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Kaizen Reporting buys majority stake in London Reporting House

Kaizen Reporting has purchased a majority stake in London Reporting House.

London Reporting House was formed in 2021 by chief executive Danny Corrigan, head of product Richard Comotto and a team of fellow repo specialists that aim to bring a new level of real-time transparency to the repo markets.

Its platform aggregates, enriches and evaluates Securities Financing Transactions Regulation (SFTR) trading data on an anonymised basis to provide deeper insight into repo market trading conditions in the European Union and UK.

With the acquisition by Kaizen, London Reporting House's tools and analytics will be available through its web-based regulatory information and compliance platform known as Kaizen Hub.

The full terms of the deal have not been disclosed, but the London Reporting House, led by Corrigan as chief executive, will continue to operate independently with majority ownership from Kaizen.

However, London Reporting House will benefit from some shared resources, including use of Kaizen's human resources division and expertise within the finance department, legal and relationship management.

Last week, London Reporting House confirmed the addition of securities finance market veteran Mick Chadwick to its team.

Enhanced transparency

Speaking about the transaction, Kaizen Reporting CEO Dario Crispini says: "Our partnership with London Reporting House shows our commitment to expanding the services we can offer to our clients. It also highlights our belief in the expertise and creativity that Danny and Richard bring to London Reporting House and the products they are building.

"The products they are creating provide invaluable information for trading and risk teams at a time when financial institutions are looking for enhanced transparency and data across all markets."

continued on page 6


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Kaizen Reporting buys majority stake in London Reporting House

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Danny Corrigan, CEO and co-founder of London Reporting House, comments: "By joining forces [with Kaizen Reporting], we are able to enhance our offering and build out our platform which leverages Kaizen's IT infrastructure and legal framework for onboarding.

"Bringing their expertise and technology together with ours, we are able to offer the repo market a unique service that creates a transparent and deep view of the UK and EU repo markets."

To explain the rationale for this transaction from a Kaizen perspective, Crispini tells Securities Finance Times that Kaizen Reporting has a sizeable book of large bank and buy-side clients active in its SFTR reporting service and it has been working with these clients to find ways of delivering additional value from their reporting data.

"Kaizen Reporting is heavily focused on data quality and we offer an SFTR data quality service to assess the quality of SFTR data that firms are reporting to trade repositories," says Crispini. Subsequently, London Reporting House has applied this SFTR data to develop a range of metrics and analytics for the EU and UK repo markets.

Corrigan explains that this repo market solution could not have happened without SFTR, but also could not have been developed without Kaizen and the surety it provides in verifying the accuracy of SFTR reporting from clients using its reporting service.

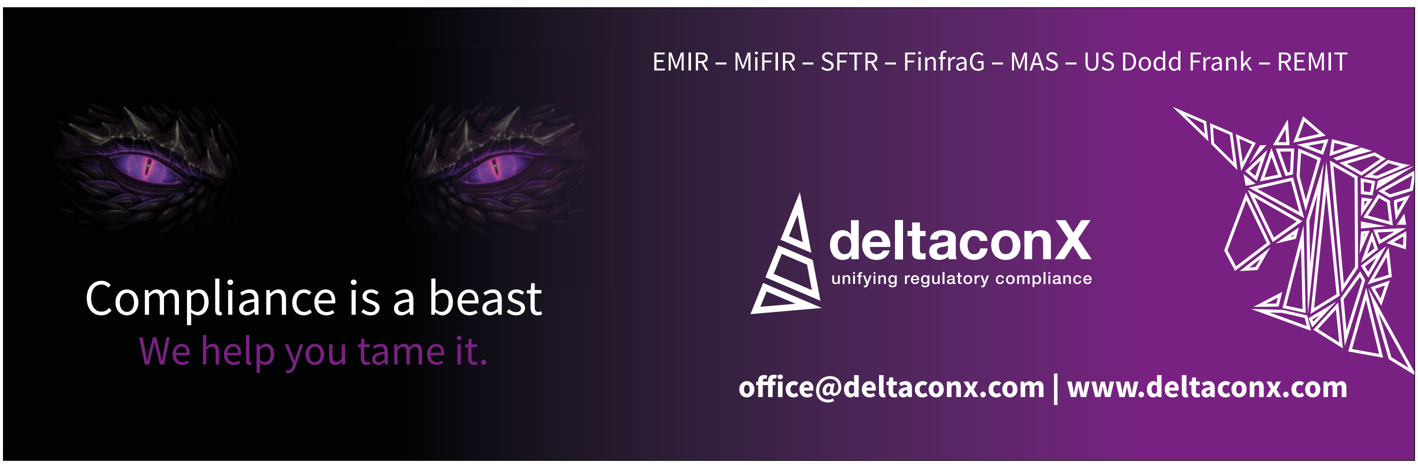
"Initially we will offer the solution for four core markets, namely repo trades against UK gilts, German bunds, French OATs and the Italian BTP," says Corrigan. "We will begin with these relatively widely-traded government securities to demonstrate that the service works but, over time, we expect to extend this to repo transactions in other bond markets."

The aim is to begin with a proof of concept for these four markets and across five products, specifically GC repo spreads and curves, specials, transaction volumes along with collateral haircuts and pricing. London Reporting House is working with approximately 20 firms in developing this repo market data and analytics solution, with five early adopter firms — including large dealer firms and asset managers — active in testing the initial service offering. "By the summer of 2023, we are confident of being live for several firms and for five products across four markets," says Corrigan.

"There is no lift or transition process for the users in technology terms. They can pull this data directly from the Kaizen Hub using a user interface (client dashboard) or via API," he adds.

Corrigan explains that the company is currently at the "preview" stage, prior to going live later this year, demonstrating the solution to prospective sell-side and buy-side clients.

When the client is also a user of Kaizen's reporting services, this tends to accelerate the discussion process — it makes the onboarding process more simple, with much of the legal and IT due diligence work having already been done. "In addition, if a firm is already using Kaizen's



Reportshield product, it is a sign that they take their regulatory reporting obligations seriously, which in turn means that on the LRH side we are less likely to have problems with the quality of their SFTR data," he says.

However, these checks and balances are also in place for LRH clients that are not currently users of Kaizen's reporting services. "This way, we ensure that any data feeding into our anonymisation and aggregation engine meets the highest possible quality standards," says Corrigan.

Kaizen Reporting's Crispini indicates that the service that London Reporting House is putting together will be the first time this level of market insight and transparency will be available for the EU and UK repo markets.

Elaborating on this point, Mick Chadwick, London Reporting House's head of sales and business development, notes that a number of providers currently offer data insights on the repo market. However, these are confined to the limited subset of trade activity that crosses their particular platform. As a result, there are limitations in terms of the completeness and sometimes the accuracy of the data set.

"At London Reporting House, we are working to provide a data view that is more comprehensive and more robust," he says. "As we have noted, our service draws on SFTR data, which is effectively the most complete data set available for the international repo market."

But, given the sheer volume of information reported, it also requires a high level of expertise to validate and apply this data set, delivering a solution that separates the signal from the noise. The experience of Richard Comotto has been crucial in understanding the SFTR reporting template, with its 155 mandatory fields, but it also requires some industry experience to translate this information into a format that meets the needs of clients on both the sell- and buy-side.

In this respect, LRH has been transparent in explaining the methodology that it is using to clients and prospects — providing confidence that these data metrics represent a complete and accurate view on the market. It is also important that the repo market data and analytics that it offers do not allow users — in parts of the market that are relatively illiquid for example — to identify individual trading firms, or confidential information about the trading strategies they are using, from this aggregated and anonymised data.

London Reporting House is currently in dialogue with a broad community of existing and prospect clients across sell- and buy-side communities and it is confident that this data service will provide value to almost all market participants active in repo markets.

"For a buy-side repo trading desk, for instance, there has previously been no effective benchmarking service available to measure the quality of repo trade execution to meet their 'best execution' obligation under MiFID II," explains Chadwick.

"This is a striking anomaly for repo markets and one that we offer a solution to address, enabling users to apply filters to delineate this information by key trade parameters to provide valid comparison with the peer group."

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Securities lending volumes fall 1.2% for February

Securities lending volumes cleared through OCC have contracted 1.22 per cent YoY for February to 173,888 trades, with average daily loan value for the month falling 12.3 per cent YoY to US$117.6 billion.

For futures and options contracts, total volume has grown 9.9 per cent YoY to 887.6 million contracts for February, representing the highest February cleared volume on record according to the Chicago-based clearing house.

This expansion has been powered by a 4.7 per cent YoY increase in equity options to 470.5 million and a 12.6 per cent rise in cleared ETF options contracts to 345.6 million.

Clearing activity in index options has risen 45.7 per cent YoY for February to 67.1 million.

In contrast, futures contracts cleared through OCC have fallen 16.7 per cent to 4.3 million YoY.

