

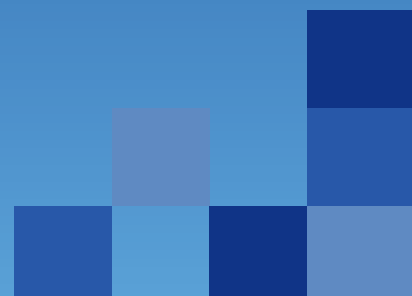


Ken DeGiglio  
on tackling  
reconciliation  
issues through  
approach



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Market participants fear that the move to increase interoperability could cause further fragmentation for the industry, according to

Cutting-Edge Technologies Part 1 panel.

As part of a double-session on technology at the 38th Securities Finance and Collateral Management Conference, Pirum

chief information officer Ken DeGiglio and

assets Amar Amlani, provided a basic understanding of certain new technologies and their practical use cases.

Part 1 of the series also heard from BNY

for Clearance and Collateral Management

as tokenisation, digital assets, distributed

in the industry, and the aim to become even more interoperable has presented a challenge, the panel heard.

something that “refers to the ability to make something happen in one payment system based on something happening in another payment system”.

case for further interoperability was setting the industry up for another future issue.

Every country has its own payment rail — the infrastructure that moves money from one party to another — a panellist

of further fragmentation, unless the

interoperability in the future, with firms increasing their activity with regards to blockchain technology.

one panellist. However, interoperability





US banking regulators are not delivering  
sensitivity and comparability, panellists

Management Conference.

The panel provided the foundation for a  
regulation that is being closely watched by  
market participants.

capital ratios under the two approaches, with  
the higher of the two being used to set the

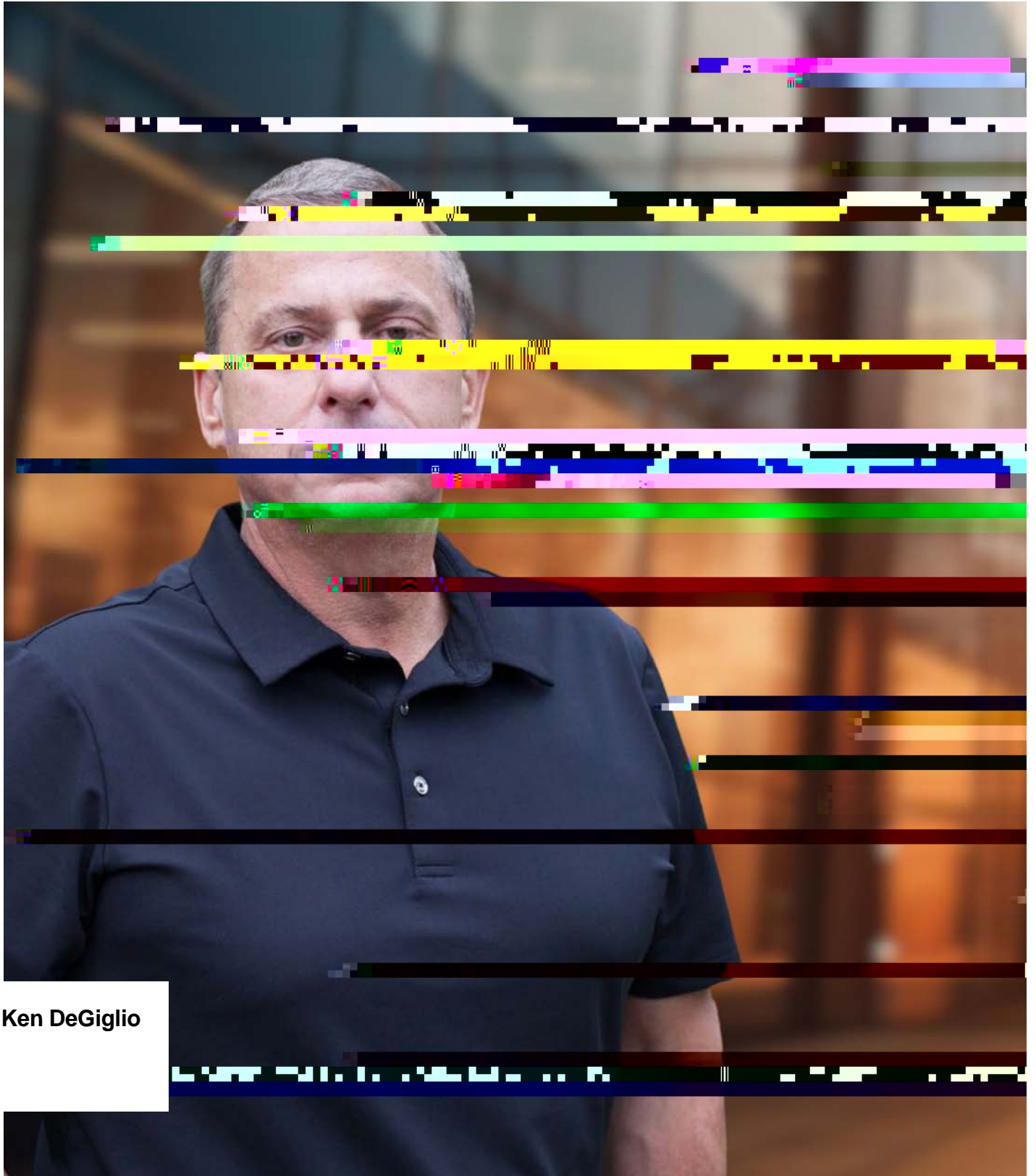
Part 1 of this discussion relates to the

