



EquiLend Spire: centralising securities finance in a connected world

Once the backbone of operations, legacy systems undermine the movement toward a unified view of securities finance activities. Stonewain CEO Armeet Sandhu explores how EquiLend Spire will help participants to keep pace with the industry's dynamic needs

The securities finance world is a complex business, compounded by ever-evolving regulations and changing market demands. Central to this is the constant drive for firms to optimise their inventory to meet margin funding requirements and an unrelenting pressure to unlock new revenue-generating opportunities, such as offering or engaging in fully paid lending, prime brokerage or repo.

By the nature of the business, processes have never been overly simple, but we now face additional complexities in an increasingly stringent regulatory landscape, in turn meaning greater costs and challenges for market participants. Legacy systems, once the backbone of operations, tend to lock-in business silos and obstruct interoperability, undermining the move toward a unified enterprise view of securities finance activities.

The rigidity in these systems and the blockers that they place on shared oversight across teams, restrict any possibility of keeping pace with the industry's dynamic needs; a real-time view of inventory, collateral and breaks, the transfer of accurate data at speed, and time-bound regulatory reporting requirements. These processes, when isolated, present a heightened risk profile that firms can ill afford in today's competitive landscape.

The industry requires a holistic solution that provides a comprehensive view across all internal business units and counterparties. A solution that simplifies transactions, addresses regulatory and cost pressures, all while keeping pace with rapidly evolving market dynamics. A solution that can navigate fluctuating collateral pressures, interest rates and gauge liquidity management to drive cost efficiency amid revenue generation efforts. EquiLend Spire offers clients this competitive advantage by streamlining the entire securities finance lifecycle.

The trading view available from a comprehensive top down view, such as EquiLend Spire, supports the development of a sector which is adaptable to change, rather than fearing it. Throughout the trade lifecycle, Spire fuels data exchange, risk management and powers automation capabilities which set the stage for

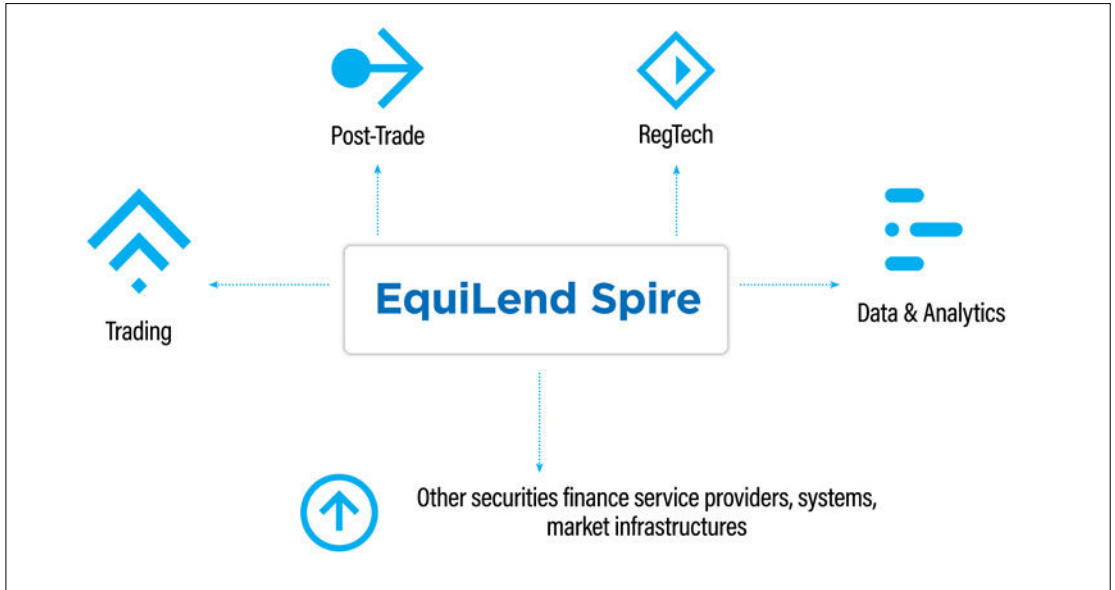
significant advancements which will serve to benefit the sector as a whole. In these times of rapid change, where other vendors are retiring legacy systems, EquiLend Spire presents an opportunity for an easy transition to future proof technology. With EquiLend, clients have access to a powerful, complex, linear lifecycle experience that empowers clients and delivers a strategic advantage.