Global securities lending revenue up

The global securities finance industry generated US$850 million in revenue for lenders in February 2023, a 34 per cent increase year-over-year, according to DataLend.

However, this represents a 4 per cent decline month-on-month from the US$890 million generated for lenders in January 2023.

Global broker-to-broker activity, where broker-dealers lend and borrow securities from each other, increased 30 per cent YoY for February, totalling an additional US$240 million in revenue.

According to DataLend, the improvement in lender-to-broker revenue over 2022 was largely due to a continued increase in fees. Globally, across all asset classes, lending fees climbed 40 per cent YoY and 7 per cent from January.

A strong market for prominent US equities helped to increase revenue by 51 per cent in North America, says the market data service of fintech EquiLend.

North American securities trading “special”, where fees meet or exceed 500 basis points, generated US$329 million, a 108 per cent revenue increase over the same period last year.

The top five earners in February 2023 were the same five securities as in January. These were AMC Entertainment Holdings (AMC), Lucid Group (LCID), Beyond Meat Inc (BYND), MicroStrategy (MSTR) and GameStop Corporation (GME).

In total, the group generated US$155 million in revenue in February and US$30 million more than they commanded in January.

DataLend highlights that performance in EMEA and APAC across all asset classes faced YoY revenue improvements of 22 per cent and 2 per cent, respectively. However, earnings in these territories did decline from the start of 2023 with a month-to-month dip of 18 per cent in EMEA and 10 per cent in APAC.

ISLA releases new GMSLA templates

The International Securities Lending Association (ISLA) has published new templates for its Global Master Securities Lending Agreement (GMSLA).

Accompanying the 2000, 2010 and 2018 versions of the documentation, the ISLA Documentation Subgroup in collaboration with Linklaters have released four new templates.

The new templates are Mini Close-Out Notice, Default Notice, Termination Notice and Amendment Agreement.

The templates have been produced to provide a point of reference for parties who have not otherwise developed their own, the Association says.

ISLA states that it does not seek to create any new standard, or to change existing practices. Use of the templates is not mandatory and parties may adapt the templates as required.

The Association’s working group, ISLA Document Digitisation Working Group, is currently focusing on digitising the GMSLA — concentrating initially on integrating business outcomes from the Association’s Clause Library and Taxonomy into the Common Domain Model (CDM).

Repo ADV on Tradeweb rises 16.7% YoY

Repo average daily volumes traded on Tradeweb increased 16.7 per cent YoY for February, rising to US$411.3 billion.

However, this represents a 1.3 per cent contraction month-on-month on the US$416.9 billion in repo ADV traded in January.

The US-based provider of electronic trading for rates, credit, equities and money markets indicates that average daily trading volume across all asset classes for the month of February was up 21.5 per cent YoY to US$1.43 trillion.

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Trading of government fixed income securities on Tradeweb had mixed fortunes during September, with US government bond ADV down 6.2 per cent YoY to US$144.3 billion but with European government bond ADV rising 2.9 per cent YoY to US$43.2 billion.

Tradeweb reports that the drop in wholesale trading surpassed the rise in US retail government bond trading witnessed over the month, which was driven principally by a rise in US interest rates.

Average daily trading volume for swaps and swaptions was up 43.2 per cent YoY to US$304.2 billion for February, with ADV for interest rate derivatives rising by 62.2 per cent YoY to US$597.7 billion.

In credit markets, fully electronic US credit ADV was up 28.2 per cent YoY to US$5.1 billion for September, but with European credit ADV rising 4.5 per cent YoY in USD terms to US$2.2 billion.

Eurex Clearing to release ESG clearing solution

Eurex Clearing will introduce an ESG clearing solution designed to offer greater transparency to clearing members and end users regarding the sustainability credentials of their cleared portfolios and their counterparties.

The new service, named ESG Clearing Compass, will go live from 3 April 2023 and will support two components, the ESG Portfolio Assessment and the ESG Visibility Hub. ESG Portfolio Assessment will provide screening of securities collateral provided as margin or through default fund contributions against climate metrics.

The climate data will be sourced from ISS ESG, the sustainable investment division of Institutional Shareholder Services. Deutsche Börse Group, Eurex Clearing's parent company, finalised the purchase of an 81 per cent stake in ISS in February 2021.

The ESG Visibility Hub provides an additional

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set of tools through which users can publicise their sustainability profile and initiatives on the Eurex Clearing web portal.

This additional information will also enable users to evaluate the sustainability profiles and ESG strategies of their trading counterparties.

ABN AMRO Clearing and Societe Generale have been working with Eurex Clearing in developing this service as early partners.

Deutsche Börse’s chief sustainability officer for trading and clearing Christina Sell says: "Many market participants still struggle with incomplete, inconsistent or insufficient data regarding their exposure to climate-related physical and transition risks.

“As a financial infrastructure service provider, we consider it our responsibility to contribute to transparency. With our innovative offering, our members can efficiently receive high-quality ESG data via established channels.”

Pauline Engelberts, global chief operations and chief sustainability officer at ABN AMRO Clearing, says: “The clearing industry is at an early stage of the transformation journey. We appreciate the efforts of Eurex Clearing to enable its clients to have more data transparency and awareness of their ESG profile and strategy. This will pave the way for better climate metrics. We are happy to support this initiative.”

Digital Asset confirmed as DLT provider for EquiLend 1Source

EquiLend has confirmed Digital Asset as provider of distributed ledger technology (DLT) for its 1Source solution for securities finance transactions, which applies Digital Asset’s Daml smart contract language and its Canton ledger.

1Source has been developed to help EquiLend clients to eradicate reconciliation challenges by providing access to a “single source of truth” using DLT.

Speaking to Securities Finance Times about 1Source in SFT Issue 321, EquiLend’s head of Japan Yuka Hasumi, says that “increasingly, market participants are looking for technology which is more innovative, scalable and that solves the significant issues that everybody deals with on a daily basis”.

Using traditional technologies, counterparties to a securities lending transaction typically record contract details separately in their own record systems, which may lead to reconciliation mismatches and STP breaks downstream in the trade lifecycle.

In a joint statement, the companies explain that through using Digital Asset's Daml smart contract language and its Canton ledger, the 1Source initiative ensures trade details stay in sync across the transaction lifecycle.

Commenting on the service relationship, Digital Asset’s chief business development officer Kelly Mathieson says: "We are excited to embark on this partnership with EquiLend, which we believe will transform the securities finance market.

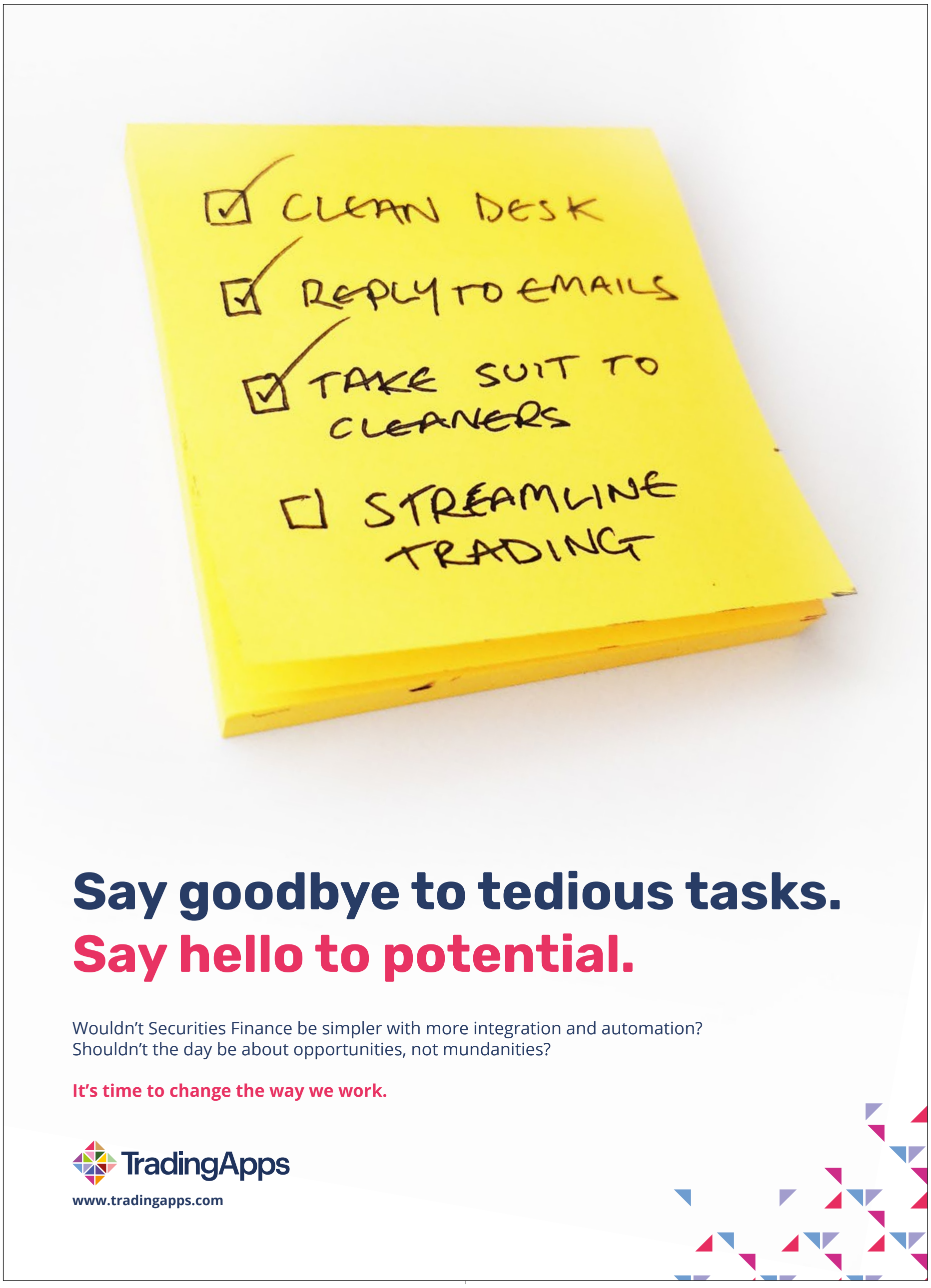
“Using Daml and Canton will significantly reduce reconciliation breaks and create a single ledger for trading activity for all market participants, leading to more efficient and profitable trades. We are grateful that EquiLend has entrusted us as their leading technology partner for this project."

