require a call to the settlements team, or at least the need to access other middle and back-office databases, to confirm the status of a collateral transfer or collateral transformation trade.

A wide range of digital assets can be exchanged using DLT and, for the agency lending and collateral management team at J.P. Morgan, the focus has been on supporting transfers of tokenised securities and tokenised cash — both applying tokens that reference an underlying asset.

"When we refer to tokenisation, we are deliberately avoiding creating a new transferable security," says Pirie. "Rather, we are creating a digital representation of ownership of the underlying asset." The focus is on creating liquidity through tokenisation by creating a secondary market in tokenised assets. In doing so, it is possible to create liquidity in a fixed asset, an underlying asset that may itself be relatively illiquid. In future, tokenised securities referencing the underlying asset may also potentially be used as collateral, providing these meet the collateral eligibility criteria specified by the collateral receiver.

Based on these considerations, J.P. Morgan believes that tokenisation will be an important tool in enabling clients to manage hybrid portfolios and to generate increased liquidity and mobility in their traditional assets. "In future, institutional clients may invest in natively-issued digital fixed income assets alongside their traditional asset holdings, for example, and it is important that we can manage this confluence of the traditional and digital world and help clients to make efficient use of this hybrid collateral inventory," says Pirie.

While OCC recognises that while the power of DLT is tremendous, Matt Wolfe notes that DLT is also not a monolithic single solution to every challenge. OCC is building its DLT solution to be interoperable across vendor and in-house solutions and on tech stacks both old and new. "We are also working closely with a number of ecosystem partners to ensure we stay on this path to interoperability and deliver an enhanced system for the industry," says Wolfe.

Paul Pirie believes that J.P. Morgan has established a strong foundation through the DLT products that are now live. "On consulting with clients, as we develop our roadmap for the next 12 to 18 months, we are confident that this client demand will translate into growth of volumes through these services," he says.

Over time, J.P. Morgan is confident this will generate scale in the tokenised collateral space and will potentially change the way that the industry handles securities financing. This is likely to be accompanied by the entry of new collateral providers and consumers of collateral — firms that are not active in securities finance currently but are likely to become active participants in this space in months and years ahead.

Benjamin Tal
Managing director and deputy chief economist
CIBC

Reverting back to the 70s

Presenting to the CASLA annual conference, Benjamin Tal, managing director and deputy chief economist at CIBC, provides a Canadian perspective on macro drivers that will shape the direction of the economy and financial markets. Carmella Haswell reports

The economy is facing a whirlwind of change which is seemingly reverting back to the days of the 70s. Interest rates are rising at a speed that has not been seen for generations, which could lead to major implications according to Benjamin Tal, managing director and deputy chief economist at CIBC.

The Organization of the Petroleum Exporting Countries (OPEC) is regaining its pricing power the way that it had in the 1970s. "Back then, we were in a situation where inflation was rising. Today, inflation is rising very, very fast," Tal explains at the Canadian Securities Lending Association's annual conference. A factor differentiating the current economical landscape from that of five previous decades is inflation expectations.

Tal defines expectations as mutant and are predicted to continue for the next two to three years. However, how long this will last is unclear. Tal says: "In the 70s, inflation expectations were all over the place, therefore wages were rising rapidly and real income was flat. That is not the case now, wages are rising but prices are rising faster."

A focal point of Tal's presentation revolved around the cost of bringing inflation down to 2 per cent. The Federal Reserve System will do whatever it takes to reduce inflation, even if the end result is a recession.

According to Tal, the number one source of information about inflation which shapes a person's expectations is social media. "However, the Bank of Canada cannot tweet its way to reduce expectations, they have to show people, they have to mean business," he says. "The only way to do that is by raising interest rates very rapidly and that is why, next month in Canada, interest rates will rise by 75 basis points — the way the Fed is doing because they have to convince people that inflation is under control."

Tal predicts that COVID-related sources of inflation will diminish as the world transitions away from the pandemic. The primary drivers of inflation, he notes, include energy prices, supply chain, rent inflation and the labour market.

Sources of inflation

Reflecting on energy prices, CIBC's Tal reviews several recessions over the past few decades that have been linked to energy dynamics. He concludes that oil shocks of the past were typically soon followed by a recession. "Visibly high interest rates, namely

energy, were inflationary. Central banks raised interest rates and high interest rates kill the economy," he says.

With a reduced sensitivity to energy prices, energy has become less inflationary. Over time, there has been a tug-of-war between efficiency and usage and currently efficiency is winning as furnaces have become increasingly efficient, while house sizes grow. Additionally, for the first time, oil executives are not investing after prices rise.

