



Collateral Conference 2019

A wide variety of securities finance market participants gathered in Brussels for the 18th Euroclear Collateral Conference to discuss the resilience and expansion of the global collateral management industry, which is facing a plethora of regulatory, economic and even political challenges.

The need for optimisation of the processes around collateral management was a key theme of the day as low-yields, negatives rates, as well as new factors such as environmental, social and corporate

A second speaker said that a key feature driving optimisation in the European market was the introduction of negative hair cut rates and the need for solutions that can offer zero-rate returns.

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Calculating ratios

Turning to the various ratios that market participants must now consider, panellists agreed that the liquidity coverage ratio was a simple enough calculation to manage, but the net stable funding ratio (NSFR) was another matter entirely.

are yet to be released, despite a prolonged period of market consultation that began in 2016.

"We are starting to form an idea of the complexities [around NSFR] and, in fact, it is quite a game-changer when you

the future.

the next challenge is how are we going to use it," one panellist added.

One buy-side speaker explained: "Data is very important, and we have a lot of data sources at our disposal and we have spent a lot of time in resources and working on new tools when monitoring our agent lender so that we have a good overview of

"In the past, we relied on spreadsheets and

the speaker continued. "One important consequence is that we can now have much better targeted-discussions with