EquiLend’s chief information officer Ken DeGiglio comments: "EquiLend has a long history of creating efficiency through automation in the securities finance market.

“EquiLend's 1Source initiative represents a once-in-a-generation opportunity to propel the industry forward with an innovative new approach to lifecycle management. By leveraging Daml and Canton from the distributed ledger experts at Digital Asset, alongside our deep experience and network in the securities finance industry, we are confident that the 1Source initiative will result in a modernised new securities finance industry."

GASLA releases update to Global Framework for ESG

The Global Alliance of Securities Lending Associations (GASLA) has released an update to the Global Framework for ESG and Securities Lending (GFESL).



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The initiative reflects GASLA's commitment to provide market participants with a practical framework for evaluating securities lending in the context of financial institutions' ESG policies.

The updated version, developed in collaboration by the five member associations of GASLA, equips the industry with a global perspective on the intersection of securities lending and ESG considerations.

The 2023 GFESL updates the first version of the framework, which was released by the Pan Asia Securities Lending Association (PASLA) and Risk Management Association (RMA) in May 2021 with the support of the International Securities Lending Association (ISLA).

This provided the first practical guidance on how securities lending market participants could approach ESG issues in their businesses.

It provides insight into key considerations across the five main touchpoints between securities finance and ESG: voting rights, collateral, lending over record dates, facilitating participation in the short side of the market and transparency in the lending chain.

The GFESL also offers commentary on the legal and regulatory context for each touchpoint as well as practical guidance for lenders.

Andrew Dyson, CEO of ISLA, says: "ISLA, along with our sister associations, understands the importance of developing a global approach to ESG, to support the role that securities lending plays in our markets, while adapting to ESG considerations.

Eurex Repo average daily volume rises 67%

Trading volumes on Eurex Repo have grown 67 per cent YoY to €321.7 billion for February, a major advance from the €193.0 billion in term-adjusted average daily repo volume recorded for February 2022.

This growth has been powered by 83 per cent YoY growth in special repo for February to €209.8 billion and a 43 per cent YoY rise in GC Pooling volumes to €111.9 billion.

This expansion has been mirrored in the OTC derivatives clearing segment, where aggregate notional outstanding for OTC clearing has grown 21 per cent YoY for February to €31,473 billion.

This includes a 12 per cent YoY rise in notional outstanding for interest rate swaps (IRS) to €13,341 billion and a 31 per cent expansion in overnight index swaps cleared through the CCP to €2,598 billion.

In turn, average daily cleared volumes through Eurex Clearing have increased 56 per cent YoY to €226 billion.

This features 35 per cent YoY growth in overnight index swaps for February to €16 billion, although cleared ADV for IRS has contracted 33 per cent to €20 billion.

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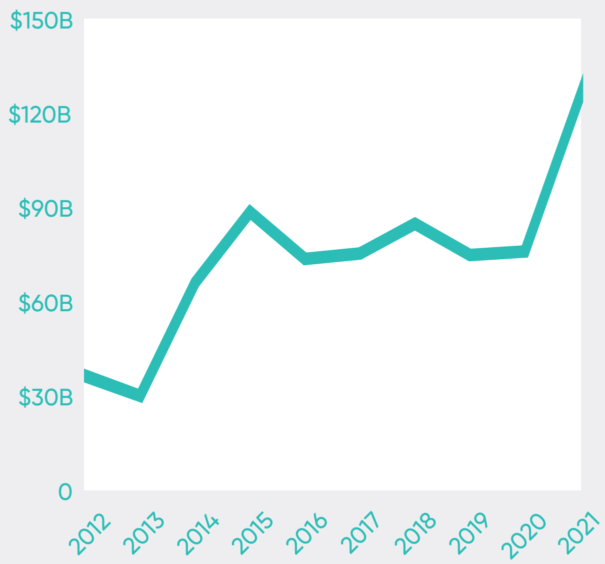

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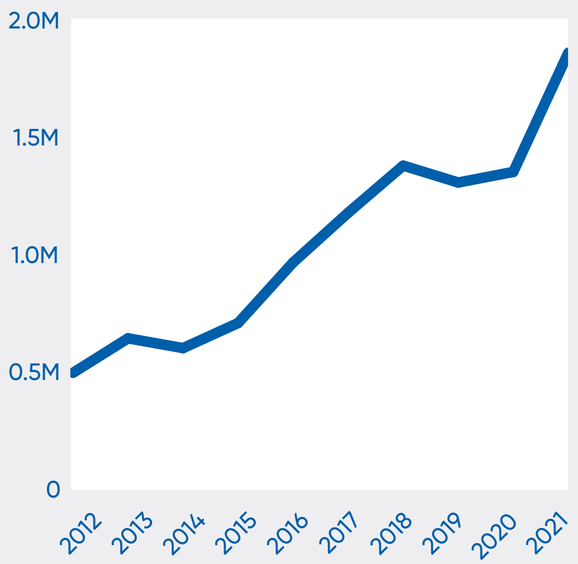

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Solving for today, building for tomorrow

In the second of a series of articles on collateral management strategy, Bob Currie examines steps to address collateral fragmentation, potential benefits from tokenisation and the essential need to be working with good data

In the first of this series of articles on collateral, published in SFT 321, we discussed how regulatory drivers, macroeconomic conditions and operational priorities have each played a role in driving firms to upgrade their collateral ecosystems and take an enterprise-level view of their collateral inventory and financing requirements.

Regulatory changes are forcing a new community of firms into the collateral world and requiring established players to minimise balance sheet cost and remove operational drag. With an expanding range of firms required to manage initial margin (IM) and variation margin (VM), as they have fallen into scope of Uncleared Margin Rules (UMR), these firms are looking for automation, better inventory management, as well as innovative new ways of managing these priorities.

Sophie Marnhier-Foy, global head of product marketing at Adenza, indicates that new regulations have highlighted the interdependency between collateral management, clearing and risk, reinforcing the need to eliminate silos. Firms are managing higher volumes of cleared transactions, cross-margined portfolios, and UMR-mandated trades, all resulting in an exponentially growing need for efficient collateral management and advanced processing. “All those changes call for platform modernisation, simplification and consolidation and a need for more granular data,” she says.

Martin Walker, head of product management at Broadridge Securities Finance and Collateral Management highlights the importance of “getting the basics right” as a fundamental step to good collateral management. Good data husbandry is fundamental to this process — working with clean, well-maintained data sets. “The most effective input in building high-quality collateral management solutions is working with good data, well structured data, coming from the right sources,” says Walker. This is a proven technique over many years and applicable across business areas. “The industry needs to keep coming back to these basics.”

Specifically, it is important to onboard client data into a single, consolidated database within the firm’s infrastructure, ensuring that the client has a clear identifier (typically the Legal Entity Identifier, LEI), attaching the relevant standing settlement instructions (SSIs) and ensuring that this golden-record dataset is accessible to relevant systems within the enterprise. Working with accurate securities data, legal entity data, inventory data and master agreement data is essential to minimising risk across the transaction lifecycle.

