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ISF SURVEY 2017

The International Securities Finance survey celebrates the greatest contributions from agent lenders and prime brokers as well as the vendors of technology and data services

ISF SURVEY 2017



Morgan Stanley was the winner on the borrower side of the survey while State Street shared the top-spots on the lender side with BNY Mellon, which also triumphed in the fixed income survey

The ISF survey is the leading barometer of how lenders and borrowers rate each other across the globe. The survey continues to evolve; building on the longstanding equity lending survey in recent years it has grown to encompass fixed income lending, technology and data.

This survey celebrates the best of the best. The equity lending survey counterparties were divided into group one (G1), representing the 15 largest firms, and group two (G2), the remainder of the market. As there are 15 counterparties in each G1 and only

six firms make the cut into the global and regional tables, even being placed at the bottom of a published table represents a substantial achievement.

Unweighted scores are based on all categories being given equal importance; weighted scores take into consideration the importance that respondents attach to each category. The full methodology can be found at globalinvestorgroup.com.

For 2017, the global winners of the G1 equity lenders survey were BNY Mellon (unweighted) and State Street (weighted). The winner of G2 lenders

survey was eSecLending. The winner of the fixed income lenders survey was BNY Mellon.

Morgan Stanley was the winner of the G1 equity borrowers survey. The winner of the G2 equity borrower survey was Natixis. Pirum Systems won the post-trade service provider survey and EquiLend/BondLend the prize for SBL trading platform.

The equity lenders and borrowers surveys contained six categories including overall operations, which is the sum of the three operations sub-categories.

G1 EQUITY LENDERS

State Street was the global winner of the G1 lenders survey according to the weighted methodology. It was also runner-up under the unweighted methodology – so it exactly replicated its excellent global performance of 2016.

State Street was the outright winner in the EMEA region and achieved runner-up positions in both the Americas and Asia Pacific.

When only G1 borrowers' responses were considered, State Street was

again the winner in EMEA. It was also the runner-up globally as well as for the Americas and Asia Pacific. When only G2 borrowers' responses were considered, State Street triumphed globally, a feat it also achieved in Asia Pacific, while it was runner-up in the

Americas.

State Street was the winner of four categories globally: breadth of supply, collateral funding, stability of supply and trading capability. It was the runner-up for relationship management and overall operations. It was also

CATEGORY IMPORTANCE

Respondents to the equity lenders survey considered the importance of the categories in descending order to be: breadth of supply (all markets), stability of supply, trading capability, collateral funding capabilities, relationship management and operational efficiency



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G1 LENDERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	BNY Mellon	928.42
2	State Street	912.42
3	Citi	670.67
4	RBC Investor & Treasury Services	522.17
5	UBS Switzerland	458.50
6	Blackrock	350.89

WEIGHTED BY IMPORTANCE		
Rank		Score
1	State Street	785.81
2	BNY Mellon	774.83
3	Citi	580.49
4	RBC Investor & Treasury Services	430.43
5	UBS Switzerland	371.18
6	Blackrock	304.93

G1 LENDERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	BNY Mellon	447.33
2	State Street	383.17
3	RBC Investor & Treasury Services	259.00
4	Citi	193.00
5	Blackrock	158.00
6	Goldman Sachs Agency Lending	135.17

WEIGHTED BY IMPORTANCE		
Rank		Score
1	BNY Mellon	377.08
2	State Street	328.31
3	RBC Investor & Treasury Services	219.76
4	Citi	157.35
5	Blackrock	132.37
6	Goldman Sachs Agency Lending	115.10

G1 LENDERS: EMEA

UNWEIGHTED		
Rank		Score
1	State Street	330.58
2	BNY Mellon	315.25
3	Citi	265.67
4	UBS Switzerland	250.17
5	RBC Investor & Treasury Services	215.17
6	Blackrock	118.72

WEIGHTED BY IMPORTANCE		
Rank		Score
1	State Street	284.55
2	BNY Mellon	261.49
3	Citi	240.71
4	UBS Switzerland	201.28
5	RBC Investor & Treasury Services	173.14
6	Blackrock	107.36

G1 LENDERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	Citi	212.00
2	State Street	198.67
3	BNY Mellon	165.83
4	UBS Switzerland	96.33
5	Goldman Sachs Agency Lending	80.83
6	Blackrock	74.17

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Citi	182.44
2	State Street	172.95
3	BNY Mellon	136.26
4	UBS Switzerland	75.12
5	Goldman Sachs Agency Lending	65.72
6	Blackrock	65.19

G1 LENDERS RATED BY G1 BORROWERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	BNY Mellon	771.67
2	State Street	730.33
3	Citi	515.67
4	RBC Investor & Treasury Services	394.67
5	UBS Switzerland	317.00
6	Blackrock	268.06

WEIGHTED BY IMPORTANCE		
Rank		Score
1	BNY Mellon	648.04
2	State Street	629.96
3	Citi	447.62
4	RBC Investor & Treasury Services	322.25
5	UBS Switzerland	254.57
6	Blackrock	233.46

G1 LENDERS RATED BY G1 BORROWERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	BNY Mellon	361.67
2	State Street	307.67
3	RBC Investor & Treasury Services	224.00
4	Citi	143.67
5	Blackrock	128.00
6	Goldman Sachs Agency Lending	109.33

WEIGHTED BY IMPORTANCE		
Rank		Score
1	BNY Mellon	307.05
2	State Street	263.81
3	RBC Investor & Treasury Services	188.49
4	Citi	117.24
5	Blackrock	106.62
6	Goldman Sachs Agency Lending	93.12

the runner-up in all three operations sub-categories: dividend collection, trade matching and trading connectivity.

BNY Mellon was the global winner of the survey according to the unweighted methodology, where all categories were given equal importance. It was the runner-up under the weighted methodology. Its outstanding global performance was a repetition of its achievement of 2016. BNY Mellon was the winner in the Americas, runner-up in EMEA and third-placed in Asia Pacific.

When only G1 borrower responses were considered BNY Mellon was the global winner, this time according to both methodologies. It replicated this feat in the Americas and was runner-up in EMEA and third-placed in Asia Pacific. When only G2 borrower responses were considered, globally it was runner-up unweighted and third-placed weighted – and it was the winner in the Americas.

BNY Mellon was the global winner for two of the categories: relationship management and overall operations. It was runner-up for the remaining four categories. It also achieved the top scores for each of the sub-categories of dividend collection, trade matching and trading connectivity. BNY Mellon achieved a clean sweep of winning scores in the category tables for the Americas.

Citi achieved third positions globally, according to both methodologies. Its best region was Asia Pacific, where it was the winner. It also took third places in EMEA and fourth in the Americas.

When only the responses of the G1 borrowers were considered, Citi was again in third places globally. Again, this was supported by winning scores in Asia Pacific, third places in EMEA

**G1 LENDERS:
MOST INNOVATIVE
UBS Switzerland**

and fourth in the Americas.

G2 borrowers rated Citi slightly better, giving it a runner-up position according to the weighted methodology and replicating its third-place for unweighted. Its best region was again Asia Pacific, where it was the runner-up, and achieved third-place scores in the Americas and Emea.

Citi achieved third position for five of the six categories (and fourth for the remaining one, collateral funding). It was also third for the operations sub-categories of dividend collection and trading connectivity.

RBC Investor & Treasury Services (RBC I&TS) achieved fourth places globally. Its best region was its home market of the Americas, where it placed third. It also took fifth position in Emea.

One highlight was the second positions it received from G2 borrowers in Emea. For this group of respondents it was also fifth globally and fourth in the Americas. G1 borrowers ranked RBC I&TS fourth globally, third in the Americas and fifth in Emea.

The best category for RBC I&TS globally was collateral funding, where it achieved third place. It achieved a top-five position in every single category and operations sub-category, including third position for trade matching.

UBS Switzerland took fifth place globally, weighted and unweighted. Its best regions were its home market of Emea and Asia Pacific, where it took fourth places. Its outstanding achievement was being judged to be the most innovative G1 lender.

It was also considered to be the top equity lender in Emea by G2 borrowers, a group that awarded UBS fourth place globally. G1 borrowers placed UBS fifth globally as well as fourth in Asia Pacific and fifth in Emea.

UBS achieved top-five positions globally in five categories (the exception being breadth of supply) and all of the operations sub-categories.

BlackRock completed the top-six roll of honour globally. It was also in the top-tables for every region, including fifth places for the Americas.

G1 LENDERS RATED BY G1 BORROWERS: EMEA

UNWEIGHTED		
Rank		Score
1	State Street	256.00
2	BNY Mellon	247.67
3	Citi	187.33
4	UBS Switzerland	142.67
5	RBC Investor & Treasury Services	129.67
6	Blackrock	90.72

G1 LENDERS RATED BY G1 BORROWERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	Citi	184.67
2	State Street	166.67
3	BNY Mellon	162.33
4	UBS Switzerland	85.33
5	Goldman Sachs Agency Lending	80.00
6	Brown Brothers Harriman	72.33

G1 LENDERS RATED BY G2 BORROWERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	State Street	182.08
2	BNY Mellon	156.75
3	Citi	155.00
4	UBS Switzerland	141.50
5	RBC Investor & Treasury Services	127.50
6	Blackrock	82.83

G1 LENDERS RATED BY G2 BORROWERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	BNY Mellon	85.67
2	State Street	75.50
3	Citi	49.33
4	RBC Investor & Treasury Services	35.00
5	Northern Trust	32.00
6	Blackrock	30.00

G1 LENDERS RATED BY G2 BORROWERS: EMEA

UNWEIGHTED		
Rank		Score
1	UBS Switzerland	107.50
2	RBC Investor & Treasury Services	85.50
3	Citi	78.33
4	State Street	74.58
5	BNY Mellon	67.58
6	BNP Paribas Securities Services Agency Lending	59.83

G1 LENDERS RATED BY G2 BORROWERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	State Street	32.00
2	Citi	27.33
3	Blackrock	24.83
4	Northern Trust	12.50
5	UBS Switzerland	11.00
6	HSBC Agent Lender	9.50

WEIGHTED BY IMPORTANCE		
Rank		Score
1	State Street	220.08
2	BNY Mellon	206.62
3	Citi	172.85
4	UBS Switzerland	113.33
5	RBC Investor & Treasury Services	102.47
6	Blackrock	83.69

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Citi	157.53
2	State Street	146.06
3	BNY Mellon	134.37
4	UBS Switzerland	65.78
5	Goldman Sachs Agency Lending	65.48
6	Brown Brothers Harriman	64.21

WEIGHTED BY IMPORTANCE		
Rank		Score
1	State Street	155.85
2	Citi	132.87
3	BNY Mellon	126.79
4	UBS Switzerland	116.61
5	RBC Investor & Treasury Services	108.18
6	Blackrock	71.47

WEIGHTED BY IMPORTANCE		
Rank		Score
1	BNY Mellon	70.03
2	State Street	64.50
3	Citi	40.10
4	RBC Investor & Treasury Services	31.27
5	Blackrock	25.75
6	JPMorgan	23.26

WEIGHTED BY IMPORTANCE		
Rank		Score
1	UBS Switzerland	87.95
2	RBC Investor & Treasury Services	70.67
3	Citi	67.86
4	State Street	64.47
5	BNY Mellon	54.87
6	BNP Paribas Securities Services Agency Lending	50.11

WEIGHTED BY IMPORTANCE		
Rank		Score
1	State Street	26.88
2	Citi	24.91
3	Blackrock	22.05
4	Northern Trust	10.78
5	UBS Switzerland	9.34
6	HSBC Agent Lender	8.12

BlackRock repeated its achievement among G1 borrowers globally, and for the Americas and Asia Pacific. G2 borrowers ranked BlackRock in third place in Asia Pacific. It was also in the top-six globally and in the Americas, where it was fifth placed weighted.