"When prices increase, investments in our data increase," says Tal. "This time around, they are not doing anything because they know that green is replacing black. This implies that the economy is not getting the injection of energy that it would usually get from investment. [The implication is that], energy is much less inflationary than it used to be."

A second source of inflation is supply chain driven, which Tal estimates to contribute 60 per cent of the inflation that is being witnessed currently. In 2021, the COVID-19 pandemic contributed to a sharp rise in the consumption of goods.

Tal explains: "Even a normally functioning supply system will have difficulties dealing with this situation, and this is not a normally functioning supply system. The demand shock is COVID, the supply shock is 85 per cent COVID-related. If you take away COVID, then the supply chain problems will disappear.

"I believe that a year from now, we will not be discussing supply chain issues in any significant way. The only risk is that supply chain pressures will not be resolved soon enough for the Bank of Canada to stop raising interest rates."

Exploring inflationary pressures in the rental sector, Tal says that for the first time in several years rent inflation will outpace home pricing inflation. The majority of jobs that were lost at the beginning of the COVID crisis were low paying jobs, affecting persons renting their housing. Homebuyers and potential homebuyers benefited from the crisis, financially speaking, as their spending reduced and their income increased. As a result, homebuyers were in a good position to take advantage of low interest rates.

For those potential homebuyers, gifting has become a major force of impact in the Canadian market. Tal notes that one third of first time homebuyers have received a significant gift of CAD$100, 000 (US$77, 400 approx). "You cannot understand the legacy market by just looking at the price to income ratio. The biggest transfer of wealth in Canadian history was seen in three generations — people in the 90s, 60s, 30s, 20s and the demand is skipping a generation." Tal adds.

With respect to labour market inflation, Tal observes a trend of rising wages — but with higher inflation rates impacting low paid jobs, given the difficulty in filling service roles."I believe that COVID opened up the labour market, it is more flexible," says Tal.

> *"The Bank of Canada cannot tweet its way to reduce expectations, they have to show people, they have to mean business. The only way to do that is by raising interest rates very rapidly "*

As a result, increasing numbers of people are finding positions that are equivalent and consistent with their skills. Furthermore, there is a huge increase in the participation rate among university-educated people as they see the market opening up to them. "The shortage of low wage workers is structural," says Tal. "Maybe this is healthy as it is a signal to employers that those jobs deserve higher wages and better conditions. But clearly we have a shortage, which means that the structural change of the labour market is inflationary and interest rates will need to rise to combat this," Tal concludes.

"2022 is the year of the tiger, the most unpredictable creature out there," concludes Tal. "You need a working assumption about COVID. The consensus is that there will be more variants, but we will deal with it. The economy will be dancing to the tune of COVID, but we can deal with this challenge."

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Latest industry appointments at ION, Citi, Natixis and BNP Paribas

Jonathan Hodder appointed director of sales for Europe, the Middle East and Africa at Transcend's London office.

In this role, Hodder will focus on growing Transcend's global footprint, particularly expanding the company's physical presence in Europe and penetrating the Asian markets.

Hodder brings more than 20 years of experience to Transcend. He joins the firm from the Securities Finance and Collateral Management division at FIS, where he was positioned as head of sales for Europe.

Prior to this, Hodder held a seven-year term with EquiLend as director and global head of sales and marketing from 2011 to 2018.

Speaking on the announcement, Hodder says: "I am looking forward to building on Transcend's success driving efficiency and innovation in the collateral optimisation space."

ION appoints Jackson as sales director

Chris Jackson has been appointed sales director for North America at ION Treasury.

Based in Canada, Jackson will cover corporate treasury clients across North America.

Prior to joining ION, Jackson held a number of senior positions at Bloomberg over the last five years.

Most recently, he acted as relationship manager of sales, business development, corporate treasury, commodities and strategy at the firm's San Francisco office.

Jackson also held positions at Lloyds Banking Group as head of cash management and payments, mid-markets at the Bank's London office, and at Barclays, where he took on the role of head of non-banking financial institution cash management and payments.

He first joined Barclays' London office in 2005 as relationship support manager and continued to stay with the bank for 10 years.

Natixis CIB Americas has appointed Jorge Castillo as equity finance trader within the global securities finance group.

Based in New York, Castillo will report to Saverio Costa, head of securities optimisation unit, Natixis CIB Americas.

He will become a member of the securities optimisation team and will focus on the firm's hard to borrow and special situations activity.

Castillo joins Natixis from global financial services firm Cantor Fitzgerald, where he held the role of assistant vice president securities lending trader.

Previously, Castillo held a number of positions at E-Trade between 2017 and 2019. During this term, he was most recently senior operations analyst.

The First Abu Dhabi Bank (FAB) has appointed Matthew Adams and Nasser Alotaibi to its Securities Services business.