Collateral fragmentation

As an industry, we have been focusing for many years on how to reduce collateral fragmentation across product silos (securities lending, repo, exchange-traded derivatives, OTC derivatives) and geographical locations. SFT asked industry specialists how advances in technology and process innovation will define the next set of improvements in collateral mobility and enterprise-wide collateral aggregation.

Will Thomey, co-head of business development at Acadia, proposes that much of this fragmentation was the result of years of siloed business practices and, to some extent, jargon or language. As market participants have constantly reorganised their businesses and supporting collateral organisations, most have already concluded that the differences across markets are self-imposed and arbitrary.

Of course, market nuance exists, Thomey notes, but the 80/20 (or more likely the 90+/10-) rule is accurate where a vast majority of the markets operate consistently — especially in terms of collateral management, but this is equally true across post-trade support.

Jurisdictional differences are slightly more complicated, with some stand-out variations from market to market — for example, the inability to net exposures, heavily prescriptive client money rules, unique reporting requirements or strict segregation requirements. “That said, when factoring in the size and depth of jurisdiction combinations, one would easily conclude that consistencies far outweigh inconsistencies,” says Thomey.

Broadridge’s Walker notes that the industry has been exploring how to centralise collateral pools for more than 15 years. In practice, many firms still operate multiple different sub-teams across their exchange-traded (ETDs) and OTC derivatives, repo and securities lending desks, with these sub-teams often operating different collateral systems. He indicates that Broadridge is working to move beyond this scenario to offer a single collateral solution to support a firm’s activities across these trading areas.

In doing so, he suggests that his team did not begin by looking at ‘pain points’, but rather at points of commonality. “While a lot of trading activity for repo and securities lending is done at the individual trade level, particularly for ‘specials’,” he says, “it is still possible to find common ground across product areas.” For example, risk management and margin management for derivatives is commonly handled at portfolio level, while for securities-based lending it is also common to handle some trade types — trading baskets of general collateral for instance — at a pooled level.

No doubt the workflow across these two trade types differs substantially. But in delivering a centralised view of the inventory, in mobilising and allocating the assets that a firm may use to collateralise a portfolio of derivatives contracts or a pool of securities lending trades, Walker believes these scenarios are conceptually similar. A key principle in the solutions design is to take advantage of these commonalities, while still recognising the differences and accommodating these differences into the solution. In practice, there tends to be significant overlap in some areas — for example, in portfolio valuation, processing margin calls, managing substitutions and disputes relating to valuation of trade positions and collateral.

In handling derivatives exposures, Thomey believes that Acadia offers a very real example where its Margin Manager service has standardised the messaging of margin requirements and its IM Exposure Manager solution has been part of a standard global framework supporting the Uncleared Margin Rules (UMR), while also catering for minor, but truly necessary, market or jurisdictional nuances.

In short, technology is not the limitation and as the value proposition continues to unfold to centralise collateral management — across technology, operations, and funding and liquidity — Thomey believes that the self-imposed silos that remain will continue to fade.

Solving for now

For Pirum's head of corporate development and collateral services Todd Crowther, decade-long challenges are now being solved for today. He tells Securities Finance Times that the firm is delivering solutions to address three foundational challenges: connectivity, centralised data and collaboration.

Elaborating on this point, Crowther explains that, over the past 20 years, Pirum has built a market-wide network which acts as a connectivity hub for participants to interact agnostically with a wider ecosystem. It has developed a centralised data model, including backward integration to industry-driven common domain models (CDMs), which consolidates and normalises data to deliver a standardised, streamlined front-to-back platform supporting product lines that were traditionally managed in industry silos.

Alongside this, its networked services have enabled participants to collaborate across this wider ecosystem, enabling straight-through processing not only as a centralised process across internal business lines but also by extending process automation across industry participants including their counterparts, vendors and market infrastructure.

Pirum released its CollateralConnect collateral optimisation service extension in January 2022 and reports that it now has 125 clients up-and-running on its exposure and collateral management service, including broker-dealers and banks that are optimising collateral on a daily basis.

Eric Badger, BNY Mellon's global head of sales and relationship management for clearance and collateral management, notes that it has long been evident that the global collateral landscape is somewhat fragmented, making it challenging for market participants to deliver securities easily to locations where they can be posted efficiently as collateral. He indicates that the bank has made big strides in developing solutions to reduce market friction and remains committed to establishing further connectivity across the marketplace, including with CCPs, new markets such as Indonesia and Malaysia, custodians and other key depositories globally.

"Our one-platform strategy and interoperability tools facilitate the efficient movement of collateral to meet client obligations across BNY Mellon's collateral platform," he says. "Our collaborations with Pirum and Baton Systems notably will combine our collateral optimisation services with their aggregation, connectivity and data services."

"The future is now for Pirum clients," claims Crowther. He explains that the firm's CollateralConnect service connects those firms to multiple collateral venues and leverages real-time data-driven APIs and algos to provide intelligent, STP-directed allocations. Clients benefit through decreased operational risk and credit risk via efficient exposure and margin management. The service helps them to lower their funding costs, access secure financing and inventory utilisation within their securities businesses, as well as better performance and prudential compliance around, for example, Liquidity Coverage Ratio, Net Stable Funding Ratio and risk-weighted asset considerations.

In October, the company launched a collateral optimisation service with BNY Mellon to support margining, risk management and inventory management for collateral givers. The solution, ECPOConnect, brings together BNY Mellon's ECPO service, which provides optimisation across more than US$4 trillion in assets annually, and Pirum's CollateralConnect platform.

A feature of Broadridge's SFCM collateral management solution, notes Martin Walker, is that it was first developed to support the securities lending and repo trading areas prior to being integrated into a wider collateral management service. It is essential for both repo and securities lending desks to have a centralised, near real-time view of the inventory and how this can be allocated most efficiently for loan or financing purposes. "This was a starting point in building our platform four years ago, enabling us to develop the core inventory management engine that has subsequently become the backbone of our collateral management service," he says.

Having built a system targeted initially at securities lending and repo trading, Walker indicates that Broadridge's collateral solution provides a clear and integrated view of a firm's inventory. In contrast, collateral solutions that have grown from a different starting point — particularly those supporting margin requirements for non-cleared OTC derivatives — have tended to emerge with different strengths, particularly their ability to offer automated end-to-end workflow and to handle some of the wider data requirements fundamental to derivatives collateral management — for example, ensuring alignment with credit support annexes (CSAs) and collateral eligibility schedules.

Over the past 12-24 months, Broadridge has focused on improving the workflow functions embedded in the system and improving its ability to handle master agreement data. With this combination of efficient inventory management, automated workflow, along with a strong understanding of master agreements and collateral eligibility, Walker believes the company has the essential components in place to deliver a comprehensive enterprise-wide collateral management solution.

Collateral mobility

J.P. Morgan's head of collateral services for EMEA Graham Gooden points to two parallel directions of travel in terms of improving collateral mobility. The first is to improve efficiency of collateral transfer for traditional collateral assets. To provide one example, J.P. Morgan has combined the benefits of its triparty solution, optimising collateral allocation from the client's longbox, with the ability to support direct delivery of collateral, for example to meet margin requirements at a central counterparty.

This solution, J.P. Morgan's CCP Margin Exchange, brings together the benefits of traditional triparty collateral management with the preference of some collateral receivers, in this case a CCP, to receive collateral bilaterally, notes Gooden. "This ability to offer direct collateral delivery from the clients' triparty longbox is new to the market and is not, in our understanding, currently offered by other triparty providers."

A second development priority is to apply tokenisation to manage transfer of collateral ownership without the need to move the referenced asset between buyers' and sellers' accounts at their respective custodians. "In summary, our approach is that we need to move the needle, not move the asset," says Gooden. "By creating a token that references the underlying asset, transfer of ownership can be managed on DLT without the need to move the underlying security."

In May 2022, J.P. Morgan settled its first transaction using tokenised money market funds as collateral. To support this collateralised trade, J.P. Morgan released a new application on its Onyx Digital Assets blockchain, enabling trading participants to transfer tokenised money market fund (MMF) shares on blockchain as collateral. Both collateral provider and collateral receiver must be present on this blockchain-based application, which is known as the Tokenised Collateral Network (TCN).

The tokenised collateral application was developed jointly between J.P. Morgan's Collateral Services team and Onyx. Following this execution of a collateralised trade using tokenised MMF shares, J.P. Morgan aims to expand this model to enable transfers of tokenised equities, fixed income securities and other assets as collateral.

This release follows the development of J.P. Morgan's intraday repo service on Onyx blockchain that completed its first live transaction between its broker-dealer and banking entities in December 2020.

Acadia's Thomey, observes that in the absence of natively-issued digital assets, tokenisation is being deployed to improve the legal transfer of traditional assets between two counterparties. However, this requires what he calls the "'on-ramping" of assets onto a tokenisation service, which will need to leverage existing traditional settlement processes.

