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# Powering progress in financial institutions

*The systems that are now considered to be legacy were once at the forefront of technology, but were not designed with future-proofing in mind, says Emily Hollyoake, head of client relationship management EMEA at EquiLend, who discusses the importance of an interconnected ecosystem*

Every single thing in the world is interconnected in some way. For instance, the device you are using to read this, the semi-precious metals that enable it to function, the energy it requires and the markets that rely on your consumption of these resources.

Similarly, financial systems are deeply intertwined, as demonstrated by the potential for one erroneous trade to trigger widespread issues. Failing to recognise these connections and their advantages can, and has, come at a great cost in the sector at times.

## The scale of the problem

In years gone by, the days of using pen and paper, companies were not as adaptable as they are now. The systems used at the time failed to recognise the connections within a workforce or an industry. At EquiLend, we have gained valuable insights in identifying these connection points from our experience in creating technology that oversees the entire trade lifecycle, from start to finish.

This has led us to favour modular solutions that can function independently of any proprietary or competitor systems — a rare thing, and a strategy which has worked well for us, enabling us to evolve our services into an ecosystem of solutions. With regular enhancements, we can further improve our offerings to benefit both our clients and the securities finance community as a whole, striving to achieve simplicity and ease-of-use in our securities finance solutions through an interconnected ecosystem with cross-platform capabilities.

## A unique lens on change

In the past several decades, there has been a significant transformation in the use and scope of technology, particularly in the finance sector. The

technology used in finance has had to adapt quickly to support increasingly complex transactions and ensure the sector thrives.

The systems that are now considered to be legacy were once at the forefront of technology, but were not designed with future-proofing in mind. These systems were initially created as static, hard-coded, monolithic structures that allowed entire firms to input and process data. The idea of rapid change was not a major consideration. However, as rapid change has become the norm in our fast-paced world, maintaining these bulky legacy systems has become too expensive to ignore.

We view the problems addressed by our solutions as interconnected, with multiple solutions and dependencies; each issue must be taken into account when adapting another. This may result in a greater workload in the short term for incremental improvements. However, the value of being able to provide a suite of networked products that cover the entire trade lifecycle is unparalleled. There is even greater value to be found in the adoption of technology such as distributed ledger technology (DLT), which is already transforming other sectors and is central to EquiLend's 1Source initiative. 1Source will use DLT to create a single source of truth for the securities finance market, effectively eradicating reconciliation.

Our ecosystem of solutions includes trading, post-trade, regtech, data and analytics, and platform solutions (such as books and records). Each of these specialised solution groups is managed by expert teams that provide immense value to the existing suite and proactively anticipate the next problem to solve. While each solution group has a defined scope, the true value of EquiLend lies in the comprehensive ecosystem that these solutions collectively form. As a case in point, 1Source

will draw on data from across our ecosystem of solutions and, utilising blockchain technology, will create this central source of transactional truth to further advance the sector.

Our innovative approach is demonstrated by the recent launch of Competitive Bid, a feature of our universal trading platform NGT, in March of this year. Competitive Bid is a purpose-built solution for trading in the hard-to-borrow space that complements the standard execution process. This feature draws on market intelligence from NGT, Post-Trade Solutions and EquiLend Real-Time Data to centralise workflows into a single portal for the entire desk. Clients gain insight into available inventory, demand, open contracts and market benchmarks. By providing centralised access to these metrics, which are sourced from multiple disciplines across our business, clients benefit from genuine market-level transparency.

The launch of Real-Time Data is a recent development that has introduced the industry's first global data feed for lending activity that is up-to-the-minute. As we approach the reality of T+1 in 2024, the need for real-time data is becoming increasingly urgent. Our ecosystem of solutions is designed to provide clients with efficiencies at every stage, utilising interconnected and agnostic technology to automate processes, simplify workflows and, most importantly, speed up trade settlement across the trade lifecycle.

Within any ecosystem, the relationship between cause and effect is key. By supporting our clients with increasingly efficient processes and cutting-edge tech developments as we continue to build and improve our solutions ecosystem, we are equipping them with the necessary technology to be fully prepared for the future.

EquiLend's existing solutions across our entire ecosystem were implemented long before the enforcement of the Central Securities Depositories Regulation (CSDR), providing longstanding operational success. For example, our NGT automated trading platform has improved match rates, our Post-Trade

Solutions offer settlement efficiency and collateral insight, while DataLend provides real-time information on market activity. In addition, we are fully prepared for T+1 settlement with automated returns and recalls, and our EquiLend Exposure platform facilitates collateral management. Compliance with the proposed U.S. Securities and Exchange Commission (SEC) regulation on securities lending transparency, 10c-1, will be simple for firms in the EquiLend ecosystem, as the necessary data can be generated instantly from EquiLend's engine.

### Building for the future

The value of ecosystem builds is evident in our comprehensive suite of solutions. For instance, the high point-of-trade match rate of more than 99 per cent achieved by NGT is a result of its agnostic nature, which allows for broad market trading. Our Post-Trade Solutions, facilitated by OneFile connectivity, reconcile 1.4 billion data points each day, streamlining post-trade activities. Multiple regtech solutions, including Agency Lender Disclosure (ALD), Securities Financing Transactions Regulation (SFTR) and CSDR, support seamless compliance with international and regional regulations. Our data and analytics solutions division offers data and market intelligence.

EquiLend Spire facilitates efficient, centralised management of your entire securities finance business through flexible, modular elements. 1Source then draws on each of these solutions to deliver our core vision of a central source of truth for securities finance. The value chain of this interconnected ecosystem is undeniable.

Today's consumers demand flexibility in their products, and with VC-funded companies raising US\$32.4 billion in Q4 2022, significant investments are being made in big tech. Our big tech resides in an interconnected ecosystem of solutions that empowers our clients to efficiently address problems across the entire trade lifecycle. Rather than working independently, we constantly strive to enhance all solutions to provide clients with future-proof benefits. This approach creates a network effect that generates value across the entire industry. ■

# **SOLUTIONS POWERING THE FULL SECURITIES FINANCE ECOSYSTEM**



**TRADING**



**POST-TRADE**



**REGTECH**



**DATA & ANALYTICS**



**SECURITIES FINANCE PLATFORM**

OUR INNOVATION. YOUR ADVANTAGE.