



The next chapter in securities finance: EquiLend 1Source at launch and beyond

EquiLend's Ken DeGiglio, chief information officer, and Nick Delikaris, chief product officer, look at how a phased rollout in partnership with some of the market's largest players paves the way for industry-wide efficiency, transparency, and scalability

The securities finance industry is at a decisive inflection point. Trading volumes are climbing, settlement cycles are accelerating, and regulatory pressures are intensifying. Yet much of the market still depends on fragmented back office systems and manual reconciliations, creating friction, cost, and operational risk.

Against this backdrop, EquiLend's 1Source represents not a marginal upgrade but a structural redesign of securities finance infrastructure. Built on distributed ledger technology (DLT) atop the Canton Network, 1Source is designed to eradicate reconciliation, provide an immutable single source of truth, and establish a foundation for global market transformation.

Critically, EquiLend is rolling out 1Source with three launch partners — BNY Mellon, Goldman Sachs, and National Bank of Canada — who are now onboarding their US books before ramping volumes into year-end. Additional counterparties are in the process of joining the system.

Eliminating reconciliation: From burden to breakthrough

Reconciliation has long been one of the industry's most persistent pain points. By some estimates, firms collectively spend US\$100 million annually on reconciliation teams and the resolution of settlement breaks. These costs extend beyond dollars to systemic liquidity risk, as breaks in quantity, rate, or price ripple through funding chains.

1Source offers a clean break from the siloed paradigm of counterparties recording transaction details in disparate systems, only to reconcile discrepancies later in the trade lifecycle. With 1Source, each transaction is represented by a single shared contract, agreed upon by both parties and memorialised on the ledger. Trades are automatically validated against agreed parameters; settlements occur in near real time with synchronised status updates; and lifecycle events such as recalls, rerates, and returns are seamlessly processed in the same environment. Instead of chasing discrepancies after the fact, firms operate in lockstep from the outset. The result is not incremental efficiency but a structural elimination of breaks. This will allow firms to redeploy resources toward growth and innovation, rather than back office firefighting.

This unified process does more than remove inefficiencies. It creates a trusted framework in which participants can confidently allocate capital, manage liquidity, and scale operations. Additionally, exposure management becomes real-time and 100 per cent accurate. Firms can realise true cost savings thanks to the elimination of errors with 1Source, with increased settlement rates and increased productivity benefitting the bottom line. For an industry facing compressed settlement cycles and heightened regulatory scrutiny, such resiliency is no longer optional. By embedding the entire trade lifecycle into a single ledger, 1Source transforms securities finance at a fundamental level.

The DLT backbone

1Source is built on the Canton Network, a privacy-enabled blockchain developed by Digital Asset. Canton's architecture addresses the core

challenges that have limited prior blockchain applications in finance: interoperability, privacy, and control.

Unlike siloed chains, Canton allows multiple ledgers to transact atomically without compromising data sovereignty. In other words, each counterparty retains control over its own data while participating in a shared transaction record. This capability ensures that 1Source can synchronise seamlessly across firms, asset classes, and geographies while meeting financial markets' stringent privacy requirements.

Moreover, Canton's Global Synchronizer, supported by partners including the Linux Foundation and Microsoft, extends this interoperability to third-party applications. Over time, this framework opens the door to integration with CCPs, CSDs, custodians, and tokenised digital assets, all while preserving the integrity and confidentiality of financial transactions.

At launch: A foundation for transformation

EquiLend 1Source will debut this year with a clear focus — North American equities backed by cash collateral. The choice of this segment is intentional, targeting the largest single segment of securities finance transactions to ensure maximum benefit to early adopters.

At launch, 1Source will support loan initiation through return, embedding the lifecycle within the ledger itself. Smart contract automation will drive daily mark-to-market calculations and benchmark-based auto-rerates, eliminating manual adjustments that consume time and create breaks.

Recalls and buy-ins will be supported as well. Together, this suite of capabilities directly addresses the operational burden of manual lifecycle management and sets the stage for wider market adoption.

The near-term roadmap is both ambitious and pragmatic, designed to build momentum while broadening coverage across geographies and asset classes.