"The value proposition is therefore achieved after an asset has been on-ramped and tokenised, delivered from one party to another, and then further re-used (or rehypothecated)," says Thomey. The advantage is that this chain of transfer can happen quickly and it removes the operational friction that may exist with traditional settlement across custodians or banks."

However, Thomey also points to ongoing limitations with this on-ramping process. These include difficulties in transferring many assets — or a pool of collateral — simultaneously owing to real-world eligibility and valuation differences between counterparties and the lack of a proven mechanism for delivering tokens safely across networks. A potential outcome, as the process evolves, is that this may lead to the creation of a new set of infrastructure silos.

For Thomey, it is unclear if the overall benefits of tokenisation will outweigh new service costs without high rates of adoption. As such, many market participants are split between pursuing tokenisation and incrementally improving existing settlement capabilities, especially until natively digital high-quality assets, and a robust supporting network, are firmly established.

Further, current appetite to adopt existing digital assets (e.g. crypto) is limited owing to basic concerns around price stability, the balance sheet impact (given that these assets do not qualify as high-quality liquid assets for example), and the need to source legal opinions to confirm their legal treatment in different jurisdictions. Ultimately, Thomey believes that the true digital assets value proposition will not be realised until these are fully embedded within every aspect of trading through to settlement.

According to Todd Crowther, Pirum is investing in future technologies such as distributed ledger technology to drive positive changes to market structure. "This is not a token gesture," he says. "We are actively working with platforms that are bringing tokenisation products to the market to help participants manage their transactions and margin across the full lifecycle — irrespective of their use of physical or tokenised collateral."

To drive future change, Pirum is enabling participants to build on their existing processes and infrastructure to agree and instruct exposures, identify eligible tokens as well as to deliver and manage tokenised collateral as part of their existing operating model. "This can lower barriers to entry, reduce participants' initial and ongoing cost of adoption and bring added liquidity needed by the platforms themselves," adds Crowther.

Optimisation priorities

In the first part of this article, we noted that collateral optimisation is key in helping clients to mobilise and allocate collateral efficiently — and to realise associated benefits in terms of funding, liquidity and capital efficiency. But optimisation is a portmanteau term that means different things to different categories of user, with optimisation

An agile approach

For Adenza's Marnhier-Foy, transformation invariably requires time and can be best achieved through an agile, milestone-based process. "This begins with a strategic vision and holistic planning to support all use cases. If there is one thing we have learned from the recent evolution of the collateral and clearing functions, it is to be proactively ready for changes. The journey is just starting," she says.

In a complex and new market environment, combining challenges based on geopolitics, market risk and increasingly sophisticated use cases, Adenza has responded by adapting its solution. This has included steps to promote collateral defragmentation, to manage the increased cost of funding and other requirements. With the new complexity and cost of collateral use cases, the market has demonstrated that collateral is no longer a sequential function. Collateral information is needed as early as possible in the pre-trade stage if firms plan to optimise their precious securities inventory. In this context, an integrated collateral, front and back office and risk platform offers the best path towards profitability and optimisation.

Second, running complex collateral analysis pre-decision demands that a lot of data and computation is processed rapidly and often. This is necessary to deliver results quickly and to avoid an explosion in the cost of infrastructure.

While market requirements can be very demanding, the good news is that there are also many new technologies and mathematical approaches which can be used to provide quick, complete and accurate pre-decision information. For example, Adenza has innovated and leveraged cloud elastic grids, enhanced data grids and new risk algorithms to offer faster and cheaper pre-decision tools, driving the market best practice around what-if simulations and pre-decision analytics.

With respect to cloud hosting, Marnhier-Foy indicates that Calypso CapCloud has been widely adopted by the Adenza user community. This reduces time to market and supports faster software updates. "The objective is to allow clients to focus on their business, while Adenza's cloud team manages the platform hosting, including upgrades and software rebase," concludes Marnhier-Foy.

requirements often differing significantly from one collateral holder to another.

Looking across its client base, Acadia's co-head of business development Stuart Smith notes that there are stark differences between a Tier 1 bank looking to optimise its IM posting through large scale coordinated multilateral optimisation runs all the way to smaller hedge funds that are looking to manage their exposures below threshold for longer. "These different types of requirements use the same underlying mathematical optimisation tools, but with radically different implementations."

Smith indicates that the derivatives risk and margin automation specialist — which London Stock Exchange Group has agreed to acquire subject to regulatory approval — is working with its clients to bring a number of other new services to market, including pre-trade analytics to help clients project their IM costs and optimisation services which enable them to reduce IM once it has been incurred. Beyond this, Acadia is targeting other known pain points, including development of a new service to help firms through the recalibration period, enabling them to know exactly what new liquidity draws could occur after a recalibration event.

As banks' business models move from being dominated by credit risk and associated capital to being more focused on liquidity risk, optimisation of collateral posting becomes key, says Smith. Its new optimisation services are designed to enable firms to offset risk between counterparties and reduce their IM requirements. "Acadia has a unique position as a central hub of the market, making it uniquely placed to provide such a service," he adds.

Optimisation requirements differ substantially from one service user to another, confirms Broadridge's Walker. Consequently, it is inappropriate to talk about a generic optimisation process that is applicable for all collateral management clients.

Some firms, for example, are building powerful tools to optimise their balance sheets, taking into account liquidity, levels of leverage, balance sheet composition and other relevant factor inputs. This is one specific set of optimisation priorities applicable particularly to banks, to dealer firms, to help them optimise their regulatory capital and use of HQLA.

For other firms, collateral optimisation priorities are substantially different. Instead, they may focus, for example, on identifying the cheapest-to-deliver securities against a specified set of counterparties. For a global firm with derivatives and securities finance trading interests in multiple locations and time zones, Walker indicates it is important that optimisation moves ever closer to real time and that collateral transfers are highly automated to ensure that risk exposures are effectively collateralised.

While this demands high STP rates and high levels of automation, there are instances where it is important to exercise human judgement. If a portfolio manager is about to sell a large block of securities, for example, human input may be needed to reflect the forthcoming changes to inventory in the optimisation model. In turn, if the front office books a trade incorrectly, manual intervention may be necessary across downstream systems, including collateral systems, to rectify erroneous trade details and to minimise any negative impact on collateral allocation.

The optimisation model will also need to recognise the requirement in some jurisdictions to segregate assets posted as collateral — which may impact opportunities for collateral re-use. For example, CFTC rules require a swap dealer or major swap participant to segregate IM posted by a bilateral counterparty in a segregated account with an independent custodian — if this is requested by the counterparty.

For Pirum's Crowther, optimisation is a lever for transformation and innovation. "By leveraging Pirum's platform in terms of 'datafication' and 'electronification', firms are able to realise business transformation and achieve significant benefits of financial innovation with a minimum of delay," he says. Providing connectivity across traditionally siloed businesses within firms, as well as enabling interoperability to an ever growing set of external participants and collateral locations, means that firms can consolidate, centralise and streamline operations quickly and easily across the enterprise.

Real-time, standardised data can then be applied to create a broader, deeper and more accurate information set which, in turn, can be utilised on more advanced optimisation techniques — such as machine learning and artificial intelligence — to drive enhanced results that were previously unrealisable. "This means that we can help firms not only to source, manage, substitute and pledge eligible collateral assets in the most cost-effective way on a post-trade settlement basis but, more importantly, they can better optimise their trading businesses and generate meaningful alpha through to better pre-trade, trade and post-trade decision making — including improved pricing, execution and book management," concludes Crowther.

ESG considerations and securities lending

By combining global equities lending, ESG and proxy vote data from 2015 to 2021, State Street has evaluated the impact of ESG on loan supply, short-selling demand and institutional investor engagement. Travis Whitmore, senior quantitative researcher at research think tank State Street Associates, explains this research

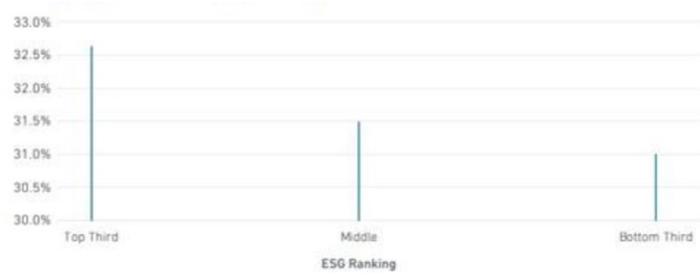
It is well known that ESG has become an important factor in investment decision-making, having influenced many aspects of the financial market. What is less well known is the impact this will have on securities lending markets. For example, has ESG's influence on the holdings of institutional investors affected securities lending supply? What about their engagement over proxy votes? How have borrowers responded — are there noticeable trends in "green shorting"?

