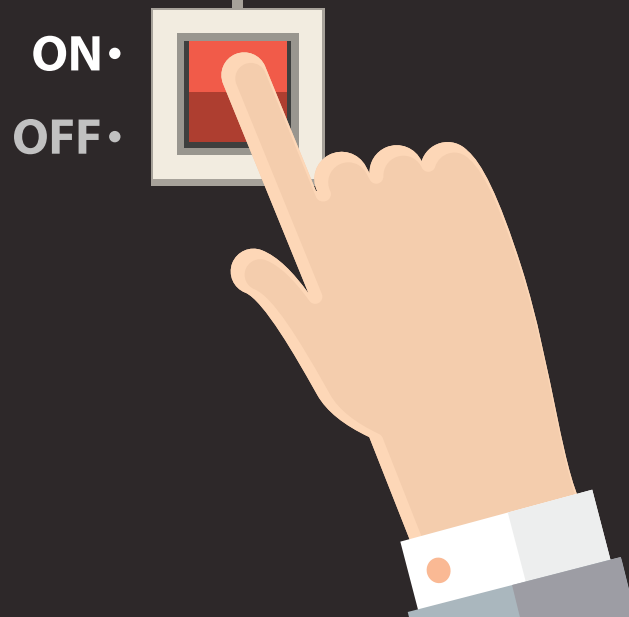


EquiLend rolls out NGT platform

Next Generation Trading is an all-new trading platform that captures the entire trade ‘conversation’. EquiLend’s Christopher Gohlke reports



In a global, over-the-counter market such as securities finance, variables by region and across asset classes abound with regard to how counterparties trade. Differences in trading terms, market nuances and nomenclature mean standards vary depending on where you sit and what you trade. Those vast differences make finding a standard approach on a centralised, global trading platform a tall order.

EquiLend’s AutoBorrow solution, when it launched in 2001, leveraged a concept of ‘schedules’, a shortcut of sorts whereby firms set up terms and conditions specific to each of their counterparty relationships prior to trading. These schedules were meant to standardise the differences in

trading terms. Trade messages sent thereafter by clients via the EquiLend platform would be enriched with those schedule details, allowing firms to book trades with the appropriate trade terms automatically added.

“We’ve been a victim of our own success,” says Brian Lamb, CEO of EquiLend. With more than 100 clients using EquiLend and its fixed-income counterpart BondLend—each with dozens or perhaps hundreds of unique combinations of counterparty relationships, underlying fund relationships and trade terms—the platform now leverages “thousands upon thousands” of schedules. “The proliferation of schedules has really become a limiting factor for a lot of our clients.”

Why should clients use NGT?

NGT will give the ability for lenders to lend more of their inventory, so their utilisation rates will go up, because they won't be leaving things unlent. It will allow lenders to manage the IOI process much more efficiently. It should allow the dealers to cover more of what they're looking for more quickly, without having to pick up the phone 10 times or having to chase around the street looking for securities, because that's what they're doing today. It should lead to greater volumes. People will, for the first time, be able to see on a nominal basis what they're negotiating

Brian Lamb
CEO
EquiLend



We are talking about automating the most time-consuming process you go through today: getting on a phone or email to source, negotiate and book trades manually. NGT automates this. It's going to make your life easier. That will free your time to spend negotiating the truly high-value trades, where interpersonal relationships come into play

Alvin Oh
Product owner for trading services
EquiLend



We've heard from many firms that they want to be more efficient in their day-to-day processes. What we're doing with NGT is providing an avenue for people to do that. In a sense, it's not revolutionary, it's just that the timing is right for the industry. We're hearing the demand and responding with a solution that allows our clients to communicate more efficiently with each other