Goldman Sachs Agency Lending

achieved fifth places in Asia Pacific and sixth places in the Americas. Likewise, G1 borrowers awarded it fifth places in Asia Pacific and sixth positions in the Americas.

A handful of other G1 equity lenders also achieved success in certain areas. **Brown Brothers Harriman** achieved sixth spot in Asia Pacific from G1 bor-

rower respondents. **Northern Trust** took fourth positions in Asia Pacific and fifth position in the Americas unweighted based on the rankings of G2 borrowers. BNP Paribas was the sixth highest rated in Emea by G2 borrowers. HSBC achieved sixth positions in Asia Pacific based on the ratings of G2 borrowers.

G1 lenders service categories

BREADTH OF SUPPLY

GLOBAL		
Rank		Score
1	State Street	167.50
2	BNY Mellon	155.50
3	Citi	132.00
4 =	Blackrock	73.50
4 =	RBC Investor & Treasury Services	73.50

AMERICAS		
Rank		Score
1	BNY Mellon	77.00
2	State Street	71.00

EMEA		
Rank		Score
1	State Street	59.50
2	Citi	57.00

ASIA PACIFIC		
Rank		Score
1	Citi	42.50
2	State Street	37.00

STABILITY OF SUPPLY

GLOBAL		
Rank		Score
1	State Street	156.25
2	BNY Mellon	155.00
3	Citi	117.50
4	RBC Investor & Treasury Services	88.50
5	UBS Switzerland	69.75

AMERICAS		
Rank		Score
1	BNY Mellon	75.50
2	State Street	63.00

EMEA		
Rank		Score
1	Citi	56.50
2	State Street	53.75

ASIA PACIFIC		
Rank		Score
1	State Street	39.50
2	Citi	32.00

COLLATERAL FUNDING

GLOBAL		
Rank		Score
1	State Street	165.00
2	BNY Mellon	154.00
3	RBC Investor & Treasury Services	108.50
4	Citi	106.00
5	UBS Switzerland	88.75

AMERICAS		
Rank		Score
1	BNY Mellon	75.00
2	State Street	66.50

EMEA		
Rank		Score
1	State Street	61.50
2	BNY Mellon	54.00

ASIA PACIFIC		
Rank		Score
1	State Street	37.00
2	Citi	34.00

TRADING CAPABILITY

GLOBAL		
Rank		Score
1	State Street	154.00
2	BNY Mellon	145.25
3	Citi	107.00
4	RBC Investor & Treasury Services	87.00
5	UBS Switzerland	80.00

AMERICAS		
Rank		Score
1	BNY Mellon	72.00
2	State Street	68.00

EMEA		
Rank		Score
1	State Street	60.50
2	BNY Mellon	49.25

ASIA PACIFIC		
Rank		Score
1	Citi	40.00
2	State Street	25.50

RELATIONSHIP MANAGEMENT

GLOBAL		
Rank		Score
1	BNY Mellon	177.00
2	State Street	143.50
3	Citi	112.00
4	RBC Investor & Treasury Services	79.50
5	UBS Switzerland	70.50

AMERICAS		
Rank		Score
1	BNY Mellon	82.50
2	State Street	58.50

EMEA		
Rank		Score
1	BNY Mellon	56.00
2	State Street	53.50

ASIA PACIFIC		
Rank		Score
1	BNY Mellon	38.50
2	Citi	32.50

OVERALL OPERATIONS

GLOBAL		
Rank		Score
1	BNY Mellon	425.00
2	State Street	378.50
3	Citi	288.50
4	RBC Investor & Treasury Services	255.50
5	UBS Switzerland	250.50

AMERICAS		
Rank		Score
1	BNY Mellon	196.00
2	State Street	168.50

EMEA		
Rank		Score
1	BNY Mellon	156.00
2	UBS Switzerland	150.50

ASIA PACIFIC		
Rank		Score
1	Citi	93.00
2	State Street	84.50

OPERATIONS: DIVIDEND COLLECTION

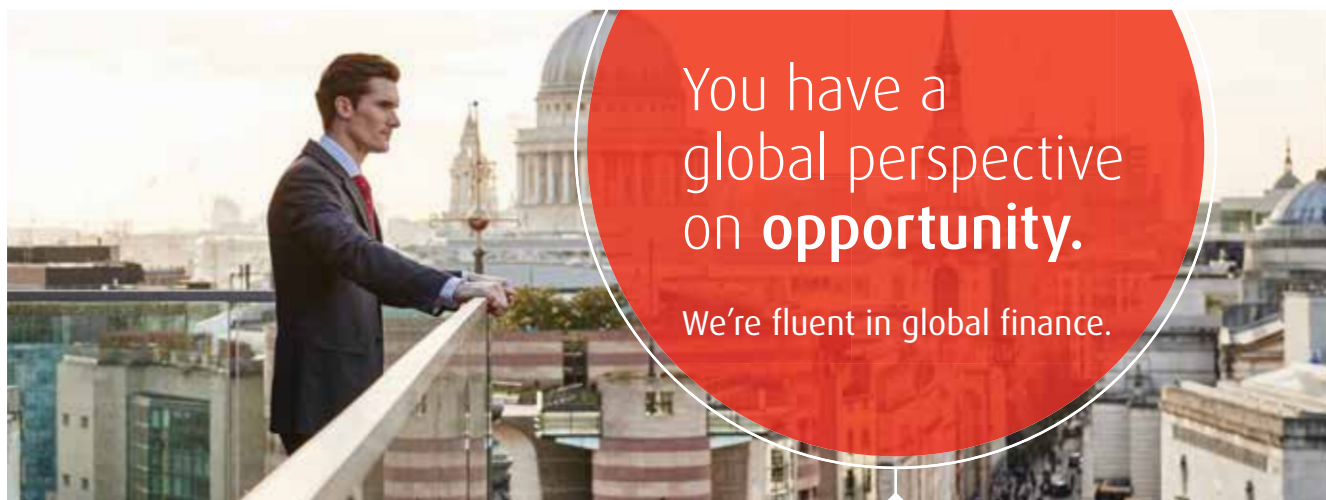
GLOBAL		
Rank		Score
1	BNY Mellon	143.00
2	State Street	121.00
3	Citi	105.50
4	UBS Switzerland	77.00
5	RBC Investor & Treasury Services	75.50
AMERICAS		
Rank		Score
1	BNY Mellon	64.00
2	State Street	50.50
EMEA		
Rank		Score
1	BNY Mellon	53.00
2	UBS Switzerland	46.00
ASIA PACIFIC		
Rank		Score
1	Citi	30.50
2	State Street	30.00

OPERATIONS: TRADE MATCHING

GLOBAL		
Rank		Score
1	BNY Mellon	137.50
2	State Street	133.00
3 =	RBC Investor & Treasury Services	95.00
3 =	UBS Switzerland	95.00
5	Citi	94.50
AMERICAS		
Rank		Score
1	BNY Mellon	65.50
2	State Street	60.50
EMEA		
Rank		Score
1	UBS Switzerland	56.00
2	RBC Investor & Treasury Services	53.50
ASIA PACIFIC		
Rank		Score
1	Citi	33.00
2	State Street	27.50

OPERATIONS: TRADING CONNECTIVITY

GLOBAL		
Rank		Score
1	BNY Mellon	144.50
2	State Street	124.50
3	Citi	88.50
4	RBC Investor & Treasury Services	85.00
5	UBS Switzerland	78.50
AMERICAS		
Rank		Score
1	BNY Mellon	66.50
2	State Street	57.50
EMEA		
Rank		Score
1	BNY Mellon	55.00
2	UBS Switzerland	48.50
ASIA PACIFIC		
Rank		Score
1	Citi	29.50
2	State Street	27.00



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G2 LENDERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	eSecLending	656.83
2	CACEIS Bank	321.00
3	Amundi	267.83
4	Nordea	261.83
5	Societe Generale Securities Services	259.33
6	National Bank Financial	254.00

G2 LENDERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	eSecLending	287.00
2	National Bank Financial	171.67
3	BMO Global Asset Management	148.33
4	CACEIS Bank	85.67
5	Natixis	82.00
6	Candriam	71.00

G2 LENDERS: EMEA

UNWEIGHTED		
Rank		Score
1	eSecLending	273.33
2	CACEIS Bank	211.33
3	Nordea	200.83
4	Amundi	192.17
5	Societe Generale Securities Services	170.33
6	Candriam	166.25

G2 LENDERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	eSecLending	96.50
2	DekaBank	35.00
3	Societe Generale Securities Services	27.00
4	Amundi	25.00
5	CACEIS Bank	24.00
6	Mitsubishi UFJ Trust Int	14.50

G2 LENDERS RATED BY G1 BORROWERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	eSecLending	556.33
2	CACEIS Bank	248.67
3	Nordea	237.50
4	Candriam	208.33
5	Amundi	202.67
6	Societe Generale Securities Services	196.00

G2 LENDERS RATED BY G1 BORROWERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	eSecLending	245.00
2	National Bank Financial	124.67
3	BMO Global Asset Management	90.33
4	CACEIS Bank	85.67
5	Candriam	71.00
6	Natixis	64.00

WEIGHTED BY IMPORTANCE		
Rank		Score
1	eSecLending	561.51
2	CACEIS Bank	276.47
3	Amundi	225.30
4	Societe Generale Securities Services	216.32
5	Nordea	212.53
6	National Bank Financial	211.15

WEIGHTED BY IMPORTANCE		
Rank		Score
1	eSecLending	239.11
2	National Bank Financial	142.59
3	BMO Global Asset Management	124.72
4	CACEIS Bank	74.66
5	Natixis	68.00
6	Candriam	61.65

WEIGHTED BY IMPORTANCE		
Rank		Score
1	eSecLending	240.64
2	CACEIS Bank	180.51
3	Amundi	162.78
4	Nordea	161.76
5	Societe Generale Securities Services	141.76
6	Candriam	138.58

WEIGHTED BY IMPORTANCE		
Rank		Score
1	eSecLending	81.76
2	DekaBank	28.05
3	Societe Generale Securities Services	23.99
4	CACEIS Bank	21.30
5	Amundi	18.97
6	Mitsubishi UFJ Trust Int	11.12

WEIGHTED BY IMPORTANCE		
Rank		Score
1	eSecLending	476.78
2	CACEIS Bank	214.56
3	Nordea	190.12
4	Candriam	175.30
5	Amundi	168.80
6	Societe Generale Securities Services	162.60

WEIGHTED BY IMPORTANCE		
Rank		Score
1	eSecLending	204.11
2	National Bank Financial	105.59
3	CACEIS Bank	74.66
4	BMO Global Asset Management	74.22
5	Candriam	61.65
6	Mitsubishi UFJ Trust Int	53.55

G2 EQUITY LENDERS

eSecLending was the outright winner of the G2 lenders section of the survey, securing the top spot globally in a dominant display. Its competitors appear unlikely to make up the gap anytime soon – it was also considered to be the most innovative lender in its group.

In truth, it was not a close contest. Globally, eSecLending achieved more than double the score of its nearest rival according to both methodologies. It was also a clean sweep across every region.

When the responses of only G1 lenders were considered eSecLending was again the undisputed winner across all regions. When only G2 lenders responses were considered eSecLending was again the winner globally and for Asia Pacific, while it came third in the Americas and fifth in EMEA.

