Breaking the legacy barrier: A new chapter in securities finance

The industry stands at a pivotal crossroads — caught between the limitations of legacy infrastructure, evolving operating models, and the possibilities offered by next-generation technology, says Nick Delikaris, chief product officer at EquiLend

What does success in securities finance look like today? With the right technology infrastructure, it means achieving near-zero break rates at the point of trade, enabling systematic transaction negotiation, automating recalls and returns and proactively identifying issues through real-time monitoring tools.

It also includes enriched regulatory reporting, seamless Know Your Customer (KYC) processes that streamline onboarding, faster time to revenue for both borrowers and lenders, and access to aggregated, anonymised real-time data that informs trading strategies and validates live market movements. It is also about having books and records technology that not only unifies fragmented systems but also enhances individual processes. It is a compelling vision of what is possible — but if this is what success looks like today, what remains to be achieved?

The industry stands at a pivotal crossroads — caught between the limitations of legacy infrastructure, evolving operating models, and the possibilities offered by next-generation technology. With regulatory mandates like T+1 accelerating timelines and heightening operational demands, long-term success will depend on the resilience and flexibility of the technology that powers the market. Modern infrastructure is built around interoperability, automation, and real-time data — areas where vendors like EquiLend are actively enabling both today's transition and tomorrow's innovation.

Technical debt is an albatross for innovation

While legacy systems have been widely discussed across the industry, it is worth revisiting their impact to fully understand the scale of change required to ensure the sector's future success. Most firms are still operating on infrastructure decisions made years — if not decades — ago. Once considered cutting-edge, these systems are now rigid, often hard-coded, slow to adapt and reliant on outdated technologies. Maintaining them typically requires specialised support from vendors, consultants, or internal teams with niche legacy expertise — making modernisation all the more challenging.

What were once foundational systems have now become obstacles to progress. Legacy architectures entrench functional silos and hinder cross-platform integration, making it difficult for firms to gain a unified, enterprise-wide view of their securities finance operations. This fragmentation limits interoperability, stifles innovation, and adds operational friction at a time when speed and agility are more critical than ever.

For many firms, the weight of this technical debt makes modernisation a significant — and costly — undertaking, especially without a clear strategic imperative. Larger institutions with defined infrastructure roadmaps have led the way, with vendors innovating in step to support this forward momentum. For others, regulatory pressures have made modernisation less of a choice and more of a necessity. The benefits outlined earlier represent what is possible for those willing — and able — to make the leap.

The evolution of funding operations

One of the most transformative shifts driving technological advancement across the industry is the centralisation of funding and collateral functions. This evolution is taking place across the spectrum — from beneficial owners and agent lenders to prime brokers and alternative asset managers. Managing liquidity, capital and funding requirements across these entities is no longer a luxury — it is a necessity. It is the only way to make informed decisions that support growth while balancing increasingly complex and sometimes conflicting regulatory demands.

Financing and collateral operations are among the largest consumers of financial resources and optimising them requires a more centralised approach. We are already seeing streamlining take shape as firms consolidate similar functions — such as repo and securities finance — under unified business units. This convergence demands a new level of

front-to-back transparency, especially in critical areas like collateral optimisation and liquidity management.

To meet these demands, technology must connect historically siloed functions — bringing optimisation out of the back office and into the front office, where real-time decisions are made. The growing need for real-time, aggregated insight is further reshaping how teams view their current tools versus the capabilities they will require for long-term success. Centralised teams can no longer rely on fragmented systems — they need advanced optimisation tools, intelligent algorithms and holistic oversight, all in one place.

Real savings, tangible impact and flexible adoption models

There is no one-size-fits-all path to transformation. Emerging markets — such as Saudi Arabia — have the advantage of building infrastructure from the ground up, implementing best-in-class solutions from day one. In contrast, more established markets must take a phased approach, gradually replacing legacy systems with modular, scalable technologies that provide the flexibility to evolve without disrupting existing operations.

Modern, modular, cloud-first platforms are redefining operating models — shifting technology from a back-office necessity to a true strategic differentiator. EquiLend's platforms are built to meet these needs, enabling firms to modernise with confidence today while preparing for the demands of tomorrow.

Solutions like Spire exemplify this adaptive, modular approach in a platform designed to deliver meaningful change from day one while enabling long-term transformation. Built for seamless integration with both EquiLend's broader ecosystem and third-party vendor systems, Spire ensures implementation is smooth and minimally disruptive to existing tech stacks, embedding optimisation tools directly into daily workflows. This allows firms to modernise at their own pace, layering in capabilities as needed without overhauling their entire infrastructure.

Spire's architecture is built to support end-to-end operational efficiency, regulatory alignment, and revenue optimisation. The functional outcome of this modular integration enables firms to quickly gain full visibility into pledged assets and outstanding trades, make smarter collateral selections and execute smoother substitution processes, automate lifecycle event tracking and reporting and streamline post-trade reconciliation across trading counterparties.

EquiLend's ongoing investment in next-generation solutions is also expanding the boundaries of the market — evidenced by its role in supporting eToro's expanded partnership with BNY, which opens the door to fully paid lending for retail investors and introduces a new dimension to securities finance.

Innovation of the moment must be ready to adapt to future innovation and our investment in change also extends into ever more exciting solutions like EquiLend 1Source which has distributed ledger technology (DLT) and smart contracts at its core, serving up aspirational methods of enabling real-time agreement, reconciliation and data consistency across all parties in a trade.

FinTech first technology and market infrastructure

As modern, modular software-as-a-service solutions lower the barriers to adoption, the playing field is levelling. Firms can now go to market in months, not years and leverage best-in-class infrastructure without the burden of large CapEx or building massive internal teams. The competitive edge is no longer in owning the tech — it is in how firms use their unique advantages, whether balance sheet, liquidity, network or pricing.

We have moved beyond the era of banks needing to become tech companies. Today, trusted software partners can deliver the security, auditability, and regulatory compliance that global firms require — freeing them to focus on what they do best. We believe in a future that is smarter, faster, and more connected — and we are engineering solutions to get us there.