EU Beneficial Owners Roundtable 2023

The 2023 EU Beneficial Owners' Roundtable was moderated by Andy Dyson, the Chief Executive of ISLA with EquiLend as the lead sponsor. The roundtable was held in late March with a panel of industry experts discussing topics from the data, ESG, collateral and the change from 2022 to 2023.

PARTICIPANTS

Chair: Andy Dyson, Chief Executive Officer, **ISLA**

Stephen Kiely, Head of the BNY Mellon Securities Finance Client Relationship Management and Business Development Teams in EMEA

Olivier Zemb, Head of Equity Finance and Collateral Trading, **Caceis Bank**

Andrew Geggus, Global Head of Agency Lending, **BNP Paribas**

Cassie Jones, Managing Director, EMEA Head of Financing Solutions Client Management, **State Street**

Nick Davis, Executive Director, EMEA Head of Relationship Management, **J.P. Morgan**

Dimitri Arlando, Head of EquiLend Data and Analytics EMEA & APAC, **Equilend**

Maurice Leo, Client Solutions, Agency Securities Lending, **Deutsche Bank**

Ernst Dolce, CEO & Co-Founder, **Biben Capital Markets**

THE DATA and the change from 2022 to 2023

Dimitri Arlando, Head of EquiLend Data and Analytics EMEA & APAC: A look back in history shows us that during extreme macro-economic turmoil, the resulting volatility usually means it's good for security lending in terms of revenue generation, and 2022 has been no different really.

We've been collecting data since 2013. We all know that 2008 was a record in terms of revenue generated for the industry. 2022 came in at $9.89 billion revenue generated for security lending participants, slightly shy of DataLend's 2018 high of $9.96 billion. 2022 revenue was 7% higher than 2021 and 30% higher than 2020.

We had a lot of aggressive rate hikes in 2022. The war in Ukraine, and the resulting energy crisis, high inflation, and more recently, the regional bank issues in the US and Credit Suisse, here in EMEA as well.

Focusing on EMEA, 2022 revenue came in at $2.18 billion broken out as $1.4 billion for equities and $800 million for fixed income. As you can see, the fixed income market performed exceptionally well in 2022 with a 25% increase over 2021.

$700 million of revenue was generated from corporate bonds globally in 2022 and $250 million of that came from EMEA. The driver behind the strong performance was on the balance and the fee side with both increasing significantly in the year.

US equities contributed the most to revenue overall led by electric vehicle companies and meme stocks. EMEA and APAC didn't perform as well, and revenue was actually down for both regions compared to 2021.

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For EMEA, Equity revenue is dominated by German and French names as you can see, and in Asia, Korean names dominated the top three. However, Korea was actually the fourth best performing market after Taiwan, Japan and Hong Kong. The top four markets in Asia actually accounted for 85% of the revenue.

In lendable terms this number averaged $26 trillion for 2022 but fluctuates between $26 and $30 trillion across the year. Collective Investment Schemes dominate the lendable inventory with 53% of that the total, however, when it comes to on loan, pension funds and government entities have more out on loan, and you'd expect that because collective investment vehicles have very strict guidelines on what they can or can't do, and that's not the same for pension plans and government entities.

Andy Dyson, Chief Executive Officer, ISLA: Cassie, when you talk to your clients, is what we see there in the data recognisable in their experience in terms of your programs?

Cassie Jones, Managing Director, EMEA Head of Financing Solutions Client Management, State Street: I think in particular, the fixed income trades are definitely re-emerging off the back of the crises that we've been seeing in the markets, and it's worth just spending a few moments on what's happening in the markets as well.

Of course, this market environment produces volatility, and in turn is generally good for securities lending revenue for the beneficial owners, but you have to also be thinking about the risk that you're taking in these programs, and of course, your agent lender should be taking care of this on your behalf.

Andy Dyson: Ernst, what are your thoughts on what you see there in terms of market footprint when it comes to performance and where performance is coming from?

Ernst Dolce, CEO & Co-Founder, Biben Capital Markets: What we observed is that the trend in corporate bonds will continue. I remember noticing this trend eighteen months ago, even though corporate bonds are not currently dominating performance; equities still account for 60% of total revenue.

Despite the shift in results for securities lending, the market continues to beat records year after year, with only 10% utilisation rate of total lendable assets. The utilisation rate has not increased meaning that the market participants managed to generate more revenue from their assets on loan.