In the categories, eSecLending unsurprisingly did extremely well. It was the winner of every category and operations sub-category globally. Astonishingly, it was also the winner for every category and sub-category in every region – except relationship management in EMEA. It was a truly dominant performance.

CACEIS Bank was the runner-up G2 lender globally. Its best region was its home market of EMEA, where it came second. It placed fourth in the Americas and in Asia Pacific fourth weighted and fifth unweighted.

G1 borrowers also rated it the runner up globally. In EMEA it was rated third and in the Americas it was rated third weighted and fourth unweighted. In Asia Pacific it was rated fourth weighted and fifth weighted. G2 borrowers rated Caceis fourth globally. Its best result was becoming the winner of G2 equity lenders by G2 borrowers in EMEA.

In the categories CACEIS was a strong performer globally in a series of areas. It was runner-up for breadth of supply, collateral funding, stability of supply and trading capability. It was in the top-five for the other two categories and two of the three operations sub-categories.

Amundi was the third-highest rated G2 equity lender globally. Its best region was its home one of Emea, where it was third weighted and fourth unweighted. In Asia Pacific it was fourth unweighted and fifth weighted.

G1 borrowers rated Amundi fifth globally as well as fifth in Emea. It's best region was Asia Pacific with fourth unweighted and fifth weighted. G2 borrowers rated it sixth globally; its performance was much stronger in Emea, where it secured the runner-up spot.

Amundi was recognised for areas of excellence in the categories, where globally it achieved third places for breadth of supply, overall operations and (jointly) stability of supply, as well as fifth places for collateral funding and (jointly) trading capability. In the operations sub-categories it took the runner-up spot for trading connectivity and was in the top five for the other two.

Nordea was the fourth-highest rated G2 equity lender globally unweighted and fifth weighted. Its best region was Emea where it took third position unweighted and fourth spot weighted.

G1 borrowers rated Nordea the third-best lender globally; its best performance was its G1 runner-up spot in Emea.

In the global categories Nordea achieved runner-up spot for relationship management, third place for collateral funding and (jointly) stability of supply and fourth for overall operations, which was built on a third place for trade matching and fifth for trading connectivity. It also won relationship management in Emea.

Societe Generale Securities Services (SGSS) was the fourth-highest rated G2 equity lender weighted and fifth-highest unweighted. Its best region was Asia Pacific, where it

G2 LENDERS RATED BY G1 BORROWERS: EMEA

UNWEIGHTED		
Rank		Score
1	eSecLending	232.33
2	Nordea	182.50
3	CACEIS Bank	139.00
4	Candriam	128.33
5	Amundi	127.00
6	Societe Generale Securities Services	107.00

WEIGHTED BY IMPORTANCE		
Rank		Score
1	eSecLending	206.52
2	Nordea	146.15
3	CACEIS Bank	118.60
4	Candriam	106.34
5	Amundi	106.28
6	Societe Generale Securities Services	88.04

G2 LENDERS RATED BY G1 BORROWERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	eSecLending	79.00
2	DekaBank	35.00
3	Societe Generale Securities Services	27.00
4	Amundi	25.00
5	CACEIS Bank	24.00
6	Mitsubishi UFJ Trust Int	11.00

WEIGHTED BY IMPORTANCE		
Rank		Score
1	eSecLending	66.15
2	DekaBank	28.05
3	Societe Generale Securities Services	23.99
4	CACEIS Bank	21.30
5	Amundi	18.97
6	Mitsubishi UFJ Trust Int	9.23

G2 LENDERS RATED BY G2 BORROWERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	eSecLending	100.50
2	BMO Global Asset Management	96.11
3	National Bank Financial	81.33
4	CACEIS Bank	72.33
5	Natixis	67.67
6	Amundi	65.17

WEIGHTED BY IMPORTANCE		
Rank		Score
1	eSecLending	84.73
2	BMO Global Asset Management	82.42
3	National Bank Financial	65.56
4	CACEIS Bank	61.91
5	Natixis	57.21
6	Amundi	56.50

G2 LENDERS RATED BY G2 BORROWERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	BMO Global Asset Management	58.00
2	National Bank Financial	47.00
3	eSecLending	42.00
4	Natixis	18.00

WEIGHTED BY IMPORTANCE		
Rank		Score
1	BMO Global Asset Management	50.50
2	National Bank Financial	37.00
3	eSecLending	35.00
4	Natixis	15.00

G2 LENDERS RATED BY G2 BORROWERS: EMEA

UNWEIGHTED		
Rank		Score
1	CACEIS Bank	72.33
2	Amundi	65.17
3	Societe Generale Securities Services	63.33
4	Natixis	42.17
5	eSecLending	41.00
6	Mitsubishi UFJ Trust Int	40.67

WEIGHTED BY IMPORTANCE		
Rank		Score
1	CACEIS Bank	61.91
2	Amundi	56.50
3	Societe Generale Securities Services	53.72
4	Mitsubishi UFJ Trust Int	34.58
5	eSecLending	34.13
6	Natixis	33.71

G2 LENDERS RATED BY G2 BORROWERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	eSecLending	17.50
2	Aviva	9.00
3	Natixis	7.50
4	Nordea	6.00
5	Mitsubishi UFJ Trust Int	3.50

WEIGHTED BY IMPORTANCE		
Rank		Score
1	eSecLending	15.61
2	Aviva	10.20
3	Natixis	8.50
4	Nordea	6.80
5	Mitsubishi UFJ Trust Int	1.89

**G2 LENDERS:
MOST INNOVATIVE
eSecLending**

G2 lenders service categories

BREADTH OF SUPPLY

GLOBAL		
Rank		Score
1	eSecLending	125.00
2	CACEIS Bank	57.50
3	Amundi	48.00
4	Societe Generale Securities Services	45.00
5	Candriam	41.00

AMERICAS		
Rank		Score
1	eSecLending	49.00
2	National Bank Financial	27.00

EMEA		
Rank		Score
1	eSecLending	58.50
2	CACEIS Bank	36.50

ASIA PACIFIC		
Rank		Score
1	eSecLending	17.50
2	Societe Generale Securities Services	6.00

STABILITY OF SUPPLY

GLOBAL		
Rank		Score
1	eSecLending	115.50
2	CACEIS Bank	53.00
3 =	Amundi	44.00
3 =	Nordea	44.00
5	Societe Generale Securities Services	43.50

AMERICAS		
Rank		Score
1	eSecLending	48.00
2	National Bank Financial	27.00

EMEA		
Rank		Score
1	eSecLending	50.00
2	CACEIS Bank	35.00

ASIA PACIFIC		
Rank		Score
1	eSecLending	17.50
2	DekaBank	6.00

achieved third and it was rated fifth in Emea.

SGSS completed the top six for G1 borrower respondents, which it repeated in Emea, while its best performance was in Asia Pacific, where it finished third. G2 borrowers ranked it third in Emea.

SGSS achieved its best global cat-

COLLATERAL FUNDING

GLOBAL		
Rank		Score
1	eSecLending	96.00
2	CACEIS Bank	59.00
3	Nordea	49.00
4	National Bank Financial	48.50
5	Amundi	45.50

AMERICAS		
Rank		Score
1	eSecLending	44.00
2	National Bank Financial	31.00

EMEA		
Rank		Score
1	eSecLending	39.50
2 =	CACEIS Bank	38.00
2 =	Nordea	38.00

ASIA PACIFIC		
Rank		Score
1	eSecLending	12.50
2	DekaBank	7.00

TRADING CAPABILITY

GLOBAL		
Rank		Score
1	eSecLending	111.00
2	CACEIS Bank	60.00
3	Candriam	45.00
4	Societe Generale Securities Services	44.00
5 =	Amundi	42.50
5 =	National Bank Financial	42.50

AMERICAS		
Rank		Score
1	eSecLending	48.00
2	National Bank Financial	30.00

EMEA		
Rank		Score
1	eSecLending	45.50
2	CACEIS Bank	40.00

ASIA PACIFIC		
Rank		Score
1	eSecLending	17.50
2	DekaBank	6.00

egory score for overall operations where it finished runner-up, based on second-place finishes for dividend collection and trade matching and third for trading connectivity. It was fourth for breadth of supply and trading capability, and fifth for stability of supply

National Bank Financial rounded out the top six G2 lenders globally. Its

RELATIONSHIP MANAGEMENT

GLOBAL		
Rank		Score
1	eSecLending	100.00
2	Nordea	51.00
3	CACEIS Bank	49.50
4	Candriam	45.50
5	National Bank Financial	44.50

AMERICAS		
Rank		Score
1	eSecLending	49.00
2	National Bank Financial	32.00

EMEA		
Rank		Score
1	Nordea	41.00
2	eSecLending	37.00

ASIA PACIFIC		
Rank		Score
1	eSecLending	14.00
2	DekaBank	6.00

OVERALL OPERATIONS

GLOBAL		
Rank		Score
1	eSecLending	328.00
2	Societe Generale Securities Services	143.50
3	Amundi	131.50
4	Nordea	127.00
5	CACEIS Bank	126.00

AMERICAS		
Rank		Score
1	eSecLending	147.00
2	BMO Global Asset Management	74.50

EMEA		
Rank		Score
1	eSecLending	128.50
2	Nordea	97.00

ASIA PACIFIC		
Rank		Score
1	eSecLending	52.50
2	DekaBank	18.00



best region was the Americas, where it secured the runner-up spot. G1 borrowers also ranked it second place in the Americas. Likewise, G2 borrowers rated it second in the Americas, which helped it achieve third globally.

National Bank Financial took top-five positions in the global category tables of collateral funding (fourth), relationship management and trading capability.

Candriam completed the top-six G2 lenders in the Americas and in Emea. G1 borrowers rated it fourth globally, including fourth in Emea and fifth in the Americas. It appeared in the top five for the categories of trading capability

(third), relationship management (fourth) and breadth of supply.

BMO Global Asset Management was the third-highest place G2 lender in the Americas. G1 borrowers rated it third in the Americas unweighted and fourth weighted. G2 borrowers rated it runner-up globally and its best performance was its winning positions among these respondents in the Americas. It also achieved a top-five finish for trade matching.

DekaBank achieved the runner-up G2 equity lender position in Asia Pacific. G1 borrowers also rated it second in the region.

Natixis was the fifth highest-rated

G2 lender in the Americas. G1 borrowers rated it sixth in the Americas unweighted. G2 borrowers rated it fifth globally, built on third positions in Asia Pacific, fourth in the Americas and sixth in Emea weighted. Natixis also took third position for dividend collection.

Mitsubishi UFJ Trust International rounded out the G2 lenders winners table in Asia Pacific. G1 borrowers rated it sixth in Asia Pacific and in the Americas weighted. G2 borrowers rated it fourth weighted and sixth weighted in Emea; and fifth in Asia Pacific.

G2 borrowers rated **Aviva** the runner-up G2 lender in Asia Pacific.