Dow Veeranarong
Global product owner
EquiLend

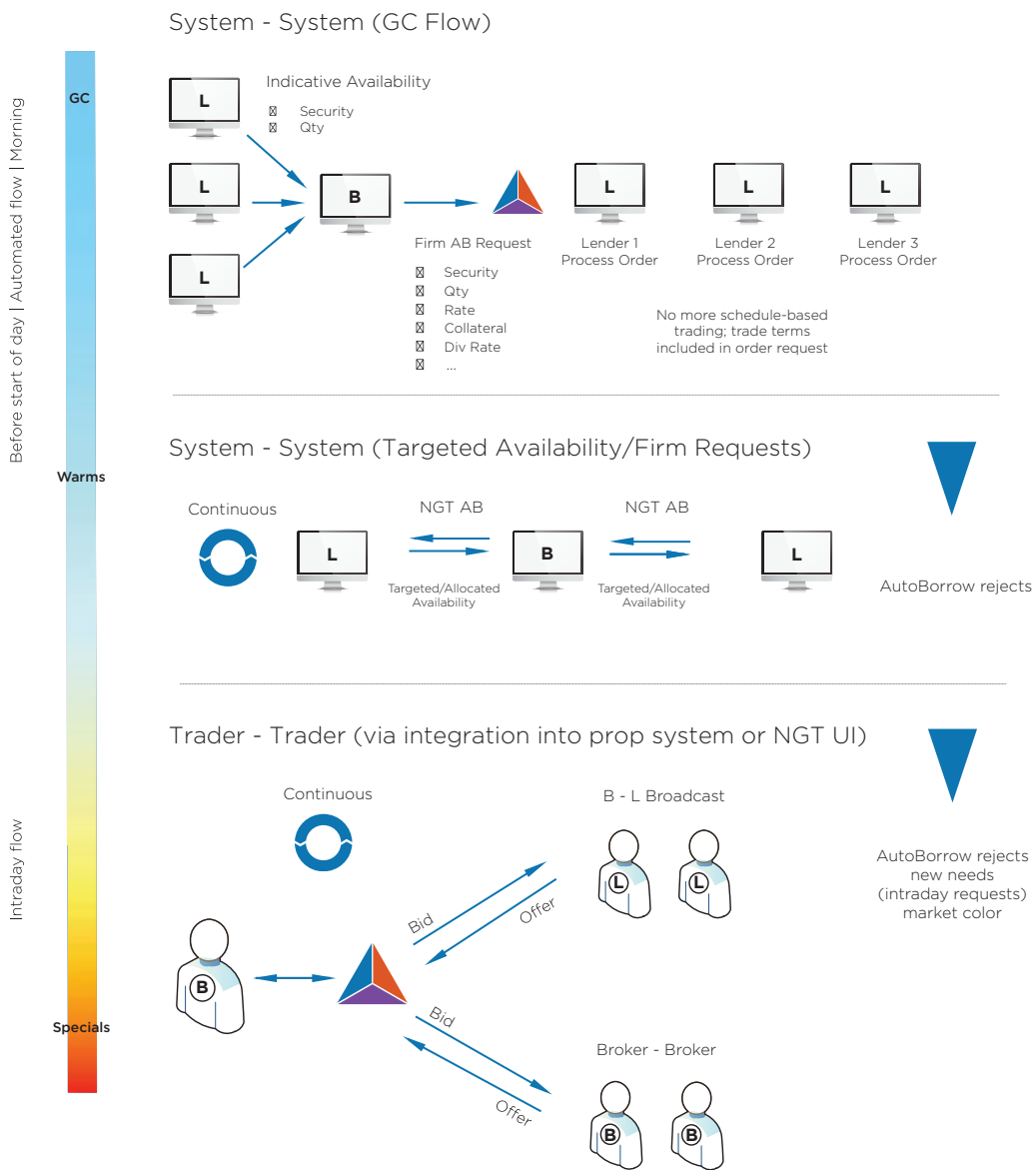


NGT's key features

NGT offers a consolidated user interface featuring a real-time order book, needs and inventory broadcasting tool, security and file upload capabilities and summary-level trade blotter, as well as:

- Dynamic, screen-based trading venue to manage securities financing activity and increase executions
- Ease of integration leveraging EquiLend's existing infrastructure
- Increased automation of manual processes
- Streamlined static data setup and maintenance
- New availability concepts
- Real-time bid/offer negotiation tool
- Migration away from traditional AutoBorrow schedules
- Supports traditional borrow-to-lender trade flows as well as broker-to-broker activity
- Support from EquiLend ownership and market constituents

NGT Flow



In recent years, those clients have asked for a new system to be able to be flexible to the ever-changing dynamics of the business, which is currently captured in the static information at the time of setup.

“So we listened,” says Dow Veeranarong, global product owner for EquiLend, “and we asked ourselves: how can we enable our system to be flexible enough to capture the necessary information to execute the trade, and at the same time increase efficiency? And, while we are doing that, how can we improve the user experience as well?”