Andrew Geggus, Global Head of Agency Lending, BNP Paribas: I would refer to the fixed income businesses as rockstars and I don't think that's ever happened before, but that is definitely a trend that I think we've seen for the last 18 months and that we see carrying on as well.

You need to make sure your clients are comfortable with their risk parameters and the whole point of having strong risk parameters in place is that during times of volatility it's there to protect you. I do think we will see some clients maybe start to review their risk parameters on the reverse side, so maybe pulling back a little bit – which is not what we want, we want to push so we can optimise revenues.

Andy Dyson: Maurice, where do you see the performance in the markets in terms of what we're seeing there?

Maurice Leo, Client Solutions, Agency Securities Lending, Deutsche Bank: The headline numbers I agree with in terms of growth overall at an industry level. I think there's certain clients that have benefited much more and part of that is also the story Dimitri mentioned around concentration, particularly to take US equity revenues in the top 10 names, it's typically about 50% of total revenues year to date.

Andy Dyson: Is that latitude more to do with the credit they'll take, the duration their take on the reinvest, what is it that they're buying that gives them that yield?

Maurice Leo: Yeah, I don't think it's always actually buying. I think it can be through reverse repo, which is a different risk construct and one that a lot of them like.

The government, sovereign entities that lend, the pension funds that can lend, can typically do duration, they can do collateral transformation. All the things that UCITS and mutual funds struggle with, because of the regulatory perimeter they have to work within. And that's for understood reasons but I think that's why our business is increasingly segmented, and clients are not in a homogenous offering anymore. I think regulation is probably the primary driver but its own their own risk profile [driving performance] as well.

Stephen Kiely, Head of the BNY Mellon Securities Finance Client Relationship Management and Business Development Teams in EMEA: One thing I'll just say on the performance aspects is that, we've seen momentum, we've seen many of the trends that have already been discussed by Cassie, Andrew, etc and trends in asset classes, but what we're also seeing is it's not just about the revenue.

We saw in September last year during the volatility caused by the mini budget action when there was a lot of volatility, and we've seen it again now with SVB and with Credit Suisse, etc., that clients are looking to us to help them with liquidity management, not just increase revenue, especially in September last year. Requests such as, "Can you help us transform collateral? Can you help us raise cash? Can you help us deploy cash? So we're seeing that as a trend. It's a driver of volume and the entry of some new participants into the program. It's not just about the revenue.

THE DATA AND THE CHANGE FROM 2022 TO 2023

Regulation and risk mitigation

Andy Dyson: One of the things that I see and I think we've got to recognise is that one of the unintended consequences of the regulatory agenda over the last 10 years is how business has flowed into larger names. What are you seeing from a performance and opportunity perspective?

Olivier Zemb, Head of Equity Finance and Collateral Trading, Caceis Bank: I agree with everyone else's comments but I will be a bit cautious when it comes to US equities. As Maurice said, revenues are highly concentrated on a few names. This could then have a significant impact on programmes' performances. Other than that, I think it's going to be a very good year, especially on the govies side.

Regarding credit, 2023 should also be an excellent year for corporate and convertible bonds, probably even better than 2022 which was the best year ever in terms of returns, as commercial property and the retail sector remain sought after.

Finally, revenues generated on ETFs should keep on increasing. I think the correlation between stocks, industries and countries is higher now than before.

Nick Davis, Executive Director, EMEA Head of Relationship Management, J.P. Morgan: We have certainly seen a convergence for both the client and trading businesses. The occurring theme is maximising performance, capital, and efficiency which includes, but not limited to, the lending of assets while mobilising collateral.

Mobilisation has been key to help facilitate the financing of both long and short cash trades. Risk taking is also being reviewed by clients following a shift in some programs out of operations and into a Treasury function.

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Clients see additional value in moving away from the traditional indemnified program and approving more non vanilla type trades, esoteric forms of collateral or increasing general utilisation in specific markets. These examples would see additional value being added to their lending program.

Andy Dyson: I think a couple of you mentioned the idea of, is it collateral transformation, or is it the provision of liquidity? Other drivers there were the arrival of margin rules for uncleared derivatives, and as they've gone down into the lower waves of those investment management clients. Surprise, surprise, many of those clients don't have a trading desk to actually manage their own liquidity.