Following the initial launch, the automated rerating of large loan books tied to benchmark rate changes will be an early enhancement. While fixed-rate loans and specials remain actively managed, a vast tranche of general collateral loans are repriced en masse when benchmarks

shift. By embedding this logic into the ledger, 1Source removes a major source of breaks and disputes. This development is expected to deliver immediate efficiency gains.

Soon after, 1Source will extend its coverage across all of North America with complete coverage of all DTC-eligible asset classes and Canadian securities via CDS. T

his expansion will also introduce support for corporate bonds and non-cash collateral trade.

In parallel, EquiLend is pursuing deeper connectivity with market infrastructures. Integration with settlement messaging is a priority, with the longer-term goal of enabling settlement directly on behalf of clients.

This development will represent a breakthrough in straight-through processing, embedding real-time settlement confirmation within the ledger itself.

Beyond North America, the next strategic phase is Europe. Market size suggests that France and Germany will be the early focal points, followed by the UK as a separate but equally significant expansion, although the initial European market coverage will be dictated by early adopter priorities.



This regional rollout is carefully sequenced to capture scale where it matters most, while maintaining interoperability across diverse settlement regimes. Other European markets, as well as the expansion to Asian markets, will follow.

Longer-term strategic opportunities: Redefining the market

EquiLend's longer-term vision for 1Source goes well beyond operational efficiency. The platform aims to redefine securities finance infrastructure by embedding processes historically prone to error and cost directly into the ledger. Key 1Source benefits for clients include:

- Increased productivity, eliminating the root cause of breaks, allowing traders and operations staff to concentrate on higher-value activities.
- Better decision-making, ensuring borrower and lender always have the same information.
- Elimination of accrual errors and improved settlement rates.
- Reduction or elimination of third-party comparison fees.
- Improved interoperability.

These benefits underscore 1Source's role not just as a technology platform but as the industry's operating infrastructure for the digital era.

“The near-term roadmap is both ambitious and pragmatic, designed to build momentum while broadening coverage across geographies and asset classes.”

Nick Delikaris
Chief product officer
EquiLend

Industry impact

The benefits of 1Source for the securities finance ecosystem are significant:

- **Operational efficiency:** By eliminating reconciliation, firms can reduce operational costs and reallocate capital toward growth.
- **Liquidity management:** Real-time margining enhances systemic stability, reducing funding risk during volatile periods.
- **Global scalability:** Expansion across asset classes and regions ensures adoption is not siloed but universal.
- **Regulatory alignment:** Native reporting would provide transparency while reducing compliance overhead.

EquiLend 1Source is more than a technology platform; it is the blueprint for how securities finance will operate in a digital-first world. By replacing fragmented, reconciliation-heavy processes with a unified distributed ledger, 1Source delivers efficiency, transparency, and resiliency at scale. The sooner firms join 1Source, the sooner they will realise cost savings and secure strategic advantages as the market pivots to this new operating model. From the North American launch in 2025 to the longer-term vision, 1Source charts a path toward an industry where breaks are eliminated, workflows are synchronised, and participants can focus on value creation rather than operational remediation. For an industry under pressure from accelerated settlement cycles, regulatory scrutiny, and rising costs, 1Source is not just an innovation but the future of securities finance. ■

“EquiLend 1Source will debut this year with a clear focus – North American equities backed by cash collateral. The choice of this segment is intentional, targeting the largest single segment of securities finance transactions.”

Ken DeGiglio
Chief information officer
EquiLend

1Source Timeline for Transformation

- **Phase 1:** Lifecycle automation with launch partners of DTC-eligible US equities backed by cash collateral.
- **Phase 2:** Full North American coverage including corporate bonds, non-cash collateralised trades, and Canadian securities via CDS integration.
- **Phase 3:** Expansion into Europe, beginning with France and Germany, followed by the UK. Enhanced automation of rerates, recalls, and buy-ins.
- **Phase 4+:** Expansion into additional European and Asian markets.

Full transformation of billing, invoicing, real-time margining, collateral tokenisation, corporate actions, regulatory reporting, digital asset coverage, and interoperability across CCPs and CSDs are all in the longer-term roadmap.