OPERATIONS: DIVIDEND COLLECTION

GLOBAL

Rank		Score
1	eSecLending	108.50
2	Societe Generale Securities Services	49.50
3	Natixis	45.00
4	CACEIS Bank	42.50
5	Amundi	41.50

AMERICAS

Rank		Score
1	eSecLending	49.00
2	BMO Global Asset Management	24.50

EMEA

Rank		Score
1	eSecLending	42.00
2	Amundi	31.50

ASIA PACIFIC

Rank		Score
1	eSecLending	17.50
2	DekaBank	6.00

OPERATIONS: TRADE MATCHING

GLOBAL

Rank		Score
1	eSecLending	106.00
2	Societe Generale Securities Services	48.00
3	Nordea	44.00
4	Amundi	42.50
5	BMO Global Asset Management	42.00

AMERICAS

Rank		Score
1	eSecLending	49.00
2	BMO Global Asset Management	29.50

EMEA

Rank		Score
1	eSecLending	39.50
2	Nordea	34.00

ASIA PACIFIC

Rank		Score
1	eSecLending	17.50
2	DekaBank	6.00

OPERATIONS: TRADING CONNECTIVITY

GLOBAL

Rank		Score
1	eSecLending	113.50
2	Amundi	47.50
3	Societe Generale Securities Services	46.00
4	CACEIS Bank	43.50
5	Nordea	42.50

AMERICAS

Rank		Score
1	eSecLending	49.00
2	National Bank Financial	24.00

EMEA

Rank		Score
1	eSecLending	47.00
2 =	Amundi	32.50
2 =	Nordea	32.50
2 =	Societe Generale Securities Services	32.50

ASIA PACIFIC

Rank		Score
1	eSecLending	17.50
2	DekaBank	6.00

In Canada and abroad, REGULATION continues to steer supply and demand



Donato D'Eramo, Managing Director, Securities Finance at RBC Investor & Treasury Services in Toronto speaks about the shifting tides of supply and demand, as well as the rise in non-cash collateral



Tell us about the types of clients you serve and what they look for in a securities lending programme.

➤ As a securities lending agent, we act on behalf of beneficial owners that come from a diverse set of countries, regions and investment structures – including pension plans, asset managers, insurance companies and central banks – that adhere to different regulatory regimes.

They each have specific criteria both internally, in terms of return and risk, and externally from a regulatory perspective. We look to engage with them, understand their objectives and deliver tailored securities finance programmes.

As an agent for our clients, we are also connected to an extensive network of borrowers from various jurisdictions globally. Here we have certainly seen grow-

ing demand to borrow fixed income assets in recent years as the need for high-quality liquid assets (HQLA) increases. Today, fixed income to equity represents a 60-40 split compared to 50-50 a few years ago.

What influence has regulation had on demand for securities lending?

➤ The story continues to be about growing demand for HQLA as regulation increases the importance of these assets to various types of participants. Regulations such as longevity risk transfer (LRT) and the net stable funding ratio (NSFR) are likely to push demand in specific areas – such as for

collateral upgrades – as well as for financing liquidity needs more broadly.

Another regulatory and market concern is the emergence of central counterparties (CCPs) and the growing importance of collateral structures as part of the overall risk management framework. In discussions with borrowers, I don't think the infrastructure currently exists to make this a viable option on a significant scale. Collateral structures – such as pledge against title transfer – remain an important consideration for clients, including the potential to provide material benefit for borrowers when it comes to risk weighted assets (RWA). But in general this has not manifested as a major force.

In Canada, the Office of the Superintendent of Financial Institutions (OSFI), for example, allows pension plans and insurance companies to accept equities

“ In any securities lending programme, it is important for beneficial owners to discuss the range of non-cash collateral with their provider ”



“ It is good practice for any client to understand the approach to indemnification offered in a securities lending programme ”

assets. If they are prepared to consider term trades at the asset class level, new entrants can look for programmes that substitute assets within the portfolio as market opportunities change.

Increasingly, a more popular route is for clients to lend on an opportunistic basis, with a particular transaction in mind. For one-off transactions, where the economics are clear, simple and confined, it is often easier to see the value. Moreover, the time to market is faster than the process of agreeing to guidelines for a general programme. One-off transactions may also be an effective gateway for clients to enter the securities lending market and become more involved in this sphere and may over time shift to a more comprehensive programme.

Is indemnification important to new entrants?

➤ The question of indemnification has become particularly prominent for clients over the last two years. They are keen to understand why we are offering the indemnification, what it covers and what this means to them.

It is good practice for any client to understand the approach to indemnification offered in a securities lending programme. Insofar as permitted by the regulatory constraints that govern clients' acceptable collateral, we generally discuss the full suite of our offer and have found that the scope of the indemnification is typically more important to clients than the discussion around price.



RBC Investor & Treasury Services

as collateral. However, the regulations governing Canadian mutual funds – as stipulated by National Instrument 81-102 – preclude the acceptance of equity collateral. In the interest of investor protection, the unintended consequence is that mutual funds are unable to meet current demand for one to three-month term transactions where equity collateral is a factor.

We have also seen unintended consequences associated with regulation introduced following the financial crisis. One example in Europe is the UCITS rules that prevent funds from transacting in term trades longer than seven days.

As regulation increases the importance of holding HQLA – to meet capital and liquidity requirements – and pushes demand for term trades, we see benefits in allowing participants such as mutual funds to help close the gap between supply and demand.

To what extent is non-cash collat-

eral growing in popularity?

➤ In the US, cash collateral continues to be the largest section of the market and I believe that it will continue to play an important role. That said, its influence is decreasing as non-cash transactions gain ground. This may recently have been helped by the more conciliatory tone from US regulators – although structurally the trend pre-dates this.

In any securities lending programme, it is important for beneficial owners to discuss the range of non-cash collateral with their provider in order to stay at the forefront of market demands as they evolve.

How do you demonstrate the value of securities lending to new entrants?

➤ First, there are firms with long-term liabilities – pension funds and insurance companies, for example – which are well stocked with long-dated HQLA and wish to remain invested in these

G1 BORROWERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	Morgan Stanley	803.17
2	UBS	701.50
3	Bank of America Merrill Lynch	686.58
4	Goldman Sachs	625.00
5	Citi	592.08
6	BNP Paribas	319.17

G1 BORROWERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	Citi	231.00
2	UBS	226.50
3	Morgan Stanley	225.83
4	Bank of America Merrill Lynch	224.83
5	Goldman Sachs	214.50
6	BNP Paribas	131.00

G1 BORROWERS: EMEA

UNWEIGHTED		
Rank		Score
1	Morgan Stanley	319.17
2	UBS	286.00
3	Bank of America Merrill Lynch	280.08
4	Goldman Sachs	246.17
5	Citi	227.83
6	JPMorgan	132.83

G1 BORROWERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	Morgan Stanley	258.17
2	UBS	189.00
3	Bank of America Merrill Lynch	181.67
4	Goldman Sachs	164.33
5	Citi	133.25
6	Credit Suisse	94.83

G1 BORROWERS RATED BY G1 LENDERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	Morgan Stanley	636.33
2	UBS	582.33
3	Bank of America Merrill Lynch	501.83
4	Goldman Sachs	486.83
5	Citi	450.33
6	BNP Paribas	250.67

G1 BORROWERS RATED BY G1 LENDERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	Morgan Stanley	184.17
2	UBS	178.33
3	Goldman Sachs	176.17
4	Bank of America Merrill Lynch	174.83
5	Citi	169.67
6	BMO Capital Markets	104.17

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Morgan Stanley	687.81
2	UBS	607.15
3	Bank of America Merrill Lynch	576.30
4	Goldman Sachs	531.77
5	Citi	482.81
6	BNP Paribas	265.04

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Morgan Stanley	193.10
2	UBS	193.04
3	Bank of America Merrill Lynch	192.77
4	Citi	191.87
5	Goldman Sachs	185.99
6	BNP Paribas	107.82

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Morgan Stanley	273.44
2	UBS	252.43
3	Bank of America Merrill Lynch	232.26
4	Goldman Sachs	210.84
5	Citi	187.78
6	JPMorgan	112.53

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Morgan Stanley	221.26
2	UBS	161.69
3	Bank of America Merrill Lynch	151.27
4	Goldman Sachs	134.94
5	Citi	103.17
6	Credit Suisse	82.84

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Morgan Stanley	545.52
2	UBS	505.40
3	Goldman Sachs	417.37
4	Bank of America Merrill Lynch	415.45
5	Citi	363.46
6	BNP Paribas	204.27

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Morgan Stanley	159.01
2	Goldman Sachs	153.56
3	UBS	151.99
4	Bank of America Merrill Lynch	148.28
5	Citi	139.40
6	BMO Capital Markets	86.40

G1 EQUITY BORROWERS

Morgan Stanley was the winner of the G1 borrowers section of the ISF survey. It was a comprehensive victory with its global unweighted score more than 100 points above its nearest competitor. It also won on the weighted side by a very significant margin.

Morgan Stanley was also the winner in 2016 according to both methodologies. And its position looks to be secure for the future – it was also judged to be the most innovative G1 borrower.

Morgan Stanley was also the highest-rated G1 borrower in EMEA and Asia Pacific. It was top-rated in the Americas weighted and third-place unweighted.

When only G1 lenders' responses were taken into consideration, Morgan Stanley remained the global winner, as well as securing the top spots in the Americas and Asia Pacific. It also took the runner-up spots in EMEA. G2 lenders rated Morgan Stanley the runner-up globally. It received the top prize in EMEA, third in Asia Pacific and fourth in the Americas.

In line with its winning global score, Morgan Stanley did excellently in the category tables. It was the global winner in every one of these tables except operations, where it came second but did win the operations sub-category of trading connectivity and was in the top four for the other two.

UBS was the second highest rated G1 borrower globally. It was also the runner-up in the Americas, EMEA and Asia Pacific.

When only G1 lenders responses were considered, UBS was again the runner-up globally. Among these larger respondents it received top spot in EMEA, runner-up spot in Asia Pacific and the Americas unweighted and third weighted.

When the views of only G2 lenders were considered UBS did best in the Americas, where it received third positions. It ranked fifth globally and in EMEA weighted, and sixth for EMEA unweighted.

In the category tables it took a global victory in the operations sub-category of dividend collection. It also received

four (one jointly) runner-up category positions. It was in the top five for every category and operations sub-category.

Bank of America Merrill Lynch (BAML) achieved third positions globally among G1 borrowers. It took third positions in Emea and Asia Pacific, while in its home market of the Americas it was third weighted and fourth unweighted.

G1 lenders gave it the global third position unweighted and fourth weighted. Its best region among these lenders was Emea, where it came third, followed by Asia Pacific and the Americas, where it came fourth. G2 lenders had an even more favourable impression of BAML, where it topped the global table. It repeated this feat in Asia Pacific and took the runner-up spots in the Americas and Emea.

BAML achieved the winning score for overall operations. Within operations, it also took the top spot for the sub-category of trade matching as well as second for dividend collection and third for trading connectivity. BAML took the runner-up spot (jointly) for trading capability and was in the top four for every other category (including third for relationship management).

Goldman Sachs achieved fourth positions globally. Its two best regions were Emea and Asia Pacific where it also secured fourth, while it was fifth in the Americas.