Stephen Kiely: We're seeing clients starting to put their treasury financing and maybe their securities lending together to realise the efficiencies within their own organisations. I think that's changing the dynamic somewhat, and we're seeing clients tweak their programs here and there.

Nick Davis: It's about managing an efficient book. Should assets be better utilised under a lending transaction or through synthetics?

Andy Dyson: The point you may say is spot on and it is one of the conversations we're having a lot of is Total Return Swaps. What does that look like? How is that business evolving? It's always been a part of the broker-to-broker world and it's always been a feature of certain very large clients. What should we expect to see from a regulatory perspective?

Nick Davis: There are two key regulatory points I would like to raise, US T+1, and 10c-1. Addressing US T+1 first. If you want to be transacting in the US market, you need to be able to support this new timeframe. If clients can offer a pre-notification on sales, you are not going to see any real change to your day to day with this new time frame being implemented.

Fund Managers as we know tend to trade right up to the market close, therefore from an industry best practice perspective, what is a realistic time frame that sales can be accepted by market participants?

The second regulation is 10c-1, and I see two main challenges. First point is the reporting every 15 minutes. The current model certainly doesn't allow for a 15-minute turnaround.

The second point is around reporting from an inventory perspective. The regulation asks that you report on the total inventory. Will beneficial owners want to disclose their total inventory? In addition, some beneficial owners may want to hold back a certain percentage of their lendable. Therefore, will that disrupt liquidity? Could we see incorrect data being supplied? There are still challenges that need to be addressed.

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>
> Cassie Jones, Managing Director, EMEA Head of Financing Solutions Client Management, State Street

Andy Dyson: I think you're right that one of the challenges with increasing your settlement rate or reducing your time is that if you've got endemic issues embedded in your market, its just going to make things worse, certainly in the short term.

Cassie Jones: I think we've all seen that on CSDR. Even the regulators have said the fines are much larger than they expected and they're not seeing an improvement in the fail rate. Something's got to give in the markets to be able to improve that. Do they need higher fines, or is it just something that's an investment in technology and continuing to automate things?

Ernst Dolce: The market should not push for higher fines or encourage the regulator to do so! The penalty is computed as a basis point times a notional, depending on the size of the trade - the fines are already large enough. For some markets, such as credit and emerging markets, increasing the size of the penalty could kill the liquidity. Therefore, we all need to be careful.

Andy Dyson: We had a conversation at the Bank of England somebody said that when you look at going to the insurance market to buy an indemnity, it's very expensive. So, my comment was, it's probably the right price and what you've been charging for the last 30 years has been the wrong price. I don't know if anybody agrees.

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Regulation & Risk Mitigation

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REGULATION AND RISK MITIGATION

Ernst Dolce: Indemnity is very expensive, but the clients are not paying the right price to be honest. Even though the indemnity could be replaced by an insurance, the insurance cost remains high.

Olivier Zemb: About indemnity, I think we need to distinguish two types of trade. On the one hand, GC trades that are too cheap and probably not profitable. If you add the cost of indemnity with a potential CSDR penalty if you don't deliver on time, you may work at a loss. On the other hand, if you look at specials, you're on the safe side. The question then is do we need to split the indemnification between the type of trade, type of counterpart and provide indemnity on specific situations, and not on others. It's a major subject.

Cassie Jones: But also it's an education point as well with clients. There's a huge mismatch between the cost of the indemnification and the economic benefit that the client receives.

Stephen Kiely: Olivier made an excellent point. There is no other insurance which is so binary as agent lender indemnity. With agent lender indemnification, it's really black and white, you're indemnified or you're not, every trade, every borrower.

Olivier Zemb: The market is always right. There will always be someone who will be tempted to lower the fees to capture more business and will reduce the levels for the whole business.

Andrew Geggus: It's been a race to zero for the last 20 years.

Everything tech

Andy Dyson: What we're seeing in the technology space, what you'd like to see and what we expect to happen next?

Andrew Geggus: I just wanted to have a look back at what we discussed last time around and what has actually happened over the last 12 months, we made some predictions at the time, some have panned out, some haven't.

Firstly, we spoke about distributed ledger technology at length last time around. There is a divergence of views between some people saying it's more of a pipe dream / longer term, and some people saying there are real use cases shorter term. What we have seen over the last 12 months have been a select number of use cases, I think there has been progress made by HQLAx, as well as JP Morgan's Onyx business unit – I think they've publicly announced different use cases. It's not going to be rapid in terms of its development, however each use case is a step in the right direction from my point of view and we can probably touch on the potential benefits of distributed ledger technologies further down the line.

