



### State Street's securities finance revenue soars

State Street's securities finance revenue hit \$147 million in Q2 2014, an impressive 72.9 percent increase over the first quarter of the year.

Revenue, which was "primarily due to seasonality", was also up 12.2 percent over Q2 2013 because of new business in enhanced custody.

In February, the bank extended its 13-year relationship with Lufthansa German Airlines Group for an additional five years, to include transition management, collateral management and FX spot execution services.

State Street currently provides custody, securities lending, fund accounting, risk analysis and performance measurement services for assets in Germany, Switzerland, Luxembourg and the US, with total assets under custody of \$11 billion.

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### Deutsche Bank joins with Clearstream and Euroclear

Deutsche Bank has gone into partnership with Clearstream and Euroclear to help clients consolidate, optimise and more efficiently assign their collateral inventory as part of the TARGET2-Securities (T2S) initiative.

The partnership will provide clients with a single entry point from which they can reach the collateral pools and distribution channels used by all key institutional and market infrastructure firms.

The partnerships with Clearstream and Euroclear will give clients the opportunity to make better use of assets held domestically to secure exposures and financing transactions in triparty, while consolidating the view of inventory with their preferred provider.

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The combined margin financing and securities lending activity among 115 Chinese securities brokers increased a staggering 341.71 percent between the end of 2012 and the end of March this year, according to KPMG.

Its recent survey of the 2013 financial statements of 115 Chinese securities brokers found that their combined margin financing and securities lending balance increased from RMB 89.52 billion (\$14.5 billion) to RMB 395.4 billion (\$64.06 billion).

On its own, the balance of margin financing had reached RMB 392.63 billion (\$63.62 billion) by the

end of March 2014, a year-on-year increase of 144.12 percent. Securities lending amounted to RMB 2.77 billion (\$448.78 million), slightly lower than the end of 2013.

The credit business of Chinese securities firms "grew spectacularly" in 2013, according to KPMG. Margin financing and securities lending has become the biggest contributor, with 84 licensed brokers now permitted to conduct the business.

The balance of margin financing and securities lending on the Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE) totalled RMB 396.5 billion (\$64.24 billion), "up a staggering 343 percent from last year".

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## Business booming in China, finds KPMG

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The turnover of trades on margin financing accounted for 8.99 percent of the total turnover of the A-share market.

Securities Association of China figures show that the brokers' interest income from margin financing and securities lending was RMB 18.46 billion (\$2.99 billion) in 2013, accounting for 11.59 percent of the total turnover (4.05 percent in 2012).

This means that margin financing and securities lending were second only to the net income from securities brokerage and proprietary trading.

KPMG said: "We expect there to be large room for growth in the share of revenue from margin financing and securities lending as the business has become a new profit driver, making an increasingly significant contribution to the overall performance of brokers."

The audit firm attributes the "dramatic growth" of margin financing and securities lending in 2013 to "the increasingly diverse" range of eligible securities available on SSE and SZSE.

Eligible stocks stood at 711 as of the end of April 2014, which was more than double the number in 2012.

The investment threshold has also been lowered gradually, further expanding the scope of eligible investors and attracting more retail investors. By the end of 2013, there were 2.67 million credit accounts registered for margin





"Our solution simplifies the reporting process in a cost effective way, while also giving clients the support they need right the way through the reporting process."

Ralph Horne, CEO of Dion Global Solutions, added: "We look forward to working with Confisio and Traiana on this new market initiative."

"In the current climate it is important that firms can seamlessly outsource their EMIR trade valuation reporting requirements."

"This partnership allows financial institutions to focus on their core business and operate more effectively without the on going investment in, and maintenance of, legacy proprietary systems."

## Canada continues with year-on-year growth

Pension assets have increased for a fourth successive quarter, according to the latest survey by RBC Investor & Treasury Services.

In its Q2 report for 2014, RBC Investor & Treasury Services's defined benefit pension plans returned 3 percent, bringing the year-to-date results to nearly 8 percent.

Scott MacDonald, managing director of pensions at RBC Investor & Treasury Services, said: "While assets continue to gain momentum, we can also infer that liabilities have also increased as longer-term bond yields have come down."

Canadian equity remained the top performing asset class as the S&P/TSX Composite Index gain 6.4 percent in the quarter and 12.9 percent year-to-date.

MacDonald added: "[Financials and energy] accounted for the bulk of the increase with energy leading the way as concerns over Iraq helped boost oil stocks."

"Pensions kept pace with the index for the quarter but still lag by 0.2 percent year-to-date."

## UK bank to embrace cloud

A UK retail bank is to increase control and compliance in accordance with European Market Infrastructure Regulation (EMIR) reporting requirements through the automated collateral management technology platform, CloudMargin.