finance industry and saw panellists raise  
concerns for beneficial owners, banks and  
broker dealers.

The Basel Committee on Banking Supervision

This development means that firms have

different methodologies; the standardised



Ken DeGiglio

Price breaks, orphan breaks and rate breaks are among the most common securities lending reconciliation issues which occur several

1Source, we aim to eliminate them all.

consisting of several agent lenders and broker-dealers. These

reconciliation process as the top priority to be solved by a new, digital-first approach to transaction and lifecycle management. A third-party consultancy — commissioned by the working group to assess the cost of these top-three breaks and other reconciliation problems — determined that the cost to the industry totalled

1Source was born.

information remains in sync for both counterparties in a contract

across the trade lifecycle, the need for reconciliations simply goes

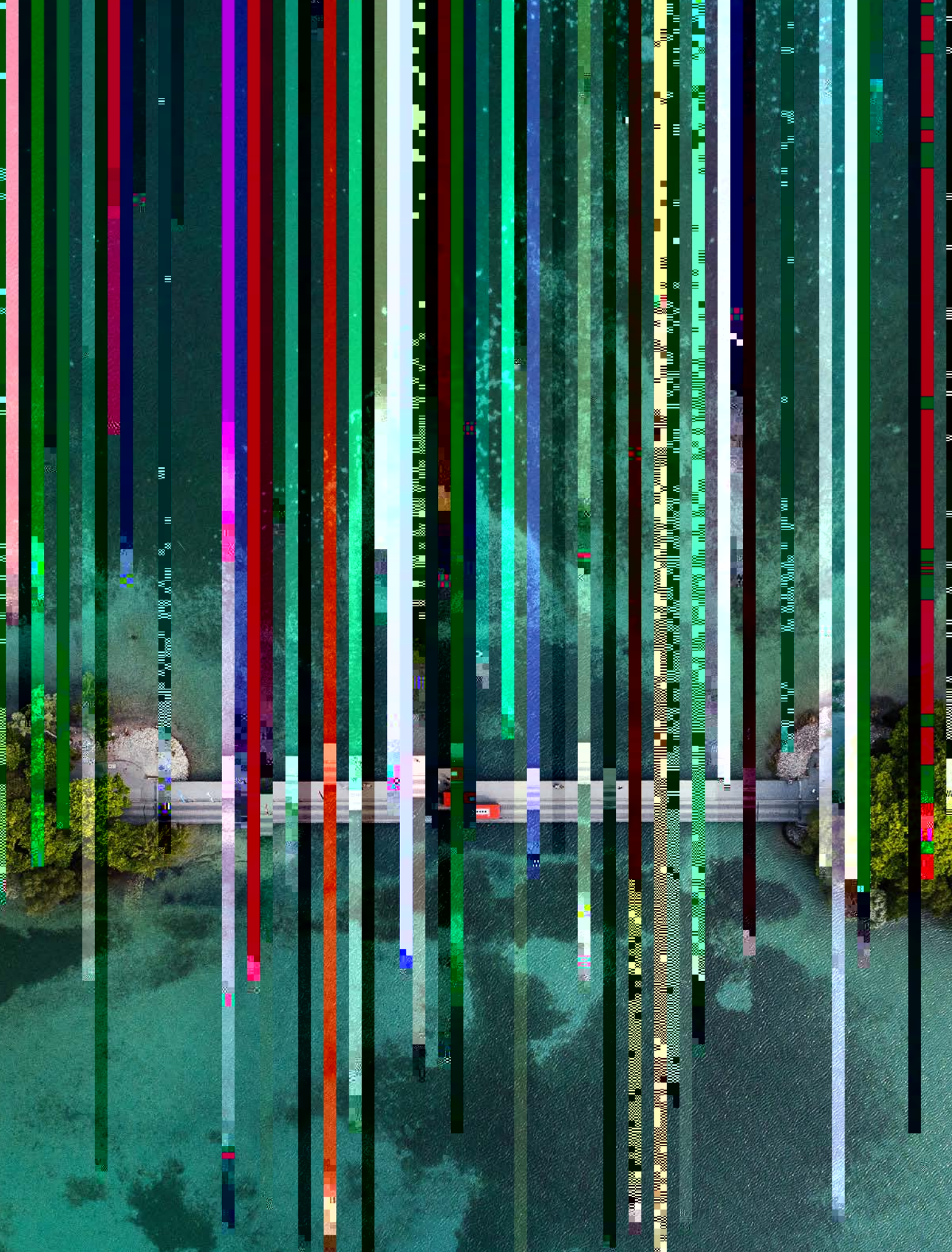
reconciliation — this includes price differences, rate adjustments, orphan breaks, in addition to mid-processed dividends, overfunded collateral, and settlement errors.

breaks. Fines and fees incurred due to contract breaks, which may remain unreconciled for days and even weeks, contribute further time and monetary costs. Now, the underlying technology is available to eradicate these issues completely.

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## Securities finance: an industry in motion

*Upgrading technology systems is crucial for success, says Clear Street's Robert Sackett, head of prime financing, who discusses the significance of investing in modern and cloud-*

a number of firms have maintained towards their clearing, custody and finance systems, neglecting legacy technology and implementing years of band-aid solutions.

The securities lending market is critical to the health of the overall global ecosystem. But similar to clearing and custody on the post-trade side, essential components of the securities finance industry run on decades-old technology. Several firms still use a patchwork of manual processing and create a cognitive overload for traders. Simple impacting efficiency.

these back-office systems have deterred many firms from replacing or managing their tech stack. The culmination is an increasingly severe problem impacting all business areas, from client service to compliance. The collapse of Credit Suisse and the US regional banking crisis transparency and agility in ensuring market stability.

departments within an organisation.