Goldman Sachs did a little better among G1 lender respondents. Globally, it achieved third weighted and fourth unweighted. In the Americas it took the runner-up spot weighted and third-place unweighted. In Asia Pacific it was third-placed and in Emea fourth-placed. G2 lenders rated Goldman Sachs as fourth globally and for Asia Pacific. It improved on this in Emea with third place, while it achieved fifth

G1 BORROWERS RATED BY G1 LENDERS: EMEA

UNWEIGHTED		
Rank		Score
1	UBS	232.33
2	Morgan Stanley	223.33
3	Bank of America Merrill Lynch	189.67
4	Goldman Sachs	169.00
5	Citi	167.67
6	HSBC Bank Plc	83.00

G1 BORROWERS RATED BY G1 LENDERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	Morgan Stanley	228.83
2	UBS	171.67
3	Goldman Sachs	141.67
4	Bank of America Merrill Lynch	137.33
5	Citi	113.00
6	BNP Paribas	67.67

G1 BORROWERS RATED BY G2 LENDERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	Bank of America Merrill Lynch	184.75
2	Morgan Stanley	166.83
3	Citi	141.75
4	Goldman Sachs	138.17
5	UBS	119.17
6	JPMorgan	90.67

G1 BORROWERS RATED BY G2 LENDERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	Citi	61.33
2	Bank of America Merrill Lynch	50.00
3	UBS	48.17
4	Morgan Stanley	41.67
5	Goldman Sachs	38.33
6	JPMorgan	31.67

G1 BORROWERS RATED BY G2 LENDERS: EMEA

UNWEIGHTED		
Rank		Score
1	Morgan Stanley	95.83
2	Bank of America Merrill Lynch	90.42
3	Goldman Sachs	77.17
4	Citi	60.17
5	JPMorgan	54.50
6	UBS	53.67

G1 BORROWERS RATED BY G2 LENDERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	Bank of America Merrill Lynch	44.33
2	Credit Suisse	32.50
3	Morgan Stanley	29.33
4	Goldman Sachs	22.67
5	Barclays	21.25
6	Citi	20.25

WEIGHTED BY IMPORTANCE		
Rank		Score
1	UBS	205.99
2	Morgan Stanley	190.28
3	Bank of America Merrill Lynch	154.44
4	Goldman Sachs	147.18
5	Citi	138.14
6	HSBC Bank Plc	69.31

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Morgan Stanley	196.23
2	UBS	147.42
3	Goldman Sachs	116.62
4	Bank of America Merrill Lynch	112.73
5	Citi	85.91
6	BMO Capital Markets	58.04

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Bank of America Merrill Lynch	160.85
2	Morgan Stanley	142.29
3	Citi	119.35
4	Goldman Sachs	114.40
5	UBS	101.75
6	JPMorgan	73.79

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Citi	52.47
2	Bank of America Merrill Lynch	44.49
3	UBS	41.05
4	Morgan Stanley	34.09
5	Goldman Sachs	32.43
6	BNP Paribas	27.38

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Morgan Stanley	83.17
2	Bank of America Merrill Lynch	77.82
3	Goldman Sachs	63.66
4	Citi	49.63
5	UBS	46.44
6	JPMorgan	45.09

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Bank of America Merrill Lynch	38.55
2	Credit Suisse	27.72
3	Morgan Stanley	25.04
4	Goldman Sachs	18.31
5	Citi	17.26
6	Barclays	16.97

**G1 BORROWERS:
MOST INNOVATIVE
Morgan Stanley**

G1 borrowers service categories

BREADTH OF DEMAND

GLOBAL		
Rank		Score
1	Morgan Stanley	146.50
2	UBS	122.50
3	Goldman Sachs	118.00
4	Bank of America Merrill Lynch	110.50
5	Citi	93.00

AMERICAS		
Rank		Score
1	Morgan Stanley	43.00
2	Goldman Sachs	41.50

EMEA		
Rank		Score
1	Morgan Stanley	57.00
2	UBS	51.50

ASIA PACIFIC		
Rank		Score
1	Morgan Stanley	46.50
2	UBS	32.00

STABILITY OF DEMAND

GLOBAL		
Rank		Score
1	Morgan Stanley	142.50
2	UBS	131.00
3	Goldman Sachs	115.50
4	Bank of America Merrill Lynch	112.00
5	Citi	92.00

AMERICAS		
Rank		Score
1	UBS	43.00
2	Morgan Stanley	41.00

EMEA		
Rank		Score
1	UBS	58.00
2	Morgan Stanley	54.50

ASIA PACIFIC		
Rank		Score
1	Morgan Stanley	47.00
2	Bank of America Merrill Lynch	32.00

in the Americas.

Goldman Sachs achieved a top-five position in every category, with notable strength in collateral funding, where it was runner-up, and third places in both breadth of demand and stability of demand. It also secured two top-five finishes in the operations sub-categories.

Citi achieved the fifth highest global finish among G1 borrowers. It was also fifth-placed in Emea and Asia Pacific.

COLLATERAL FUNDING

GLOBAL		
Rank		Score
1	Morgan Stanley	130.50
2	Goldman Sachs	121.00
3	Citi	105.75
4	Bank of America Merrill Lynch	98.25
5	UBS	96.50

AMERICAS		
Rank		Score
1	Goldman Sachs	42.00
2	Citi	40.00

EMEA		
Rank		Score
1	Morgan Stanley	49.00
2	Goldman Sachs	45.00

ASIA PACIFIC		
Rank		Score
1	Morgan Stanley	46.50
2	Goldman Sachs	34.00

TRADING CAPABILITY

GLOBAL		
Rank		Score
1	Morgan Stanley	141.50
2 =	Bank of America Merrill Lynch	121.50
2 =	UBS	121.50
4	Goldman Sachs	102.50
5	Citi	101.00

AMERICAS		
Rank		Score
1	Bank of America Merrill Lynch	47.50
2	Citi	44.00

EMEA		
Rank		Score
1	Morgan Stanley	58.00
2	UBS	48.50

ASIA PACIFIC		
Rank		Score
1	Morgan Stanley	43.50
2	UBS	39.50

Its standout result was its winning position for the Americas unweighted. It was also fourth weighted in the region.

It fared best with G2 lenders, for which Citi placed third. Again, its outstanding result was its winning positions in the Americas, which in this case it won both unweighted and weighted. In Emea it placed fourth and in Asia Pacific fifth weighted and sixth unweighted. G1 lenders rated Citi

RELATIONSHIP MANAGEMENT

GLOBAL		
Rank		Score
1	Morgan Stanley	134.50
2	UBS	127.83
3	Bank of America Merrill Lynch	125.50
4	Citi	93.50
5	Goldman Sachs	92.00

AMERICAS		
Rank		Score
1	UBS	39.83
2	Goldman Sachs	39.00

EMEA		
Rank		Score
1	Morgan Stanley	57.50
2	Bank of America Merrill Lynch	55.50

ASIA PACIFIC		
Rank		Score
1	Morgan Stanley	45.00
2	Bank of America Merrill Lynch	36.00

OVERALL OPERATIONS

GLOBAL		
Rank		Score
1	Bank of America Merrill Lynch	356.50
2	Morgan Stanley	323.00
3	Citi	320.50
4	UBS	306.50
5	Goldman Sachs	228.00

AMERICAS		
Rank		Score
1	Bank of America Merrill Lynch	121.00
2	Citi	109.50

EMEA		
Rank		Score
1	Bank of America Merrill Lynch	140.50
2	Morgan Stanley	129.50

ASIA PACIFIC		
Rank		Score
1	Bank of America Merrill Lynch	95.00
2	Morgan Stanley	89.00

as the fifth-best borrower globally, as well as in every region.

Citi secured a top-five global finish in every single category and operations sub-category, which included third for both collateral funding and overall operations. Its best position was runner-up for the operations sub-category of trading connectivity.

BNP Paribas rounded out the global top six G1 borrowers list. It was also in the top six in the Americas. Likewise, G1 lenders rated it in the top-six globally, as well as in Asia Pacific. G2 lenders in the Americas awarded it a top six finish, weighted. Its best global category position was in the operations sub-category of dividend collection.

JPMorgan achieved top-six positions in Emea. Its best position was received from G2 lender respondents in Emea, where it ranked fifth unweighted. It also made the G2 lenders top six globally and in the Americas unweighted and Emea weighted.

Credit Suisse achieved top-six positions in Asia Pacific. Its best positions were provided by G2 lenders in Asia Pacific, where it took the runner-up spots.

BMO Capital Markets achieved top-six positions among G1 lenders in the Americas. HSBC took top-six slots among G1 lender respondents in Emea. Barclays made the top-six in Asia Pacific from G2 lender respondents, with its best position of fifth unweighted.

CATEGORY IMPORTANCE

Respondents to the equity borrower survey considered the importance of the categories in descending order to be: breadth of demand (all markets), stability of demand, trading capability, relationship management operational efficiency and collateral funding capabilities.



OPERATIONS: DIVIDEND COLLECTION

GLOBAL		
Rank		Score
1	UBS	120.00
2	Bank of America Merrill Lynch	112.00
3	Citi	103.50
4	Morgan Stanley	89.50
5	BNP Paribas	62.50
AMERICAS		
Rank		Score
1	UBS	51.50
2	Citi	37.50
EMEA		
Rank		Score
1	Bank of America Merrill Lynch	48.50
2	UBS	45.50
ASIA PACIFIC		
Rank		Score
1	Bank of America Merrill Lynch	32.50
2	Citi	32.00

OPERATIONS: TRADE MATCHING

GLOBAL		
Rank		Score
1	Bank of America Merrill Lynch	124.50
2	Morgan Stanley	105.50
3	Citi	90.00
4	UBS	87.50
5	Goldman Sachs	85.50
AMERICAS		
Rank		Score
1	Bank of America Merrill Lynch	48.50
2	Morgan Stanley	41.50
EMEA		
Rank		Score
1	Bank of America Merrill Lynch	46.00
2	Citi	43.00
ASIA PACIFIC		
Rank		Score
1	UBS	31.00
2	Bank of America Merrill Lynch	30.00

OPERATIONS: TRADING CONNECTIVITY

GLOBAL		
Rank		Score
1	Morgan Stanley	128.00
2	Citi	127.00
3	Bank of America Merrill Lynch	120.00
4	UBS	99.00
5	Goldman Sachs	88.00
AMERICAS		
Rank		Score
1	Citi	44.00
2	Morgan Stanley	42.00
EMEA		
Rank		Score
1	Citi	50.00
2	Morgan Stanley	48.00
ASIA PACIFIC		
Rank		Score
1	Morgan Stanley	38.00
2	UBS	34.50

ISF SURVEY

G2 BORROWERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	Natixis	550.67
2	Jefferies	494.00
3	ING	469.50
4	ABN AMRO	463.00
5	SEB	461.50
6	State Street Principal	377.67

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Natixis	462.15
2	Jefferies	409.16
3	SEB	389.69
4	ABN AMRO	388.57
5	ING	381.95
6	State Street Principal	319.16

G2 BORROWERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	Fidelity Prime Services	209.58
2	ING	143.17
3	Wells Fargo	140.50
4	State Street Principal	138.33
5	Jefferies	130.00
6	ABN AMRO	126.00

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Fidelity Prime Services	184.94
2	Wells Fargo	124.86
3	State Street Principal	118.89
4	ING	112.26
5	Jefferies	104.90
6	ABN AMRO	104.24

G2 BORROWERS: EMEA

UNWEIGHTED		
Rank		Score
1	Natixis	305.83
2	Jefferies	284.67
3	ABN AMRO	258.67
4	ING	249.33
5	SEB	212.83
6	State Street Principal	129.67

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Natixis	257.63
2	Jefferies	237.27
3	ABN AMRO	218.62
4	ING	205.96
5	SEB	179.22
6	State Street Principal	108.30

G2 BORROWERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	SEB	141.00
2	Macquarie	135.50
3	Natixis	135.00
4	State Street Principal	109.67
5	Jefferies	79.33
6	ABN AMRO	78.33

WEIGHTED BY IMPORTANCE		
Rank		Score
1	SEB	121.18
2	Macquarie	114.45
3	Natixis	113.18
4	State Street Principal	91.97
5	Jefferies	66.99
6	ABN AMRO	65.71

G2 BORROWERS RATED BY G1 LENDERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	SEB	418.83
2	ING	391.33
3	Natixis	375.00
4	Jefferies	370.33
5	ABN AMRO	334.00
6	State Street Principal	312.17

WEIGHTED BY IMPORTANCE		
Rank		Score
1	SEB	354.21
2	Natixis	315.63
3	ING	315.27
4	Jefferies	304.40
5	ABN AMRO	278.04
6	State Street Principal	261.83

G2 BORROWERS RATED BY G1 LENDERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	Fidelity Prime Services	179.00
2	ING	134.67
3	State Street Principal	108.33
4	SEB	107.67
5	ABN AMRO	100.33
6 =	Jefferies	96.00
6 =	Wells Fargo	96.00

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Fidelity Prime Services	157.98
2	ING	105.39
3	State Street Principal	90.98
4	SEB	89.29
5	Wells Fargo	85.17
6	ABN AMRO	81.56

G2 EQUITY BORROWERS

Natixis was rated as the best G2 borrower by all lenders, topping both the weighted and unweighted tables by substantial margins. It was also the highest rated borrower in Emea and it secured third positions in Asia Pacific.