Based in Abu Dhabi, Adams joins the bank as executive director of client management, where he will be responsible for managing FAB's global bank intermediary clients and providing access to its regional direct custody platform.

He joins the bank from BNP Paribas in London, where he was head of asset management and asset owner client lines.

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Adams was responsible for strategy and product development for depositary, fund administration, middle office and collateral services across UKMEA.

Adams brings more than 20 years of securities services experience to the role, having held senior-level positions at State Street, HSBC and Northern Trust, covering market strategy, product, global relationship management, sales and fund administration.

Based in Riyadh, Alotaibi will take on the role of director of KSA Securities Services. In this role, Alotaibi will be responsible for managing FAB's client services and product implementation in the Kingdom of Saudi Arabia.

Alotaibi joins FAB from Citi Group, where he held the position of Securities Services operations manager, responsible for the implementation of securities services products and market development readiness.

Prior to this, Alotaibi held a senior role at Riyad Capital, assisting in establishing its custody, clearing and trustee services.

Citi has appointed Joe Bonanno as global head of data, digital and innovation for Securities Services.

Reporting to Okan Pekin, global head of Securities Services, Bonanno will begin his new role at Citi on 15 September, splitting his time between New York and London.

Bonanno will be responsible for overseeing client data services, driving Citi's innovation efforts and digital investment strategy, focusing on identifying strategic emerging technologies, leading fintech proponents, and selecting the correct engagement models.

Prior to Citi, Bonanno served at Morgan Stanley as head of analytics and data strategy, architecture, and platforms for its wealth management division.

In this role, he managed cloud, data, visualisation, advanced analytics, digital, and machine learning platform strategies.

BNP Paribas has appointed John Jenkin as head of prime services technology.

Based in London, he will report to Adalbert de Broglie, chief information officer, global markets at BNP Paribas.

Jenkin brings more than 20 years of experience within global business critical technology to the newly created role, which will align prime services technology further with the prime service business unit, led by head of prime services, global equities, Ashley Wilson.

BNP Paribas says this demonstrates the bank's commitment to the growth of prime services within the wider equities franchise, with Jenkin's role acting to support product expansion and scale up with an immediate focus on the growth of the technology team.

Previously, Jenkin was head of prime finance technology at J.P. Morgan and founder of Gwendra Limited.

Prior to this, he held several senior positions at Credit Suisse during his eight-year term with the company, where he acted as global head of prime financing technology between 2009 and 2014.

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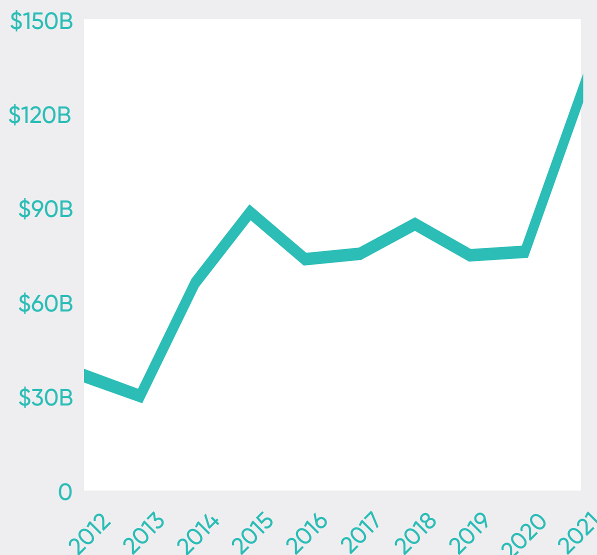

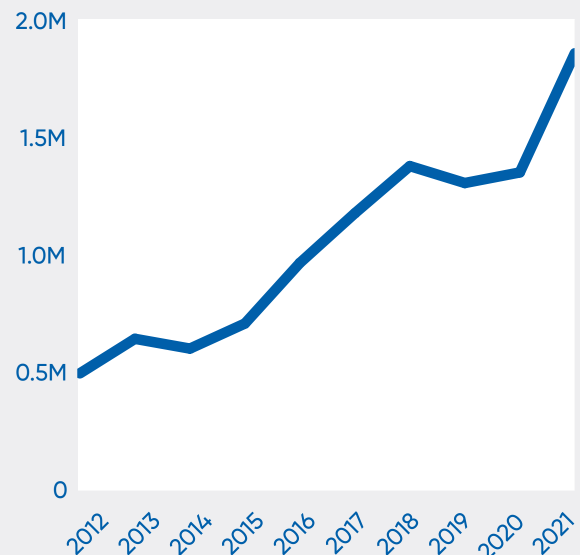

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