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Secondly, we also spoke about AI, this is something I think firms are using much more internally. I think a lot of firms are using robotics and AI in their internal systems but I haven't seen a sort of "mass-adoption" within the Securities Finance market of a single product.

Lastly, we spoke about standardisation. We spoke quite at length about how to really benefit from technology and all the capabilities it has. We needed much more standardisation across the market, we spoke quite at length about the CDM work, the Common Domain Model that ISLA is doing, and that has actually progressed quite significantly over the last 12 months in conjunction with ISDA and ICMA.

Despite speaking about all these fantastic future technologies, I think in 2023 the key things that we need to address with the help of technology are trade matching and settlement, onboarding, KYC, and operations exception management.

I think with that, one of the key points, for me, is that, luckily, technology providers in our industry are coming up with solutions. I think this is absolutely key – is interoperability.

Ernst Dolce: I think there's another impact – if the regulator finds that the market participants did not play the game – i.e. they did not increase the "interoperability" – probably, as Cassie mentioned, it will become more expensive. The fintech that are not playing the game of "interoperability"

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will disappear because you will have the big firms that will go after that market. Currently, in Europe, I know at some firms that are doing their own platform and looking to emulate Blackrock Aladdin's model, because they don't believe that the fintech are taking seriously the lack of interoperability.

Olivier Zemb: I agree with you. We need to have some kind of harmonisation across the industry but at the same time you need to deliver tailor-made solutions for your clients. We need to provide more and more granular details. There are two things to look at, the big picture and also the clients' view.

Nick Davis: If we go back to the start of the year and what occurred across the financial sector, proves that transparency into a client's lending program remains a key requirement. Clients want to be able to see their risk profiles, collateral, counterparty exposure and revenue performance. Having that in-house technology is key to meet those requests from your clients.

Dimitri Arlando: Trading desks are now actually saying, show me the settlement rates because that's important to us. That's really driven by the search for efficiency. As desks are being squeezed from a fee perspective and everything is becoming more expensive in general, people try and find ways to be more efficient and our data can help you do that.

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Everything Tech

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EVERYTHING TECH

Andy Dyson: For us, ICMA and ISDA, the CDM is a digital standard that they can use to define which fields, which transaction types they want to pull out of your systems on the premise that you're all describing those trades in the same way. ISLA doesn't want to be in the process of products and services. What we want is to create that level playing field that gives the regulators the opportunity to pull the information they want, which means from a regulatory perspective, one of their big challenges is they think we need to do something, and it takes them years to figure it out because the process, the consultations, the implementation.

Andrew Geggus: One difficulty for firms within the market is the cost element of it, because resources are limited.

Typically, agent lenders are custodians, custodians don't have bottomless pots of money to spend on development. When we do have limited resources, we're also seeing things like SFTR come along, or CSDR. I think when we move through the regulatory roadmap for the year ahead, it's pretty thick still.

Stephen Kiely: I agree with Andrew's point that fundamentally as an industry, we need to spend more technology dollars on some of the things that are unseen. Let's just think about this, BNY Mellon does around 18,000 securities lending trades a day and uses a lot of technology. NGT being some of it. If I go back 10 years, that number will be less than half.

And yet if I go back 10 years, the way we do KYC is the same. The way we onboard clients is the same. The way trades are settled is the same. That needs to catch up and if we're talking costs, we need to cut down the expenses there.

Andy Dyson: Another factor that I recognise is that you have businesses to run and therefore it's quite hard to be the person that says: "I'm going to spend a lot of money on sorting out KYC because that's going to have benefit now and over the next 10 years. But it means that we're going to make less money this year." It's not a good conversation with your boss.

Stephen Kiely: That's the challenge because people are judged in the short term. Every single person on this table has a short-term annualised budget. What are you going to make? And if you move away from that because you want to invest in the industry, that's a hard conversation.

Nick Davis: We should also remember how far the industry has come and how robust we are in times of extreme volatility. More clients are taking advantage of APIs, tokenisation will improve the timings when it comes to settling and returning loans, increased transparency for all market participants, and an ongoing focus on sustainability.