By combining global equities lending, ESG and proxy vote data from 2015 to 2021, we have explored and quantified the impact of ESG on lending supply, short selling demand and institutional investor engagement. Our findings suggest that ESG considerations are deeply embedded in the securities lending market and are growing in importance. This has implications for revenue opportunities, liquidity, and securities lending performance.

ESG and securities lending supply

First, ESG significantly impacts securities lending supply. To start our analysis, we categorise each company into three buckets based on their yearly ESG ranking, the bottom-third being "unsustainable" and the top-third being "sustainable". As Figure 1 shows, companies performing poorly on material ESG attributes have fewer shares available for lending relative to their market cap — close to 1.5 per cent on average. In short, we have identified a significant positive relationship between ESG performance and securities lending supply. This trend has increased significantly, having quadrupled since 2015.

Figure 1: Lending Supply (% of Market Cap) by ESG Ranking



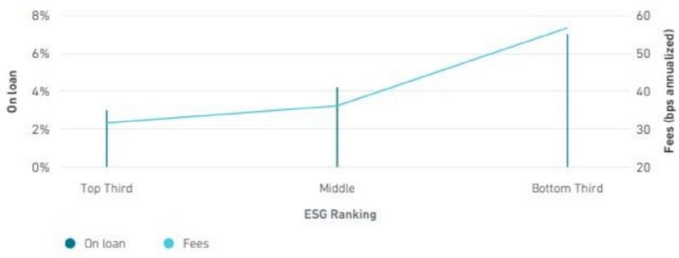
Source: State Street Global Markets, MSCI, IHS Markit, Thomson Reuters. 2015 - 2021

We assess that there are two factors at play here. First, institutions have shifted ownership away from stocks that perform poorly on ESG metrics. Since institutional investors are the largest providers of securities lending supply, the available supply of poorly performing ESG shares has decreased. Second, we find that they are less willing to lend out the shares of poorly performing ESG firms. Institutions own less and lend less of what they own, when it comes to poorly ranked ESG firms.

The positive relationship between ESG rankings and securities lending supply raises interesting observations. Given the lower aggregate supply, we expect borrowing fees to be higher for "unsustainable" firms.

Supply is only half the story. When we examine borrowing demand, we find compelling evidence that ESG is impacting the behaviour of short sellers. For example, in the energy industry, the shares on loan (i.e., actively borrowed) are three times higher for the bottom group of ESG ranked firms than the top third, as evidenced in Figure 2. This trend has increased through time and is market wide.

Figure 2: Fees and On Loan by ESG Ranking



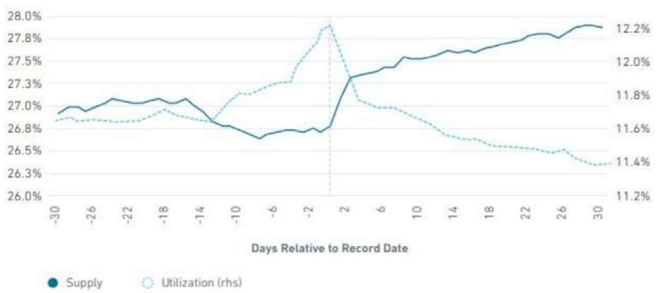
Source: State Street Global Markets, MSCI, IHS Markit, Thomson Reuters.
2015 - 2021

Supply-demand over proxy record dates

A central tenet of responsible asset stewardship is engagement with shareholder investments and here we have also looked at how the supply level of securities available for lending changes around proxy votes.

Proxy events serve as an important channel for institutions to exert their influence and long-term company vision, a process which is often required by law and scrutinised by third parties. Institutional investors wanting to engage in a proxy vote must recall or restrict their supply of shares before the proxy record date. As we expect, there is a significant decrease in the available lending supply within 30 days of the record date — immediately after the date, supply snaps back, accounting for a 1 per cent increase in lending supply relative to the firm's market cap, on average, as Figure 3 shows.

Figure 3: Record Date (T0)



Source: State Street Global Markets, MSCI, IHS Markit, Thomson Reuters.
2015 - 2021

At first glance, our data suggests that institutions may not be considering the ESG performance of a firm when engaging, as we have observed there is only a marginal difference in supply recalls or restrictions for poorly ranked firms. However, that is only part of the story.

When we consider the lending revenue that can be earned over proxy engagement periods, a different story appears. Poorly ranked ESG firms earn twice the level of revenue over proxy revenue dates, suggesting that institutional investors are willing to forgo twice the amount of revenue to engage with those firms, as Figure 4 shows.

Figure 4: Lending Revenue over Proxy Record Dates (annualised)

Source: State Street Global Markets, MSCI, IHS Markit, Thomson Reuters.
2015 - 2021

Overall, we have found evidence that ESG considerations play an important role in institutional investment decisions which, in turn, has significant implications on the securities lending market. There are lower levels of institutional ownership, increased levels of shorting and more engagement for firms that perform poorly on material ESG characteristics. We observe these trends strengthening through time as institutional investors appear to place greater emphasis on ESG characteristics.

Our analysis provides insights into how asset owners and managers are balancing incremental revenue earned through securities lending with their ESG objectives.

Travis Whitmore
Senior quantitative researcher
State Street

Be prepared

Brian Bollen talks to industry participants about the potential impact of the SEC's Rule 10c-1 and why opinions on its effectiveness continue to differ

“Some of what is being proposed is doable, but many firms don't like it and would have preferred an SFTR approach.”

This is an affirmation made by Kevin McNulty, head of regulatory technology at EquiLend, discussing the aim of the U.S. Securities and Exchange Commission’s (SEC’s) Rule 10c-1 and its possible impact on the securities lending industry.

Whether SEC 10c-1 represents a carefully thought out, paternalistically benign rule-making programme, or whether it is a blatant, ham-fisted example of regulatory overreach driven by the Commission, is for the reader to decide.

The varying impressions expressed during the research process for this article are beyond any doubt unfavourable to the SEC. For the record, let it be known that we did invite the SEC to participate, but the official spokesperson responded: “We wouldn’t comment beyond the fact sheet available.”

Points of contention

“It is difficult to object to the lofty ambitions of the SEC’s Rule 10c-1,” says one market service provider. “Where we diverge from the view of the authorities is in relation to its highly aggressive ambition, in terms of timing and scope. It does present challenges on many levels, not least because the technical infrastructure to meet a 15-minute reporting requirement just does not exist.”

They went on to divulge: “SEC chairman Gary Gensler has pursued an agenda that has little regard for the ultimate consequences, not taking into account the aggregate impact or overlap of the dozens of rule-makings he has issued since 2021. Nor has he been receptive to any constructive criticism or beliefs that may run contrary to his own.”

Francesco Squillacioti, global head of client management for State Street’s securities finance business, affirms: “The SEC proposed Rule 10c-1 would establish a new reporting requirement for securities lending transactions and related data on securities on-loan, with the aim to increase transparency in the securities lending market.

“As one of the world’s largest agent securities lenders, State Street recognises the value of greater transparency and is broadly supportive of the proposal. However, some aspects do raise concerns and call into question how readily the proposed rule can fit into a securities lending framework.”

Unlike a ‘live’ cash equity market, securities loans, while transacted throughout the day, settle at the end of the day, rather than in ‘real-time.’ As such, a 15-minute reporting window is not consistent with the way the market functions.

Also not necessarily consistent with the way the market functions is the proposed move to T+1. The SEC faced some backlash last month when it confirmed 28 May 2024 as the T+1 execution date for the US. Speaking to our sister publication, Asset Servicing Times, on this matter, ISITC’s director of industry affairs Gary Wright said: “There appears to be an overly positive view that the benefits of risk and cost reduction for clearing members far outweigh the significant costs inflicted on the industry, mainly on the buy-side.

> *"The SEC does not appear to recognise that approximately 35 per cent of US activity comes from the international market, yet the T+1 changes have been made with only the domestic investor in mind"*

“The SEC does not appear to recognise that approximately 35 per cent of US activity comes from the international market, yet the T+1 changes have been made with only the domestic investor in mind.”

Back to outlining the problems with the SEC’s 15-minute reporting window within Rule 10c-1, Squillacioti confirms: “In practice, there is a large amount of intra-day ‘cancel and rebook’ activity.

“Therefore, the 15-minute reporting window proposed by the Commission would inevitably result in a high volume of ‘false positive’ information on securities lending transactions. That is more likely to confuse the market than to provide meaningful transparency.”

This ‘near real-time’ reporting window would also involve significantly higher implementation costs in the form of system investment to be able to capture and report information in a timely way, Squillacioti adds. Those costs would be borne by agent lenders (who will be obliged to provide the data) and their clients, he clarifies.

Preparation

Speaking on Resonance FM in late February, Roy Zimmerhansl, practice leader of Pierpoint Financial and founder of Fintuition, affirmed: “What the SEC has proposed is disclosure of pricing. A stock loan ticker would show how much it cost to borrow — indicating the transactions completed, and at what prices.