Under a shorter settlement cycle, investors can access their funds



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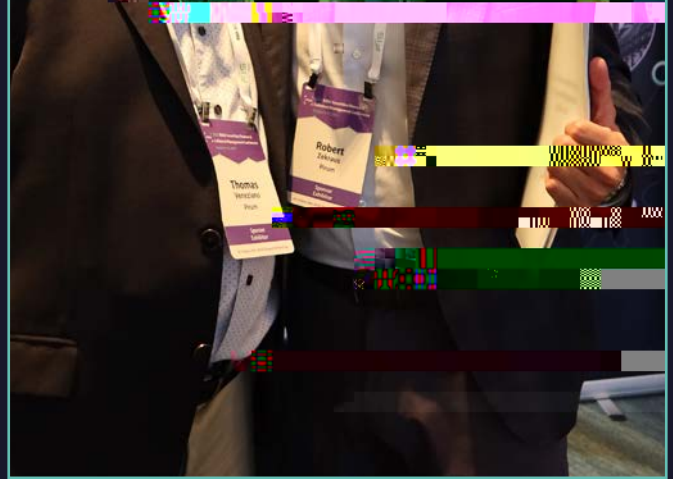
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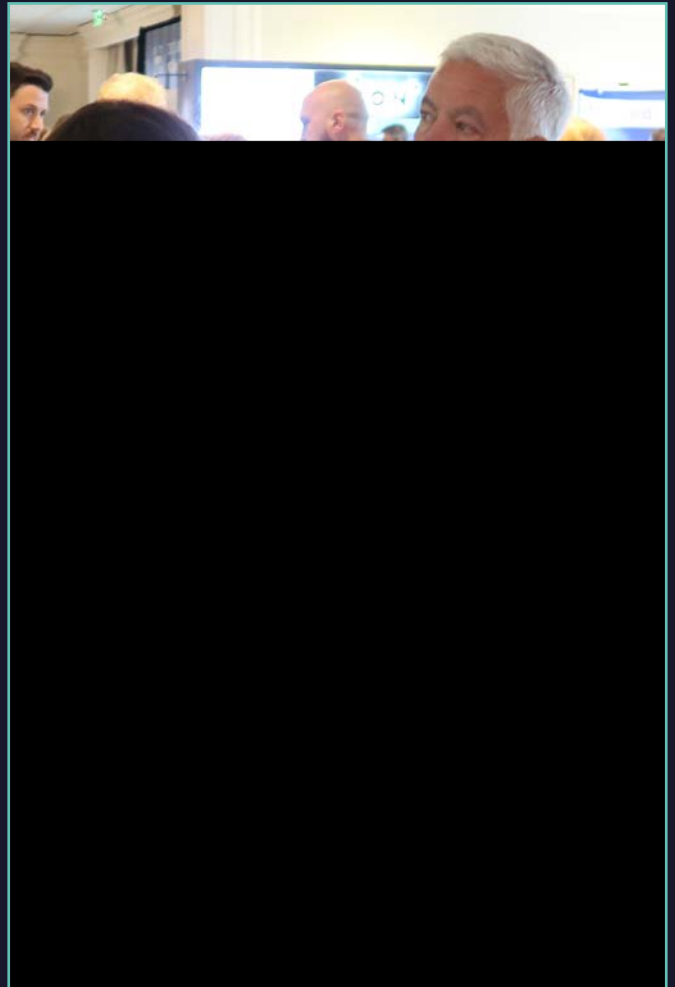
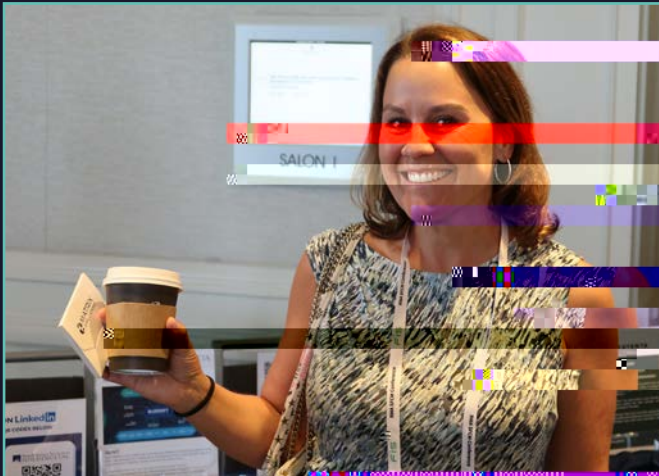
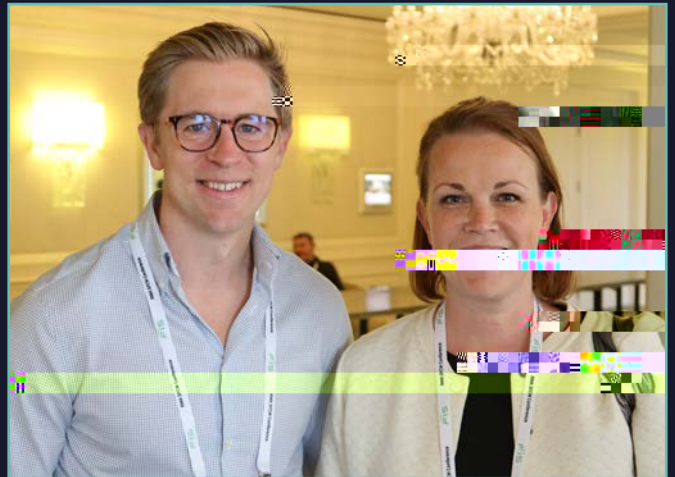
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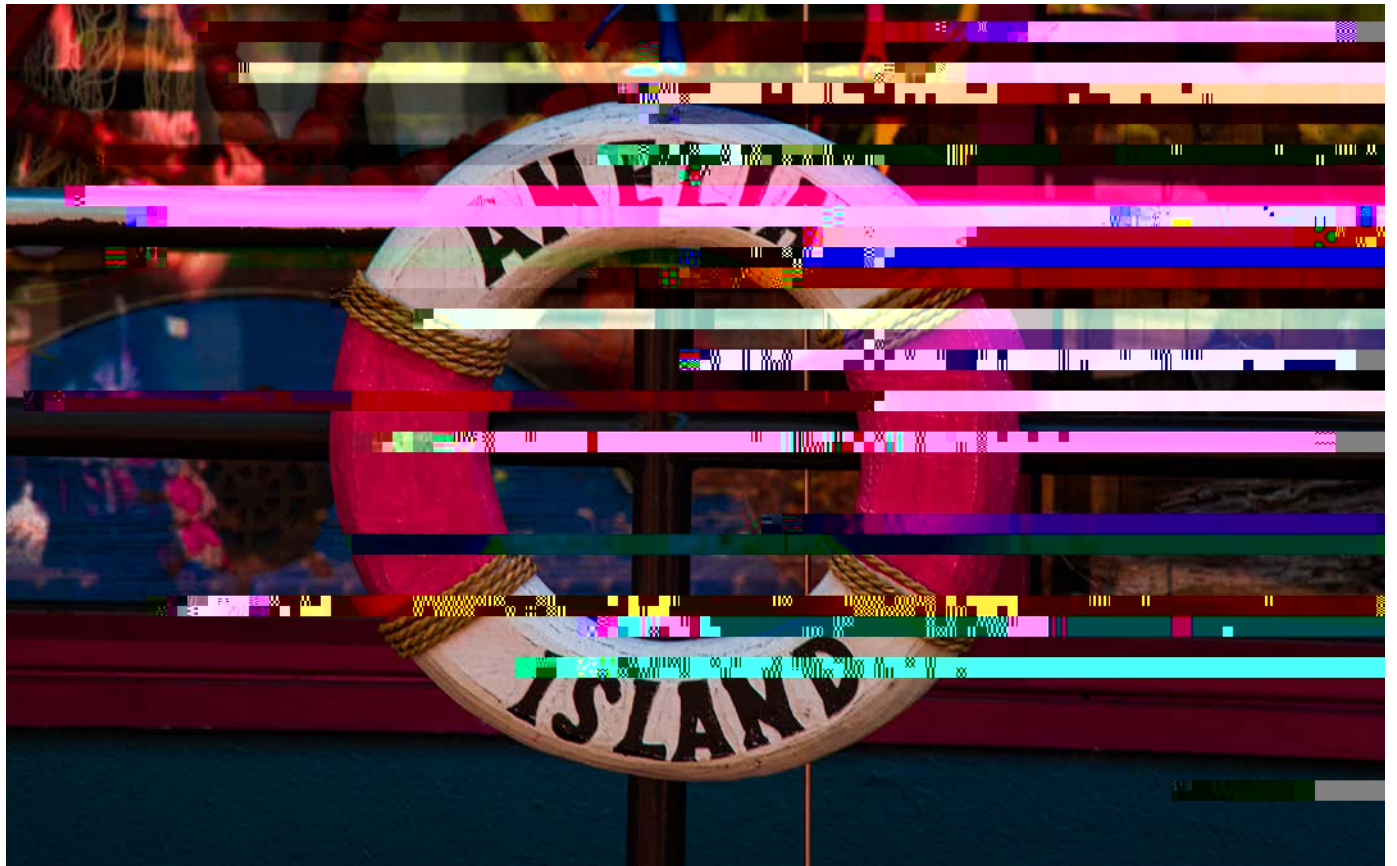