The solution embraced by EquiLend and endorsed by clients includes doing away with schedules and adding trade terms into the messages themselves. This allows the platform to keep up with changes in the business. “So there’s no more schedule shortcut, but what we offer instead is a substantial amount of empowerment for traders, and we would expect the possibility for volumes to grow quite substantially as a result,” says Lamb.

The phasing-out of schedules is only a component of EquiLend’s new trading platform, Next Generation Trading (NGT), and will be accomplished in the beginning of 2016. NGT is built with clients’ day-to-day workflow in mind and offers flexibility and transparency in trading never before offered in the securities finance industry. After two years of consultation with the industry and development time, NGT’s trading screens and back end went live in April this year.

“Our clients say AutoBorrow has worked well for them over the past 14 years,” says Alvin Oh, product owner for trading services at EquiLend. “But they asked us: can we expand upon what is working in order to help us address other areas of our business? So we took that feedback from clients across the globe—from traders and technology teams in the US, Canada, Europe and Asia—and built a new holistic solution that caters to the vast majority of the industry in terms of the day-to-day trading workflow: NGT.”

NGT takes attributes of AutoBorrow, along with other EquiLend services such as Availability, Trade2O and Trade Optimization, and combines them into a single venue to facilitate the full trade lifecycle—not just execution. “NGT is not just a consolidation of services into one platform,” says Oh. “It is the connecting and capturing of the entire trade conversation, from a pre-trade perspective, when the conversation just starts—‘Do you have this security?’—all the way until it’s done and booked in our clients’ systems.”

The launch of AutoBorrow allowed firms to automate the general collateral flow while having traders spend their time manually negotiating the higher-touch warm and hard-to-borrow trades. That was a novel approach to a business generally negotiated by phone calls and emails between parties. EquiLend now processes, on average, over 26,000 automated trades every business day.

NGT enables seamless trade conversation between counterparties, whether machine-to-machine, person-to-person, machine-to-person or person-to-machine

With the successful automation of global general collateral trading via AutoBorrow, firms have looked to EquiLend to develop a solution for further efficiencies to their trading processes and automation of higher-touch trades. After all, those warm and special transactions still take place via the aforementioned manual processes. And because firms are resource constrained, needing to do more with less, they are looking for a solution to help.

“We’ve created technology as part of NGT that brings those email conversations in, scrapes the information, turns them into standardised backend messaging and gives lenders the ability to consume this data programmatically, slicing and dicing that data however they want,” says Lamb. “That, then, creates the possibility for those negotiations to lead to an executed trade via NGT.” Alternatively, traders can trade directly on NGT’s screens.

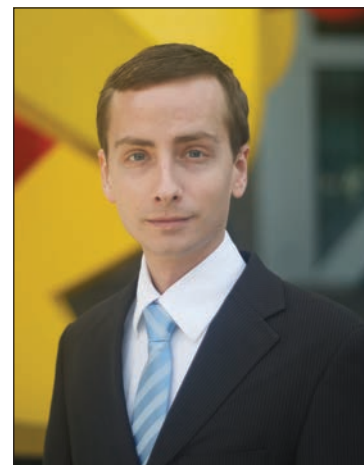
Lamb continues: “NGT offers screens with full XML messaging underneath it, so every trade that goes via NGT will have the needed variables to match and settle. And it is also an opportunity for us to deliver an improved user interface experience for our clients.”

To retain the critical mass of counterparties active on the platform, NGT is built atop the “pipes and plumbing” of AutoBorrow. It enables seamless trade conversation between counterparties, whether machine-to-machine, person-to-person, machine-to-person or person-to-machine. Screens are customisable for traders across asset classes and regions, so the functions and nomenclature will be tailored to the user no matter where they are based or whether they trade equities, corporates or sovereign debt.

NGT screens will replace EquiLend’s AutoBorrow Express and Trade2O services and will expand upon AutoBorrow’s capabilities.

“Before NGT, from either a lender or borrower perspective, it was about throwing the entire kitchen sink of inventory and needs out to the street and seeing what sticks,” says Oh.

“With NGT, we are enabling counterparties to be much more explicit and transparent in their negotiations, ultimately bringing about a more dynamic and efficient way of doing business.” **SLT**



Christopher Gohlke
PR & social media manager
EquiLend