> *"We have some sympathy with what the SEC has proposed, but there is no denying that its proposals are challenging for market participants, who have pushed back strongly"*

“What they have asked for is disclosure of the availability. That is: how much has been on loan and how much is available for loan? Surely that is a good thing, because you know the liquidity of the position. When you do a securities lending transaction, you are creating a credit exposure — an ongoing credit exposure, as opposed to an executionary buy and sell — and when you have settled, that is it.”

He adds: “I don't see how disclosing a highly capitalised low-risk counterparty's trading price is useful to an entity that can't borrow at that price, no matter what. I think that will lead to misleading prices.”

“The SEC has taken a different approach to Europe. Europe put in SFTR. That is a super-onerous reporting obligation — 135-plus data fields have to be reported to European regulators on a daily basis, not just on new trades, but on changes to existing trades. Their reason for doing so is to try and identify roadblocks or liquidity squeezes in the system.”

Zimmerhansl adds: “The SEC has taken this transparency focus with 15 fields of data reported within 15 minutes of transactions, some of it being made publicly available. A completely different approach. SFTR, as onerous as it has been, is about risk reduction in the sense of identifying gaps, if possible. The SEC's Rule 10c-1 is a misguided transparency regime.”

The final word is left to EquiLend’s McNulty. He concludes: “We have some sympathy with what the SEC has proposed, but there is no denying that its proposals are challenging for market participants, who have pushed back strongly.”

“Some of its solutions lie in technology, some of them lie in refining existing operational processes. While political pressure is being applied to the SEC to slow down its proposals for market reforms, the Commission remains determined to push ahead with its agenda, and it would be unwise to expect dilution.

“Thinking about what will need to be done, in order to comply, could prove beneficial. Our message, ultimately, is: be prepared.”

You can read detailed analysis on the proposed content of the 10c-1 regime and the SEC consultation process in the two-part article published in Securities Finance Times in February 2022:
Read online

The second part of this article also comments on practical challenges of implementing the 10c-1 proposals and potential lessons that can be drawn from SFTR:
Read online

Liberalising short selling in India

Short selling has been subject to additional restrictions in Asian markets over the past 12 months. Adam Harper, advisor for the Pan Asia Securities Lending Association, explores why making it easier for global investors to engage in transparent, well-regulated onshore short selling is in the best interest of India's markets

The Securities and Exchange Board of India (SEBI) has made it clear that it does not intend to impose further restrictions on short selling. This comes in the wake of the spectacular fall in Adani Group stocks, which at one point lost some US$145 billion of market value after Hindenburg Research alleged stock manipulation and accounting fraud on 24 January.

This commitment is welcome, but the Pan Asia Securities Lending Association (PASLA) hopes that SEBI can look at ways to go further. Short selling in India is still heavily regulated in comparison to many global markets and we believe that the market as a whole would benefit from considered reforms to regulation in this area. Making it easier for global investors to engage in transparent, well-regulated short selling should result in more efficient and liquid markets, better price discovery, more participation by global investors and greater resilience at difficult times.

In a recent note filed with India's Supreme Court, which has been hearing pleas related to the Adani situation, SEBI described short selling as "desirable and an essential feature of the securities market, as it provides liquidity and also helps price corrections in overvalued stocks".

This affirmation is very encouraging, especially since short selling has been subject to additional restrictions in some Asian markets over the past year. However, the practical challenges that institutional investors face when it comes to short selling in India can limit a trading strategy that can be vital for risk management by traditional investors looking to hedge an overall long position in the market.

For example, institutional investors have to disclose planned trades before execution and standard documentation for stock lending — a prerequisite for short-selling — is not permitted. Many listed Indian companies are also controlled by a majority shareholder, which is a common feature of Asian firms but leaves a relatively small "free float" of shares that change hands in the market. Domestic institutional investors, often the largest holders of stocks, are restricted from lending them out, making it difficult for would-be short sellers to borrow the shares they need to cover their positions.

This is why many foreign investors who want to take a short position in Indian stocks do so via offshore markets. Hindenburg said it created its short in Adani Group companies via US-traded bonds and offshore derivatives.

Research shows that stock prices are more accurate when short sellers are more active and that banning short selling during periods of equity market volatility actually intensifies fluctuations. While SEBI has said that it will not restrict short selling "per se", the complexity of taking a short position in the domestic market has its own impacts.

Unfortunately, when short sellers turn to offshore instruments to achieve their short position, SEBI ends up with less oversight over factors that can influence the valuation of Indian equities and short-sellers' contribution to the price discovery process in India is reduced. If Hindenburg had taken the short positions onshore, there would have been clearer advance signals that an informed investor believed that Adani Group stocks were overvalued, rather than an exogenous shock.

Boosting India's SLB market

Notably, India recognises Offshore Derivative Instruments (ODIs) as essential to market functioning and wants to move trades to a jurisdiction where SEBI has more supervision. On 1 February, the finance minister announced plans to shift the offshore derivatives market onshore to a special economic zone at the Gujarat International Finance Tec-City (GIFT City).

Although this is progress, SEBI has made clear its preference for having foreign institutional investors (FIIs) access Indian markets directly by registering themselves locally. Easing the regulation of short selling domestically could help bring more FIIs through the front door by making it cheaper and easier to hedge portfolio risk while taking a "net long" position in the market, among other things.

Practical challenges would remain even if the short-selling regulations themselves changed. India's securities lending and borrowing (SLB) market is largely borrower-driven with few lenders: only insurance companies are allowed to lend securities under India's SLB scheme, subject to a cap of 10 per cent of their holdings in a given entity.

In addition, the local SLB market is too illiquid and expensive — in terms of the interest charged to borrow stock — to support a significant level of short-selling activity. Instead, the bulk of domestic short-selling in Indian equities happens through futures and options — though only around 200 of the biggest stocks are eligible for futures and options trading in the country.

To enable short selling in a wider range of names, the country's SLB regulations could be more closely aligned with those of other markets in the Asia-Pacific region. Expanding liquidity by adding more types of lenders, such as pension funds, would help and it would also be worth examining whether the 10 per cent cap could be raised.

It would also help if the cost of borrowing stocks came down. This would be supported by relaxing the requirement that borrowers can only post cash as collateral — permitting the use of other high-quality assets as collateral could help to bring down net transaction costs.

Notably, draft securities lending and borrowing norms for the government bond market just issued by the Reserve Bank of India (RBI) would allow all debt securities issued by the central and state governments to be used as collateral. Indeed, the RBI's draft norms for government securities lending and borrowing could well serve as a prelude to expanding SLB participation more broadly and aligning regulations more closely with international best practice.

Given that short selling is widely recognised as a vital component of liquid and efficient markets, enabling it to operate transparently and onshore under regulatory supervision is in the best interests of India's markets, companies and investors.

"Given that short selling is widely recognised as a vital component of liquid and efficient markets, enabling it to operate transparently and onshore under regulatory supervision is in the best interests of India's markets"

Adam Harper
Advisor
Pan Asia Securities Lending Association

Major moves across the industry from State Street to Clear Street, OCC to Broadridge

Clear Street has appointed Robert Sackett as head of prime financing, following the retirement of Vincent Avena.

Sackett will lead the firm's stock loan, repo, international stock loan, agency lending and delta one activities from 16 March.

Sackett brings more than 30 years of experience in leading prime brokerage and securities finance teams. He joins the firm from Mirae Asset Securities, where he was previously head of prime brokerage.

Prior to this, Sackett was head of securities lending at Wells Fargo and managing director at TradeStation Securities and Citigroup.

The announcement comes as securities finance veteran Avena retires from the industry after more than 40 years.

Avena leaves his position as head of securities finance at Clear Street, where he built the firm's securities finance desk from the ground up.

During his career, Avena was managing director within the prime services division at TD Securities. He joined Albert Fried & Company in 2013 as managing director of the firm's prime lending services division. Previously, Avena spent several years at BNP Paribas as managing director of securities lending.

In addition to Sackett's appointment, Charlie Ross and Jack Nicosia have both been promoted to co-heads of stock loan.

Clear Street CEO Chris Pento says: "Vinny has built the securities finance desk at Clear Street from the ground up. He has assembled a world-class team and has been instrumental in getting Clear Street to where we are today. In his retirement, Vinny will continue to work with Clear Street in an advisory capacity.

"We are excited to announce Rob Sackett will be joining the Clear Street team on 16 March as head of prime financing. In this role, Rob will lead the broader financing businesses, carrying on the momentum created by Vinny and the team."

Mick Chadwick joins London Reporting House

The London Reporting House, a provider of repo analytics tools, has welcomed Mick Chadwick as head of sales and business development.

Based in London, Chadwick will report to the firm's co-founder and CEO Daniel Corrigan.