Olivier Zemb: Risk management as well. Ten to fifteen years ago, risk management was less present. Now we have loads of limits in terms of trading and so on. The system is more robust as a whole. We can absorb shocks.

Latest on data

Andy Dyson: We sort of morphed into that world of data. Dimitri is there anything else you would add in terms of how you see the changing role of data in the businesses that these guys run.

Dimitri Arlando: There are two key areas to focus on from a performance measurement perspective. Firstly, attribution. Essentially getting a good understanding of why your

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programme is performing better or worse than previously, and really trying to identify if it's a specific market or a specific security.

The second aspect is relative performance: how are you doing in comparison to your peers and to the industry? Now, that's the interesting one.

And I think that's where the evolution is really happening right now, because it was the case and it still is the case for most part, that people look at their performance numbers and they use tools from providers like us that allow them to look at their performance and compare it to a peer group.

It's really important to make sure that you are truly comparing like-for-like, tools like ours allow you to do just that and compare your performance with portfolios that have the same securities as you. But the problem then becomes when you're looking at peer groups and you look at sovereign wealth funds, for example, who are very different across the world and have varying levels of appetite for risk, and they have varying investment guidelines as well.

It becomes tricky to benchmark because now you've got a whole world of things you can do with that portfolio and a lot of different options. And you don't necessarily have all the tools to be able to benchmark your performance properly.

A number of beneficial owners are now saying: no, we

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Latest On Data

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LATEST ON DATA

don't want to see that, we're more interested in looking at the same data that trading desks use to do their trades. So they've moved away from saying, how's my performance compared to my peers to now saying, am I getting the best out of my assets?

Cassie Jones: I think that granularity and performance is really important because if you can then extrapolate that and understand the drivers of performance moving forward, clients can come back to those opportunistic trades.

Maurice Leo: In a way, beneficial owners have been a catalyst for change particularly around data. The whole ISLA securities lending performance measurement group was borne out of, or championed, very heavily by a beneficial owner in particular, who chaired that group. That's led to guidance notes that I think will accelerate in adoption this year, which will deliver more consistency, understanding around that data. And I think it'll make it more valuable and as a result.

Dimitri Arlando: I think it is a really important point. So obviously, we've done a lot of work on the performance measurement working group to try and drive those standards. However, we still have some way to go.

Andy Dyson: I think also that what SFTR delivered was a clear understanding of what's a trade and what's not a trade, and that rigor has fed through into the way people define things like inputs for performance benchmarking, it's gone into standards around the CDM. So in that sense, SFTR was a great catalyst for the creation of standards and digital standards.

Olivier Zemb: You need to have some metrics in place. Data providers have done a great job, but I think more granularity is needed for good benchmarking. For liquid assets such as large/mid cap, benchmarking works well and is very easy. For small caps, corporate bonds, not so much…

Nick Davis: I break data down into four points.
• Descriptive and Diagnostic
– This includes the benchmark providers that the industry utilises, with the addition of your prop overlay (performance of your book vs the industry), backward looking and your current footprint.
• Predictive
– This is where diagnostics play an important part in conjunction with quantitative research and AI, to establish your value add and how you can achieve outperformance.
• Prescriptive
– How you achieve the above.

Beneficial Owner Trends – Where next?

Andy Dyson: So how much of a particular asset do we have in a collateral pool? How many days would it take to sell it? What could be that price movement over those days? So, in addition to sort of haircuts, people looking at almost liquidity stress buffers, etc. On collateral, where are you guys seeing in terms of what your clients are asking you more generally?

Stephen Kiely: I think a positive trend in terms of the questions we're asked by clients is, they are starting to be more concerned with liquidity and credit. And I think that's absolutely the right way to go. The only true value of whether something is liquid or not, is: is it being bought and sold? And so we're seeing clients put greater emphasis on the liquidity of their collateral and not too concerned about whether it's single or double A.

Olivier Zemb: We have to bear in mind that in terms of risk, collateral has to be seen as secondary or derivative. The

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primary risk is counterparty risk. Collateral is certainly key but you need to check what you are receiving from which counterpart and then you can adapt your collateral profile and haircuts. Right now, haircuts are pretty much standard but this is an area where we need to be flexible.