This is the first time a regulated bank has adopted cloud technology to realise significant cost-savings in collateral management.

The bank is using CloudMargin to manage collateral for their over-the-counter (OTC) derivatives and repo portfolios and comply with EMIR trade repository reporting obligations.

CloudMargin was selected to bring increased efficiency, control and insight to the bank's OTC

derivatives and repo portfolios. Implementation was completed within a month.

Andy Davies, founder and CEO of CloudMargin, said: "It is a great honour for CloudMargin to have been selected by a leading bank and reinforces our belief that the collateral management world demands cutting edge innovation and is increasingly rejecting outdated technology platforms to slash IT costs."

## Omgeo and UnaVista partner up

Omgeo has entered partnership with London Stock Exchange Group's (LSEG) UnaVista to support triparty matching of synthetic equity swaps between executing brokers, prime brokers and investment managers.

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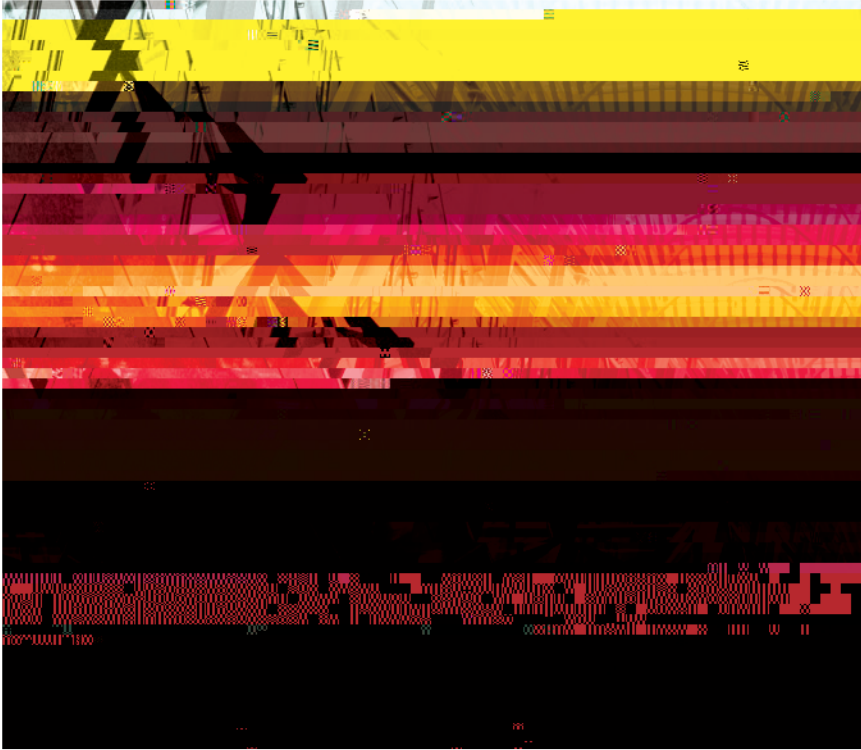
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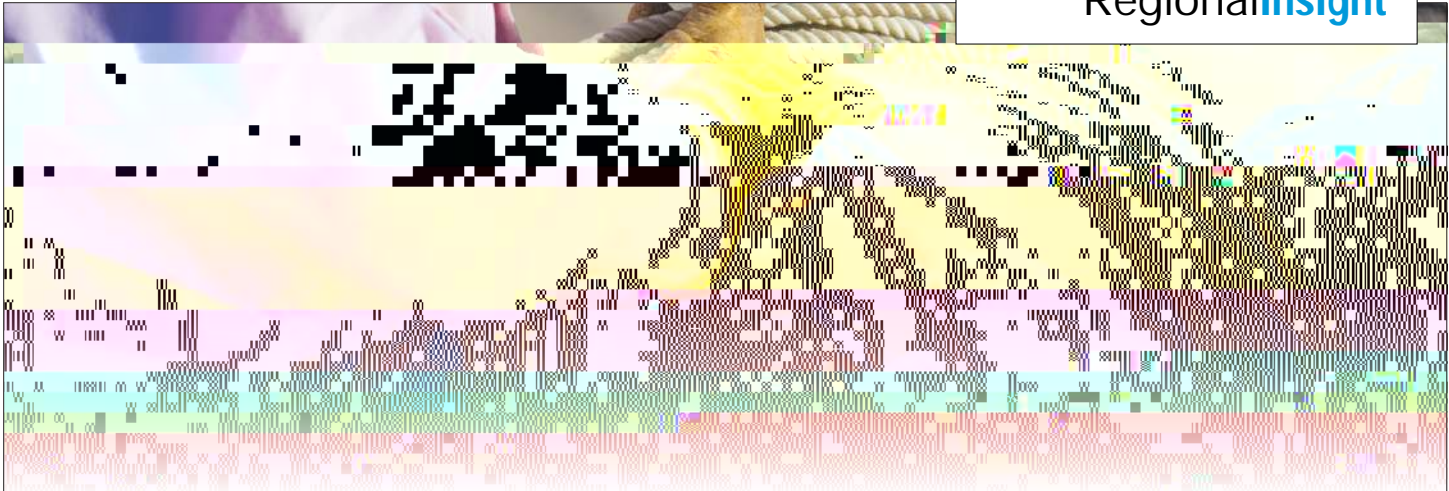