Chadwick brings more than 35 years of experience in the securities finance market, working on both the sell- and buy-side.

Previously, he led the securities finance business at Aviva Investors between 2006 and 2021, where the product mandate included repo, reverse repo and securities lending.

Chadwick also spent 20 years working in the fixed income financing space prior to his career at Aviva Investors. He ran the European repo business at UBS between 1991 and 2000, and at HBOS Treasury Services between 2000 and 2005.

He began his career at Lehman Brothers, where he was an early pioneer of the international repo market, according to London Reporting House.

OCC promotes Cohen to general counsel

The Options Clearing Corporation (OCC), the Chicago-based derivatives clearing house, has promoted Megan Cohen to general counsel and corporate secretary.

The announcement follows the retirement of Janet Angstadt, the firm's chief legal officer, who has been with the firm since 2019.

Cohen will work closely with Angstadt, OCC's board of directors and management committee to facilitate the transition of responsibilities.

Cohen joined OCC in 2014 and has since taken on a number of senior roles. Most recently she was deputy general counsel and corporate secretary.

In this role, she led OCC's corporate governance functions, advised OCC's board and management on regulatory issues and oversaw the regulatory rule filing process with the U.S. Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC) and the board of governors of the Federal Reserve.

Prior to that, Cohen was an attorney at Cboe Global Markets where she focused on regulatory matters.

During her time with OCC, Angstadt led and enhanced OCC's legal, corporate governance and regulatory functions. In recent years, her role was expanded to administratively oversee OCC's audit and compliance functions, which report directly to the board of directors.

Broadridge has appointed FIS veteran Nicole Allpress as senior product owner.

Based in London, Allpress will report to Martin Walker, head of product management, Securities Finance and Collateral Management at Broadridge.

She joins Broadridge after more than 20 years at FIS and SunGard Securities Finance.

Allpress took on the role of product owner at FIS in 2021 and became senior business analyst in 2015 after FIS' acquisition of SunGard Securities Finance — where she previously spent 14 years in a number of positions including business analyst and senior consultant.

Prior to this, Allpress was a support analyst at BMW Group between 1996 and 2001.

State Street has welcomed the promotions of Chelsea Grossman and Cassandra Jones.

Based in Boston, Grossman becomes head of client management for the firm's agency lending business in North America.

Jones is promoted to head of client management for securities finance in the UK and EMEA, based in London.

Both heads will report to Francesco Squillacioti, global head of client management for State Street's securities finance business.

In the role, Grossman and Jones will oversee client services for the securities finance division. They will ensure the delivery of high-quality service levels across financing solutions and will grow the business footprint in their respective region.

Grossman has been a member of the securities finance client management team at State Street since 2010. She previously led the business development and client management for the Canadian client base.

In Toronto, Grossman was responsible for sales efforts and existing customer management across securities finance.

Jones takes on her new role after serving as EMEA head of business development for State Street's collateral and financing solutions.

She joined the firm's Professional Development Program (PDP) in 2015 and spent more than six years in the funding and collateral team, helping to establish the analytics team, aiding balance sheet optimisation efforts, as well as leading business development to establish new client relationships.

Securities finance platform and peer-to-peer trading provider FinOptSys has appointed Venkat Potluri as director of product development.

Based in the US, Potluri will use his extensive knowledge of equity capital markets technology to bolster FinOptSys' securities finance offering and will continue to expand the firm's suite of solutions.

Potluri brings more than 25 years of experience in designing and implementing securities financing, prime brokerage, risk and margin platforms across a number of banks.

He was previously senior technology lead at Wells Fargo, where he directed a data sourcing and transformation initiative across several areas of the bank to enhance and optimise the firm's collateral management processes.

Prior to this, Potluri was head of prime services technology at Scotiabank between 2011 and 2018.

Potluri managed a global team of business analysts, developers, support personnel, programme managers and testing engineers at the Canadian bank to build technology platforms from the ground up.

He was instrumental in implementing a combination of in-house and vendor platforms to facilitate the existing Canadian prime service business, while expanding into the US, Europe and Asia.

Comyno has promoted Jan Lenhart and Raphael Wutzke to chief technology officer for C-ONE Securities Finance and chief technology officer for C-ONE Connectivity, respectively.

According to the fintech software and business consultancy firm, Comyno's C-ONE suite is a software system built to deliver straight-through processing of securities finance business activities.

Lenhart joined Comyno in 2018 as a senior software development engineer after six years at Nordeus, where he was a software development engineer.

He will bring a deep understanding of the latest web technologies and a commitment to delivering high-quality products to his new role as director of Comyno distributed ledger technology (DLT) and CTO for C-ONE Securities Finance.

Wutzke takes on his new role from his previous position as senior software engineer technical lead. He first joined Comyno in 2020 as a junior software engineer.

He has played a crucial role in the development of several critical projects and has been a key contributor to the firm's C-ONE Connectivity team, says Comyno.

Wutzke will bring technical expertise and leadership skills to the role to ensure that the firm's solutions continue to evolve and deliver the best results for clients.

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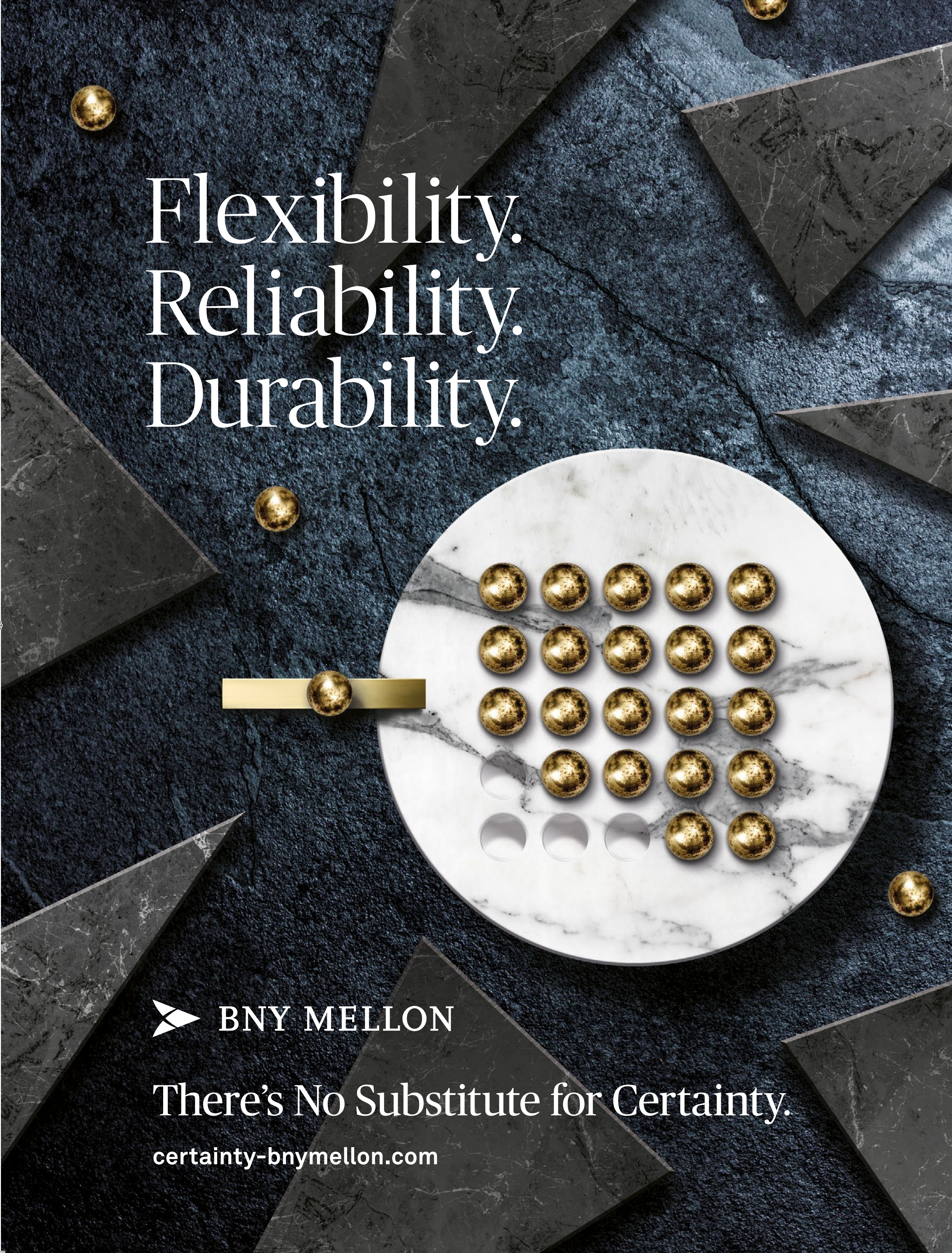
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