Ernst Dolce: I've observed a shift in the buy-side's approach to pricing collateral, as they are now considering not only risk and diversification, but also the potential uses for the assets. For instance, some firms are looking to reuse the collateral for intra-group trades. While some firms previously avoided such transactions, they are now recognizing the value of the assets they receive as collateral and seeking to leverage them. Other firms are focused on finding the most cost-effective way to deliver the collateral, which involves comparing the value of different assets, such as government bonds and credit, for various types of transactions like derivatives, repos, securities lending, and collateral. However, implementing these strategies is challenging and requires building new pricing models.

Cassie Jones: The buy-side need to consider their specific funding and opportunity cost, so that's where it takes a step up from just general triparty optimisation to asset optimisation. If you can have a view of your entire inventory as the buy-side, and you can actually identify when securities are trading special, for example, you don't want to tie that up as collateral in a repo trade. You want to lend that on the market. But having just a more real time view of your inventory sources and uses of collateral goes a long way.

Andy Dyson: ESG, does that change the client's dynamic?

Cassie Jones: We just have to find the balance. There is a cost and benefit trade-off of limiting your collateral schedules so that it reflects your ESG parameters, but then you'll never get anything out on loan. So there's that trade off.

Nick Davis: Collateral is secondary. When clients are looking to restrict asset classes due to their own ESG mandate, it is on the lendable and not necessarily on the collateral.

Maurice Leo: A slightly different angle on collateral: HQLA. So if you think the other angle is there is a lot of money moving out of deposits at the moment in Europe because interest rates are rising and in the US because of concerns with bank risk. So you're seeing that money move. I think that money is not going to be transitory. Some of its going to stay there because of the interest rate environment.

And I think you've also got a lot of government agency money parked at the ECB which has been parked there on favourable terms for a long time. And the ECB is anxious that that money gradually and orderly moves off balance sheet, that's all going to flood into money markets, into repo, into the products that we all operate in.

And arguably a lot of it is conservative and is going to gravitate towards government collateral. So government collateral is likely to become more expensive as you see more of that money coming in. So for those clients that probably ringfence and depend heavily on that, that's going to be a difficulty. If you're lending it [government debt], I think potentially you're going to see enhanced spreads.

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Outlook for 2023

Andy Dyson: Can I just get your closing thoughts on what you expect the market to look like as we go into the remainder of this year or any other closing thoughts.

Nick Davis: Continue to support funding requirements for our clients which will enhance asset optimisation, taking

additional risk through non indemnified style trades, accessibility to other liquidity sources, and continued efficiency both at the front end and operationally.

Olivier Zemb: As a whole, I think we need greater harmonisation together with tailor-made solutions for clients. For trading, govies will be a major element this year, like previous years, but I don't think we have seen the 'flight to quality effect' yet, even if the markets are quite jittery. Repo markets are not moving a lot in terms of spreads between peripheral and core govies.

Maurice Leo: Focus on the [US] debt ceiling, unfortunately, it's going to be there in the second half of the year. There's no getting away from that – we have had dress rehearsals before so we'll deal with that.

Ernst Dolce: I expect an increase in liquidity solutions and a shift in the debate from securities financing/collateral management to liquidity solutions. For instance, in securities lending transactions, we may see more General Collateral (GC) trades with shorter durations, and longer-term evergreen trades, which last for more than one year, may become bullet trades with proper risk management. For unsecured transactions, evergreen trades may also transition to bullet trades, especially if the cost of single-name Credit Default Swaps (CDS) is reasonable for covering specific banking risk exposure.

Dimitri Arlando: I think the use of data and performance will continue to evolve. Transparency will continue to increase and we've seen that play out already but the regulations that are coming down the pipe like 10c-1, will push that along even further. From a performance perspective, I think we're going to have another strong year in revenue terms. I think there's still a lot of turbulence from a macroeconomic perspective to ensure that there will continue to be opportunities for revenue in the lending markets.

Cassie Jones: On the back of that I think we should put more power in the hands of the buy-side so they can take advantage of the market volatility in those opportunistic trades in partnership with your lender. But one thing I want everyone to keep an eye on as well,is the balance sheet constraints remerging.

Andrew Geggus: Long periods of volatility for this year. I think we saw it recently with banks, but I do think we'll see more episodes occur. I think this will help drive the fixed income area of securities lending to remain as the rockstar. I do think that we also will see some developments in the interoperability space which is really hopeful for me.

Stephen Kiely: I'd like '23 to be a year where more beneficial owners come to the realisation that securities lending can do more for them than just be a source of revenue. ■