G1 lenders rated Natixis as the runner-up globally weighted and third-place unweighted. It was the winner in Emea and fourth-placed in Asia Pacific. G2 lenders were even more favourable; it was the global winner among this group of respondents. It also won in Emea and Asia Pacific and came second in the Americas.

Natixis also had a string of outstanding scores in the category tables. It was the winner of all five of the non-operations categories. It came second for overall operations and in the operations sub-categories of trade matching and trading connectivity as well as third for dividend collection.

Jefferies was the second-placed G2 borrower based on the ranking of all lenders. It was also second-placed in Emea. It achieved fifth positions in the Americas and Asia Pacific.

G1 lenders rated Jefferies in fourth positions globally. In Emea, this group of respondents rated it second, while in Asia Pacific it placed fourth and in the Americas it secured sixth unweighted. G2 lenders were even more favourable; it placed third among this respondent group. In Emea it took the runner-up spot and in the Americas third.

Jefferies was the top rated G2 lender for operations, based on its winning scores for trade matching and trading connectivity. It was the runner-up for breadth of demand, relationship management and trading capability and third for collateral funding and stability of demand.

SEB was the third highest rated G2 borrower globally, weighted. It was the fifth highest unweighted. Its standout performance was its winning positions in Asia Pacific. It also took fifth place in the Americas.

G1 lenders rated SEB the number one G2 borrower globally. It also took the top spot in Asia Pacific, as well

fourth place in the Americas. In Emea it was fourth weighted and fifth unweighted. SEB also picked up a sixth place in Emea from G2 lender respondents.

SEB achieved a top-five position in all of the categories and two of the three operations sub-categories.

ING achieved third place globally unweighted as well as fifth place weighted. Its best region was the Americas, where it took runner-up spot unweighted and fourth place weighted. In Emea it achieved fourth positions.

Its positions were slightly better when only G1 lenders responses were considered. Globally, it achieved runner-up spot unweighted and third position weighted. In the Americas it was runner-up, in Emea it was third and in Asia Pacific it was sixth. G2 lenders rated ING in fifth position, which improved to fourth in Emea.

ING took a top-five position in all of the categories and operations sub-categories. Its best position was runner-up, for collateral funding and the operations category of dividend collection.

ABN AMRO was considered to be the most innovative G2 borrower. It also received fourth positions from G2 borrowers. Its best region was its home one of Emea, where it achieved third positions, followed by six-placed finishes in both the Americas and Asia Pacific.

G1 lenders rated it fifth globally. In Emea it was rated fourth unweighted and fifth weighted. In the Americas it achieved fifth unweighted and sixth weighted. G2 lenders rated ABN AMRO second globally; in Emea it came in third, in Asia Pacific fourth and the Americas sixth.

ABN AMRO achieved a top-five position in every one of the categories and operations sub-categories. Its

G2 BORROWERS RATED BY G1 LENDERS: EMEA

UNWEIGHTED		
Rank		Score
1	Natixis	206.67
2	Jefferies	195.00
3	ING	179.67
4	ABN AMRO	170.33
5	SEB	170.17
6	State Street Principal	94.17

G2 BORROWERS RATED BY G1 LENDERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	SEB	141.00
2	Macquarie	118.00
3	State Street Principal	109.67
4	Natixis	93.00
5	Jefferies	79.33
6	ING	77.00

G2 BORROWERS RATED BY G2 LENDERS: GLOBAL

UNWEIGHTED		
Rank		Score
1	Natixis	175.67
2	ABN AMRO	129.00
3	Jefferies	123.67
4	Credit Agricole CIB	100.75
5	ING	78.17
6	State Street Principal	65.50

G2 BORROWERS RATED BY G2 LENDERS: AMERICAS

UNWEIGHTED		
Rank		Score
1	Wells Fargo	44.50
2	Natixis	34.50
3	Jefferies	34.00
4	Fidelity Prime Services	30.58
5	State Street Principal	30.00
6	ABN AMRO	25.67

G2 BORROWERS RATED BY G2 LENDERS: EMEA

UNWEIGHTED		
Rank		Score
1	Natixis	99.17
2	Jefferies	89.67
3	ABN AMRO	88.33
4	ING	69.67
5	Credit Agricole CIB	67.75
6	SEB	42.67

G2 BORROWERS RATED BY G2 LENDERS: ASIA PACIFIC

UNWEIGHTED		
Rank		Score
1	Natixis	42.00
2	Credit Agricole CIB	18.00
3	Macquarie	17.50
4	ABN AMRO	15.00

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Natixis	175.83
2	Jefferies	161.44
3	ING	146.14
4	SEB	143.74
5	ABN AMRO	143.28
6	State Street Principal	78.88

WEIGHTED BY IMPORTANCE		
Rank		Score
1	SEB	121.18
2	Macquarie	100.03
3	State Street Principal	91.97
4	Natixis	78.18
5	Jefferies	66.99
6	ING	63.73

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Natixis	146.52
2	ABN AMRO	110.53
3	Jefferies	104.76
4	Credit Agricole CIB	83.75
5	ING	66.68
6	State Street Principal	57.33

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Wells Fargo	39.69
2	Natixis	29.72
3	Jefferies	28.93
4	State Street Principal	27.91
5	Fidelity Prime Services	26.96
6	ABN AMRO	22.68

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Natixis	81.79
2	Jefferies	75.83
3	ABN AMRO	75.34
4	ING	59.81
5	Credit Agricole CIB	56.25
6	SEB	35.48

WEIGHTED BY IMPORTANCE		
Rank		Score
1	Natixis	35.00
2	Credit Agricole CIB	15.00
3	Macquarie	14.42
4	ABN AMRO	12.50

**G2 BORROWERS:
MOST INNOVATIVE
ABN AMRO**

G2 borrowers service categories

BREADTH OF DEMAND

GLOBAL

Rank		Score
1	Natixis	93.50
2	Jefferies	81.50
3 =	ABN AMRO	79.50
3 =	SEB	79.50
5	ING	73.00

AMERICAS

Rank		Score
1	Fidelity Prime Services	39.00
2	Wells Fargo	32.00

EMEA

Rank		Score
1	Natixis	50.00
2	Jefferies	48.00

ASIA PACIFIC

Rank		Score
1	SEB	25.00
2	Macquarie	24.50

STABILITY OF DEMAND

GLOBAL

Rank		Score
1	Natixis	96.00
2	ABN AMRO	80.00
3	Jefferies	78.50
4	SEB	77.00
5	ING	72.50

AMERICAS

Rank		Score
1	Fidelity Prime Services	39.50
2	Wells Fargo	25.00

EMEA

Rank		Score
1	Natixis	55.00
2 =	ABN AMRO	46.00
2 =	Jefferies	46.00

ASIA PACIFIC

Rank		Score
1	SEB	25.00
2	Macquarie	23.50

best category position was second for stability of demand and it took a top spot for the operations sub-category of dividend collection.

State Street Principal rounded out the top-six of the global G2 borrower list. Its best region was the Americas, where it achieved third weighted and fourth unweighted. It was fourth in Asia Pacific and sixth in Emea.

COLLATERAL FUNDING

GLOBAL

Rank		Score
1	Natixis	94.00
2	ING	86.50
3	Jefferies	80.50
4	SEB	76.00
5	ABN AMRO	72.00

AMERICAS

Rank		Score
1	ING	30.50
2	Fidelity Prime Services	26.00

EMEA

Rank		Score
1	Natixis	52.00
2	Jefferies	50.50

ASIA PACIFIC

Rank		Score
1	SEB	25.00
2	Macquarie	24.50

TRADING CAPABILITY

GLOBAL

Rank		Score
1	Natixis	91.00
2	Jefferies	82.50
3	SEB	82.00
4	ABN AMRO	75.50
5	ING	73.00

AMERICAS

Rank		Score
1	Fidelity Prime Services	38.50
2	State Street Principal	25.50

EMEA

Rank		Score
1	Natixis	50.00
2	Jefferies	49.00

ASIA PACIFIC

Rank		Score
1	SEB	25.00
2	Natixis	23.00

G1 lenders rated it in the top six globally and in Emea, and it improved in this in the Americas and Asia Pacific with third places. G2 lenders rated it sixth globally and fifth in the Americas.

State Street Principal's best global category position was for the operations sub-category of trading connectivity, where it came fourth.

RELATIONSHIP MANAGEMENT

GLOBAL

Rank		Score
1	Natixis	90.00
2	Jefferies	84.50
3	ING	81.50
4	SEB	80.00
5	ABN AMRO	75.50

AMERICAS

Rank		Score
1	Fidelity Prime Services	39.75
2 =	State Street Principal	24.50
2 =	Wells Fargo	24.50

EMEA

Rank		Score
1	Natixis	52.50
2	Jefferies	48.50

ASIA PACIFIC

Rank		Score
1	SEB	26.00
2	Macquarie	23.50

OVERALL OPERATIONS

GLOBAL

Rank		Score
1	Jefferies	259.50
2	Natixis	258.50
3	ING	249.00
4	ABN AMRO	241.50
5	SEB	201.00

AMERICAS

Rank		Score
1	Jefferies	97.50
2	ING	86.00

EMEA

Rank		Score
1	Natixis	139.00
2	ABN AMRO	132.50

ASIA PACIFIC

Rank		Score
1	Natixis	63.00
2	State Street Principal	56.00



Fidelity Prime Services was the G2 borrower winner of the Americas region. It replicated its top positions among the G1 lenders in the region. It also received a ranking position from G2 lenders in the Americas, fourth position unweighted and fifth place weighted.

Macquarie was the runner-up G2

borrower in Asia Pacific. It achieved the same positions in the region when only G1 lenders' responses were considered. G2 lenders also gave it third positions in the region.

Wells Fargo was the runner-up G2 borrower in the Americas weighted, and third-placed unweighted. G1 lenders also gave it a ranked position, fifth

weighted and joint-sixth unweighted. G2 lenders were most favourable however, giving it a clear victory in the Americas.

Credit Agricole CIB did very well among G2 lenders, achieving fourth place globally. It did even better in Asia Pacific, securing the runner-up spot. In Emea it also took fifth place.