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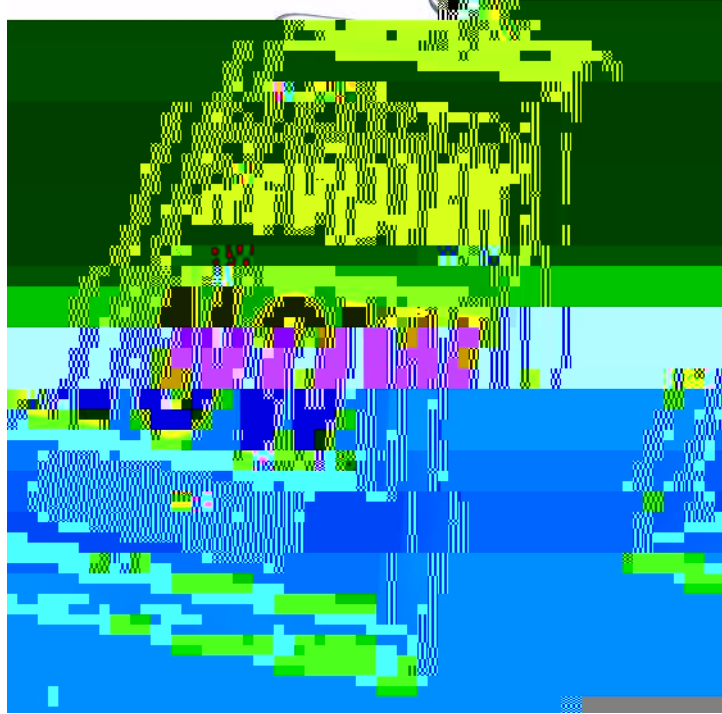




Why are stakeholders in the securities borrowing and lending industry devoting more time and resources to Asia? Simply put, their clients want







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Concept Capital Markets has hired prime brokerage executives **Brett Yarkon** and **Henry Shillingford**. They will be based in its New York office.

Yarkon joins as managing director of managed accounts, prime services and capital introduction. He has moved to the firm following the transition of the managed account and prime services platform from I.A Englander & Co to Concept Capital.

At I.A Englander, Yarkon served as managing director and head of risk management. He led the firm's operations and client relationships.

Shillingford joins Concept Capital as senior vice president in prime brokerage sales. He previously held the title of senior vice president in prime services at Lazard Capital Markets.

Jack Seibald, co-founder and managing member of Concept Capital, said: "We are pleased to welcome our new colleagues to Concept Capital and excited for the opportunity to introduce our firm."

"We believe the concept team is uniquely equipped to understand and anticipate our clients' needs and preferences because of our diverse set of experiences and skill sets."

Calypso Technology has appointed **Nat Natraj** as global head of sales and marketing.

Natraj, will oversee global sales and marketing for the technology company and report to Kishore Bopardikar, president and CEO of Calypso.

He joins from CA Technologies, where he served as executive vice president of worldwide field operations following the acquisition of Arcot Systems.

Bopardikar said: "Natraj brings to Calypso deep knowledge and experience in global enterprise software sales and subscription/SAAS sales models and has consistently demonstrated strong results in building effective sales operations and marketing functions."

Natraj commented: "I am excited to be joining a world class organisation such as Calypso."

Bank of America Merrill Lynch has given **Paul Simpson** the reigns of its prime brokerage business, naming him as its global head, a source has confirmed.

He will report to the head of global equities, Fabrizio Gallo, as well as David Sobotka for prime brokerage products.

Simpson has worked at BofA Merrill Lynch for three years. He was the former head of the bank's global transaction services business, and previously worked at Citigroup.

The Futures Industry Association's (FIA) board of directors has elected **Gerald Corcoran** as chairman and **Jan Bart de Boer** and **Raymond Kahn** as board members.

Corcoran has replaced Michael Yarian, managing director at Barclays, who stepped down after he became the head of the Barclays rates trading franchise in the US. He is based in Chicago.

Currently, de Boer serves as the chief commercial officer of ABN AMRO Clearing Bank. He oversees the sales and relationship management teams in the firm's 12 international offices.

Kahn is located in New York where he is a managing director of agency derivatives

**SESSIONS INCLUDE:**