EquiLend Spire underpins the EquiLend solutions, comprising an ecosystem which spans the lifecycle of the trade, data and regulatory solutions and supports clients in executing business functions from front to back office. As early as pre-trade, Spire offers a nuanced approach to collateral and inventory management, enabling borrowers to pre-emptively manage loans effectively preventing unnecessary autoborrows. DataLend's connection to EquiLend Spire via SFTP servers adds further benefit, consuming DataLend real-time data to propose suggested rates.

Post-trade is an area in which EquiLend Spire's technological integrations demonstrate the benefits of agile technology over siloed legacy systems. Post-trade is serviced in multiple areas from Spire's encyclopaedic records of all trading activity. EquiLend Risk Resolution Suite (R₂S), launched in 2023, unifies recalls, returns and settlement monitor for a comprehensive view of potential risks to settlement.

Trade information is directly communicated into Spire where the details of the trade record are unified in real-time to ensure accurate records. This capability delivers on T+1 settlement and additionally propels clients towards a future where real-time settlement is a global industry standard. Spire is designed to eradicate settlement risk. Connecting to EquiLend's Enhanced SSI repository, it ensures free flow accuracy of trade information at every stage of the trade lifecycle. It is a unified approach which provides not only operational efficiency but strategic foresight.

Regulation has a unique power to disrupt securities finance, with transparency agendas front of mind for regulators. Modern systems can adapt to these new requirements more easily than legacy systems can. By



integrating with EquiLend’s Reg Tech Solutions, Spire ensures complete and accurate trade reporting by providing the available information for the Securities Financing Transactions Regulation’s (SFTR) 156 required fields. Additional requirements from the Agency Lending Disclosure (ALD) rules to the Central Securities Depositories Regulation (CSDR) are equally as simple for Spire to execute on. This capability not only supports compliance with current SFTR requirements but also has distinct advantages for clients who come under the scope of upcoming 10c-1a regulations, leveraging commonalities in the fields required for both. EquiLend’s approach provides a detailed audit for the entire lifecycle of a trade, ensuring operational integrity and adherence to regulatory standards.

Revisiting the challenges facing the sector — optimisation of collateral, access to inventory, challenges to operational efficiency, and regulatory pressures — when you analyse the processes which must happen, and the speed at which they must be executed to maintain the hundreds of thousands of trades and liquidity that securities finance generates for the sector, those legacy systems serve only to exacerbate risk for clients. The agility to be gained from technology de-risks and simplifies all aspects of a client’s securities finance business.

The introduction of distributed ledger technology (DLT) to the securities finance sector brings further opportunities to simplify the challenges the industry faces. EquiLend 1Source will use DLT to create a single source of truth for the securities finance market, aiming to eradicate reconciliation.

With an estimated US\$100 million lost annually to a multitude of breaks that demand reconciliation, it is unsurprising that reconciliations were identified as the most pressing issue in the industry by a working group of industry peers. When fully functional, 1Source will operate as an integration tool for single source data, enabling EquiLend Spire to read trade booking data to address and flag reconciliation issues, and automatically resolve trade threats within pre-determined rulesets and remove reconciliation issues at source.

EquiLend Spire is positioned to power the future of securities finance, today. The networked effect of the EquiLend ecosystem and EquiLend Spire delivers fluidity to securities finance. EquiLend’s solutions are a commitment to our clients to provide solutions which bring together every aspect of securities finance and deliver the greatest benefit to our clients. ■

EQUILEND SPIRE

THE INDUSTRY'S PREMIER FRONT-TO-BACK SECURITIES FINANCE PLATFORM



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