OPERATIONS: DIVIDEND COLLECTION

GLOBAL

Rank		Score
1	ABN AMRO	105.50
2	ING	98.50
3	Natixis	86.50
4	SEB	73.50
5	Jefferies	69.50

AMERICAS

Rank		Score
1	ABN AMRO	42.50
2	ING	33.00

EMEA

Rank		Score
1	ING	48.50
2	ABN AMRO	46.50

ASIA PACIFIC

Rank		Score
1	Natixis	21.00
2	Macquarie	17.50

OPERATIONS: TRADE MATCHING

GLOBAL

Rank		Score
1	Jefferies	90.50
2	Natixis	84.50
3	ING	79.00
4	ABN AMRO	73.50
5	SEB	68.00

AMERICAS

Rank		Score
1	Jefferies	34.00
2	ING	33.00

EMEA

Rank		Score
1	ABN AMRO	49.00
2	Jefferies	47.50

ASIA PACIFIC

Rank		Score
1	Natixis	25.00
2	State Street Principal	19.00

OPERATIONS: TRADING CONNECTIVITY

GLOBAL

Rank		Score
1	Jefferies	99.50
2	Natixis	87.50
3	ING	71.50
4	State Street Principal	69.50
5	ABN AMRO	62.50

AMERICAS

Rank		Score
1	Jefferies	38.50
2 =	Fidelity Prime Services	29.00
2 =	State Street Principal	29.00

EMEA

Rank		Score
1	Natixis	49.00
2	Jefferies	46.00

ASIA PACIFIC

Rank		Score
1	Macquarie	23.50
2	State Street Principal	20.00

What is the significance of the recent monetary policy shift in the major developed economies?

➤ A year ago, a distinctive feature of monetary policies around the world was their divergence. To some extent these split mandates are now converging. Here in North America, policy in Canada is more aligned with that of the US. Analysts are increasingly expecting a rate hike from the Bank of Canada in October. In the US, the analyst consensus currently suggests a hike in December is probable. For next year, in the US, forecasts at the time of writing suggest up to four more hikes are to come.

In March, the ECB reduced its bond buying programme from €80bn to €60bn per month and has become more vocal about additional paring back of quantitative easing (QE). Analysts have noted that the supply of high quality bonds that the ECB has pledged to buy under QE is dwindling, which will limit the scale and longevity of future bond buying.

Consensus expectations for the next ECB rate hike suggest it could occur between 12 and 18 months from now. The consensus is not uniform however; there is concern even within the ECB at the impact of a rate rise on the strength of the euro.

In terms of the impact of current monetary policy in our sector, unintended consequences of QE are still playing out in the form of the artificial downward force it provides on yields. Add in the current global macroeconomic stress, which is driving a flight to safety on the part of investors, and you have another force depressing yields.

Alongside these continued downward pressures we're also seeing strong markets in equities across the globe this year in the US, the UK, China and elsewhere.

So we're in this peculiar place where both major asset classes – equities and bonds – are gaining in tandem, against the historical dynamic that is typically associated with divergence.

Specifically, what impact is this

Cautious OPTIMISM

Rob Chiuch, Managing Director, Global Head of Agency Securities Lending at BNY Mellon Markets says that buoyant asset prices, US and European monetary policy and the moderating tone of regulatory reform are shaping the current environment for securities finance



having on demand for securities finance transactions?

➤ I'd identify three main outcomes of this tandem support for bond and stock markets.

The first is the continued march towards non-cash collateral. With the majority of investors net long the markets, they are keen to finance positions using non-cash collateral rather than cash. Non-cash has climbed to more than half our book now.

In the second instance, the reduction of spreads in re-investment markets is tilting attitudes towards maturity and reinvestment risk. This is largely a function of the corporate bond market, where we've seen a lot of mega issuance at investment grade levels, compressing the spread between investment grade and high yield debt. This has, accordingly, had an impact on the general collateral (GC) space.

The third point to make is that, given the robust performance in equity markets, it has been a difficult time for short traders.

Where it has happened, specials activity has been limited to specific sectors – such as pharmaceuticals or the recent Tesla issue in August. In

M&A, which is often the place where specials activity has proved most profitable, much of the recent activity has been in cash – not the leveraged deals that combine cash and securities – where there is very little in the way of arbitrage opportunities.

All of this means that, while M&A levels are strong and IPO activity has returned, the types of deals have meant demand remains relatively lackluster. Again this relates back to the wider corporate activity landscape. The convictions from companies are just not there, so many are still sitting on their hands as they await clearer sightlines on policy and regulation.

In the US at least, the pace of regulatory change appears to be moderating. What impact is this having on the sector?

➤ I think it's reasonable to say that, looking forward, there is a smaller material amount of new regulation ahead. There appears to be shared consensus on the street that the tone regarding SCCL (single counterparty credit limits for large bank holding companies) and the anticipated introduction of the Net Stable Funding Ratio (NSFR) under Ba-



BNY MELLON

driver of innovation for us, both internally – driving our internal efficiencies – and for empowering our clients, especially around execution, through the new services we are offering them. We're continuing to invest heavily in our front-end systems, to look hard at what else technology can deliver, as well as remaining active in a number of the industry work streams, such as those around CCPs. I anticipate an even greater impact from technology going forward in the fixed income space, where the impact has hitherto been relatively meager.

What implications does this changing environment have for the health of the securities finance industry itself?

➤ The absence of activity in the specials market is counterbalanced by the benefits of supportive asset prices. These continue to provide a strong positive tailwind for the securities finance industry in general. Appreciating equity markets have implications throughout the business, boosting the value of assets under custody and the fees that accrue from these, as well as boosting the fees earned on securities lending.

Certainly, businesses are growing again – and our business in particular. And the more settled regulatory environment has helped support decisions about how to deploy capital.

Notwithstanding these supportive forces, however, deploying capital efficiently is still very important. We are focused on expanding our distribution channels, both on the supply and the demand side. But we are doing so in a selective fashion. We are certainly not aiming to be an inch deep and a mile wide. We need a good return on assets, a solid return on capital and sustainable earnings growth. This means taking a long-term view on sustainable growth: deploying capital efficiently does not mean jumping at every opportunity that comes our way.

the industry. Depending on which source you look at, it is the pricing benchmark for \$10trn of assets and another \$300-\$400trn of derivative instruments. However, at this stage it is still a long way off. The FCA announced in July that the measure would be phased out in 2021.

None of this is to imply that some regulatory concerns do not remain. Combined with recent global macro uncertainty – which has political as well as economic elements – continued regulatory awareness has helped to slow the market through Q3 which, as we know, is a traditionally slow season anyway. But taking the longer view, regulation seems to be a more moderating influence than in previous years.

Has this had an impact on demand for term funding, too?

➤ In general, the change of tone in the regulatory space is having an impact. We're observing that participants are less willing to pay the premiums necessary to go out beyond six months in term duration. That said, the three-to-six month space is still active for both high quality liquid assets and for equity-for-equity financing.

In the case of the latter, supply remains muted given the regulatory restriction imposed by Rule 15c3-3 (which prohibits broker-dealers from posting equities as collateral to counterparties such as US '40 Act funds). I think as we see more details released on the regulatory front, firms will have a clearer idea of what balance sheets will look like in the coming years, which will determine what is available and what there is demand for.

Which areas of the industry is technology best placed to contribute to?

➤ Technology continues to be a crucial

sel III, for instance, is softening.

In general there is not the same level of anxiety among participants that we have seen in previous years. As an example of this shift, I would further point to the widely-debated revisions on the Supplementary Leverage Ratio – where we may see central banks' deposits and government debt taken out of the denominator – which would have clear implications for our industry.

What is different from previous years is that firms are in a better place to deploy capital. Capital preservation and growth are always going to be important, though strategic deployment towards risk-weighted assets (RWA) has become less of a headache today.

This direction of travel is set to continue. Since last autumn the Fed's Overnight Bank Funding Rate (OBFR) has replaced the Fed Funds Open (FFO) rate as the key benchmark for pricing and performance reporting. Also coming up is the proposed replacement of Libor with an alternative benchmark. The Financial Conduct Authority (FCA), the relevant UK regulator, is currently talking about adding a credit component onto a replacement dynamic, risk-free rate.

In the first case, the impacts of the shift to OBFR are still at an early stage. In the second, the replacement of Libor will represent a significant shift for

“ We're in this peculiar place where both major asset classes – equities and bonds – are gaining in tandem, against the historical dynamic ”

FIXED INCOME LENDERS

BNY Mellon is the outright global winner of the fixed income lending survey. Its success was built on a dominant display in the Americas, where its margin of victory was at least 45% above the second place scores. BNY Mellon also performed very well in the other two regions; it was second in Asia Pacific and third in EMEA.

BNY Mellon also topped seven of the eight category tables: operational efficiency, breadth of supply for both de-

veloped markets and emerging markets, collateral trading, relationship management, stability of borrows and trading connectivity. It came second for breadth of supply corporates.

State Street was the runner-up fixed income lender in this year's survey. It won in Asia Pacific, secured second spot in the Americas and fourth in EMEA. It won the breadth of supply corporates category and came second in a fur-

FIXED INCOME LENDERS: MOST INNOVATIVE BNP Paribas Securities Services

GROUP 1: GLOBAL

UNWEIGHTED

Rank		Score
1	BNY Mellon	734.00
2	State Street	592.00
3	UBS Switzerland	497.00
4	BNP Paribas Securities Services	451.50
5	Citi	423.00
6	Clearstream	245.00

WEIGHTED BY IMPORTANCE

Rank		Score
1	BNY Mellon	682.17
2	State Street	554.36
3	UBS Switzerland	439.32
4	BNP Paribas Securities Services	432.37
5	Citi	402.97
6	Clearstream	247.74

GROUP 1: AMERICAS

UNWEIGHTED

Rank		Score
1	BNY Mellon	306.00
2	State Street	211.00
3	Citi	96.00
4	SwissRe	81.00
5	Northern Trust	80.00
6	RBC Investor & Treasury Services	62.00

WEIGHTED BY IMPORTANCE

Rank		Score
1	BNY Mellon	285.05
2	State Street	192.13
3	Citi	86.85
4	SwissRe	75.34
5	Northern Trust	72.24
6	RBC Investor & Treasury Services	58.85

GROUP 1: EMEA

UNWEIGHTED

Rank		Score
1	UBS Switzerland	443.00
2	BNP Paribas Securities Services	404.50
3	BNY Mellon	321.00
4	State Street	270.00
5	Citi	264.00
6	Clearstream	225.00

WEIGHTED BY IMPORTANCE

Rank		Score
1	UBS Switzerland	394.36
2	BNP Paribas Securities Services	386.09
3	BNY Mellon	298.88
4	State Street	261.40
5	Citi	253.39
6	Clearstream	227.62

GROUP 1: ASIA PACIFIC

UNWEIGHTED

Rank		Score
1	State Street	111.00
2	BNY Mellon	107.00
3	Citi	63.00
4	JPMorgan	51.00
5	Northern Trust	38.00
6	BNP Paribas Securities Services	27.00

WEIGHTED BY IMPORTANCE

Rank		Score
1	State Street	100.83
2	BNY Mellon	98.24
3	Citi	62.73
4	JPMorgan	47.28
5	Northern Trust	34.82
6	BNP Paribas Securities Services	25.89

BREADTH OF SUPPLY: CORPORATES

GLOBAL

Rank		Score
1	State Street	93.00
2	BNY Mellon	91.00
3	UBS Switzerland	72.00
4	BNP Paribas Securities Services	49.00
5	Citi	35.00

AMERICAS

Rank		Score
1	BNY Mellon	42.00
2	State Street	33.00

EMEA

Rank		Score
1	UBS Switzerland	67.00
2	BNP Paribas Securities Services	49.00

ASIA PACIFIC

Rank		Score
1	State Street	17.00
2	BNY Mellon	13.00

OPERATIONAL EFFICIENCY

GLOBAL

Rank		Score
1	BNY Mellon	89.00
2	UBS Switzerland	57.00
3	Clearstream	56.00
4	State Street	54.00
5	Citi	50.00

AMERICAS

Rank		Score
1	BNY Mellon	35.00
2	State Street	24.00

EMEA

Rank		Score
1	UBS Switzerland	52.00
2 =	BNP Paribas Securities Services	48.00
2 =	BNY Mellon	48.00

ASIA PACIFIC

Rank		Score
1 =	Citi	10.00
1 =	State Street	10.00

ther three: breadth of supply developed markets, relationship management and stability of borrows. It came third in a further three categories and fourth for one.

UBS Switzerland was the third-placed fixed income lender and won in its home market of Emea. It came second for operational efficiency, breadth of supply emerging markets and trading connectivity and third for breadth of supply corporates.

BNP Paribas Securities Services took fourth place in

CATEGORY IMPORTANCE

Respondents to the fixed income lenders survey considered the importance of the categories in descending order to be: breadth of supply: developed markets, collateral trading, stability of borrows, relationship management, breadth of supply: corporates, operations efficiency, trading connectivity and automation and breadth of supply: emerging markets.

BREADTH OF SUPPLY: DEVELOPED MARKETS

GLOBAL		
Rank		Score
1	BNY Mellon	97.00
2	State Street	86.00
3	BNP Paribas Securities Services	67.00
4	UBS Switzerland	55.00
5	Citi	52.00
AMERICAS		
Rank		Score
1	BNY Mellon	41.00
2	State Street	27.00
EMEA		
Rank		Score
1	BNP Paribas Securities Services	60.00
2	Clearstream	51.00
ASIA PACIFIC		
Rank		Score
1	BNY Mellon	13.00
2 =	Citi	10.00
2 =	State Street	10.00

RELATIONSHIP MANAGEMENT

GLOBAL		
Rank		Score
1	BNY Mellon	95.00
2	State Street	81.00
3	BNP Paribas Securities Services	63.00
4	Citi	55.00
5	UBS Switzerland	52.00
AMERICAS		
Rank		Score
1	BNY Mellon	40.00
2	State Street	28.00
EMEA		
Rank		Score
1	BNP Paribas Securities Services	49.00
2	UBS Switzerland	47.00
ASIA PACIFIC		
Rank		Score
1	BNY Mellon	20.00
2	State Street	17.00

BREADTH OF SUPPLY: EMERGING MARKETS

GLOBAL		
Rank		Score
1	BNY Mellon	95.00
2	UBS Switzerland	86.00
3	State Street	60.00
4	JPMorgan	49.00
5	Citi	43.00
AMERICAS		
Rank		Score
1	BNY Mellon	35.00
2	State Street	27.00
EMEA		
Rank		Score
1	UBS Switzerland	74.00
2	BNY Mellon	47.00
ASIA PACIFIC		
Rank		Score
1	BNY Mellon	13.00
2	State Street	10.00

STABILITY OF BORROWS

GLOBAL		
Rank		Score
1	BNY Mellon	93.00
2	State Street	65.00
3	Citi	63.00
4	BNP Paribas Securities Services	62.00
5	UBS Switzerland	47.00
AMERICAS		
Rank		Score
1	BNY Mellon	42.00
2	State Street	18.00
EMEA		
Rank		Score
1	BNP Paribas Securities Services	56.00
2	UBS Switzerland	42.00
ASIA PACIFIC		
Rank		Score
1	BNY Mellon	14.00
2 =	Citi	11.00
2 =	State Street	11.00

COLLATERAL TRADING

GLOBAL		
Rank		Score
1	BNY Mellon	87.00
2	Citi	82.00
3	State Street	81.00
4	BNP Paribas Securities Services	75.50
5	UBS Switzerland	49.00
AMERICAS		
Rank		Score
1	BNY Mellon	32.00
2	State Street	25.00
EMEA		
Rank		Score
1	Citi	62.00
2	BNP Paribas Securities Services	61.50
ASIA PACIFIC		
Rank		Score
1	State Street	19.00
2	BNY Mellon	14.00

TRADING CONNECTIVITY

GLOBAL		
Rank		Score
1	BNY Mellon	87.00
2	UBS Switzerland	79.00
3	State Street	72.00
4	BNP Paribas Securities Services	47.00
5	Citi	43.00
AMERICAS		
Rank		Score
1	BNY Mellon	39.00
2	State Street	29.00
EMEA		
Rank		Score
1	UBS Switzerland	67.00
2	BNP Paribas Securities Services	47.00
ASIA PACIFIC		
Rank		Score
1	State Street	17.00
2	BNY Mellon	14.00

the fixed income lending survey. It achieved second spots in its home market of Emea and secured sixth positions in Asia Pacific.

BNP Paribas SS had a string of strong category positions: third for breadth of supply developed markets and relationship management; and fourth for breadth of supply corporates, collateral trading, stability of borrows and trad-

ing connectivity.

Citi was the fifth-placed fixed income lender globally. Its best regions were the Americas and Asia Pacific, where it finished third, followed by Emea, fifth. Citi's best category was collateral trading, where it was runner-up, followed by third place for stability of borrows.

Clearstream rounded out the top-

six fixed income lenders table. It also made it into the top-six for Emea. Clearstream's best category was operational efficiency, where it placed third.

Certain other lenders made it into regional tables but not globally. In the Americas, **Swiss Re** was fourth, **Northern Trust** fifth and **RBC I&TS** sixth. In Asia Pacific, **JP Morgan** was fourth and **Northern Trust** fifth.

Technology vendors

GLOBAL

POST-TRADE SERVICE		
Rank		Score
1	Pirum Systems	6.28
2	EquiLend/BondLend PTS	5.91

SBL TRADING PLATFORM		
Rank		Score
1	EquiLend/BondLend	5.89

AMERICAS

POST-TRADE SERVICE		
Rank		Score
1	Pirum Systems	6.57
2	EquiLend/BondLend PTS	6.19
3	FIS Loanet	4.71

SBL TRADING PLATFORM		
Rank		Score
1	EquiLend/BondLend	6.20
2	FIS Loanet	4.50

SOFTWARE SOLUTION		
Rank		Score
1	Trading Apps	6.58
2	FIS Securities Finance/Apex	5.00

EMEA

POST-TRADE SERVICE		
Rank		Score
1	Pirum Systems	6.17
2	EquiLend/BondLend PTS	5.24

SBL TRADING PLATFORM		
Rank		Score
1	EquiLend/BondLend	5.54

SOFTWARE SOLUTION		
Rank		Score
1	Broadridge	4.93

ASIA PACIFIC

POST-TRADE SERVICE		
Rank		Score
1	Pirum Systems	6.22

SBL TRADING PLATFORM		
Rank		Score
1	EquiLend/BondLend	5.92

Post-trade service categories

CLIENT SERVICE		
Rank		Score
1	Pirum Systems	6.64
2	EquiLend/BondLend PTS	6.29

MARKET CONNECTIVITY		
Rank		Score
1	Pirum Systems	6.17
2	EquiLend/BondLend PTS	5.97

ROI COST EFFICIENCY		
Rank		Score
1	EquiLend/BondLend PTS	5.87
2	Pirum Systems	5.72

EASE OF INTEGRATION AND CUSTOMISATION		
Rank		Score
1	Pirum Systems	6.40
2	EquiLend/BondLend PTS	5.81

PROPORTION OF STP		
Rank		Score
1	Pirum Systems	6.26
2	EquiLend/BondLend PTS	6.12

USER INTERFACE		
Rank		Score
1	Pirum Systems	6.53
2	EquiLend/BondLend PTS	5.78

INNOVATION		
Rank		Score
1	Pirum Systems	6.28
2	EquiLend/BondLend PTS	5.92

RECONCILIATION ABILITY		
Rank		Score
1	Pirum Systems	6.25
2	EquiLend/BondLend PTS	5.83

TECHNOLOGY VENDORS

All respondents to the equity lending and fixed income surveys were also invited to rate their technology and data providers. Exactly equal numbers of borrowers and lenders gave responses.

Pirum Systems was the winner of the post-trade category. It was the highest rated service provider globally and in every region. The region where it was rated highest was the Americas, where it received a score of 6.57 (out of 7). Pirum's winning position was backed up by its near-comprehensive set of winning results across the categories: it won seven of the eight categories.

A lender in Emea commented that the team has "great in-depth market knowledge". Another one noted that a particular point "to highlight is the excellent client service Pirum is providing – very helpful and knowledgeable contacts, quick response time and efficient problem solving."

EquiLend/BondLend was the winner of the SBL trading platform category, globally and in every region. For post-trade services, EquiLend/BondLend PTS was runner-up globally as well as in the Americas and Asia Pacific. It won a single category: ROI cost efficiency.

A lender in the Americas comment-

ed: "EquiLend's customer support is outstanding. They are technically knowledgeable, highly professional and easy to work with."

Trading Apps was the winning software solution product in the Americas. A respondent commented that it was "innovative and agile. They understand the business and stand ready to create new efficiencies." **FIS Securities Finance/Apex** was highly commended in this region.

In Emea, **Broadridge** received the winning software solution score. A lender in the region commented that it has a "strong and user-friendly interface to import/export data."

DATA VENDORS

The data vendor survey was divided up into three sections, based on the number of providers a respondent used. The most meaningful comparison was achieved where respondents used all three data providers, then just two and then a single vendor.

Of the respondents that used all three, **DataLend** was the winner. It secured the top global score as well as the winning average rating for the Americas and Asia Pacific. It was second in Emea. It was also the winner for those that used two data providers globally, achieving a clean sweep of

all the regions. The respondents that used a single provider rated in best globally, as well as in Emea and the Americas and second in Asia Pacific.

A lender in Emea commented that it was a "Powerful platform, very user friendly". A borrower in the Americas praised its innovations that provided "more market color rather than just rates/borrow/loan information".

Markit Securities Finance was the global runner-up data provider based on the responses of those that used three providers. It was the winner in Emea, second in Asia Pacific and third

in the Americas. The respondents that used a single provider rated it second in Emea and Americas. A borrower in Emea praised its "market leading fully-integrated market data and regulatory reporting in trading systems".

FIS Astec Analytics was the second-placed data provider in the Americas by those that use three providers. Among those that use two providers it was runner-up globally, in the Americas and Emea. The respondents that currently use a single provider rated it the winner in Asia Pacific and second globally.

Data vendors

RESPONDENTS THAT USE THREE VENDORS: RANKING (1 IS BEST)

VENDOR	GLOBAL	AMERICAS	EMEA	ASIA PACIFIC
DataLend	1.38	1.31	1.88	1.08
FIS Astec Analytics	2.36	2.24	2.32	3.00
Markit Securities Finance	2.25	2.45	1.78	1.92

RESPONDENTS THAT USE TWO VENDORS: RANKING (1 IS BEST)

VENDOR	GLOBAL	AMERICAS	EMEA	ASIA PACIFIC
DataLend	1.22	1.30	1.18	1.18
FIS Astec Analytics	1.52	1.53	1.50	N/A
Markit Securities Finance	1.82	1.78	1.85	1.82

RESPONDENTS THAT USE A SINGLE VENDOR: RATING (7 IS BEST)

VENDOR	GLOBAL	AMERICAS	EMEA	ASIA PACIFIC
DataLend	5.69	5.97	5.67	5.00
FIS Astec Analytics	5.43	5.33	5.00	6.00
Markit Securities Finance	5.19	5.50	5.25	4.50



Through innovation,
the **Global Securities Finance** team
is always one step ahead.



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