# Securities Lending and Collateral Management: Risks and Opportunities

Thursday, October 12, 2023 9:15 AM to 10:00 AM

Our panel will explore the market and regulatory challenges that beneficial owners face in participating effectively in the securities lending market. Delve into supply-side perspectives, including limited availability of lendable securities, counterparty risk management, operational complexities, and regulatory constraints. Gain insights into factors that limit availability, such as concentration risk, restricted securities, and the impact of short selling. Discover strategies to optimize collateral management and navigate the evolving regulatory environment.

Market Participants	Speakers	Panelists
eSecLending	Invesco	The Northern Trust Company
	BMO	OPERS

# Central Clearing of Repo Transactions

Thursday, October 12, 2023 10:00 AM to 10:45 AM

Gain insights into the challenges and regulatory considerations surrounding centrally cleared securities lending and repo transactions including the proposal for central clearing of certain US Treasury repo transactions. Explore the obstacles preventing some agent banks, broker-dealers and beneficial owners from rapidly embracing clearing mechanisms, including collateral eligibility, default funds, operational complexities, costs, and risk management requirements. Understand the complex regulatory landscape governing central counterparty clearing (CCP), including oversight, capital requirements, resolution frameworks, and global/regional regulatory interplay. Discover the advantages and considerations of central clearing for securities lending and repo transactions, including the proposal for central clearing of US Treasury repo, exploring collateral optimization, liquidity management, pricing implications, market liquidity, and systemic risk. Address the question: Can we, as an industry, resolve these issues and create a path towards enhanced market infrastructure, stability, and improved risk management using centrally cleared trades as part of the solution?

Market Participants	Speakers	Panelists
Credit Benchmark	BNY Mellon	Morgan Stanley
	Goldman Sachs	Debevoise & Plimpton LLP

# Cutting-Edge Technologies, Part 2: How are we doing?

Thursday, October 12, 2023 11:30 AM to 12:15 AM

The Securities Finance Industry is undergoing a rapid transformation, driven by advancements in fintech. Starting from the foundation developed in Part 1 on Tuesday, our panelists will delve deeper into the evolving fintech ecosystem and shed light on how technologies such as tokenization, digital assets, distributed ledger technology (DLT), smart contracts, artificial intelligence (AI), machine learning (ML), robotic process automation (RPA), and even quantum computing are changing traditional financial practices. Additionally, we'll cover the integration of fintech with regulatory frameworks, and the potential impact of these trends on market infrastructure, business models, and regulatory compliance. This discussion serves as a continuation of Tuesday's panel: "Cutting-Edge Technologies, Part 1: What does it all mean?"

## Moderator: Susan M. ...

Fidelity Agency Lending

State Street

BNY Mellon

B  
J.P. Morgan

# Industry Leaders Panel

Thursday, October 12, 2023 12:15 PM to 1:15 PM

To close out the conference this year, senior leaders will explore how they integrate the themes covered in this conference, their own experiences in 2023 and their expectations for the years to come. They will share their perspectives on the trends influencing the securities finance industry and the broader market, and the way we work together. They will explore what industry participants need to be successful, how regulation will continue to shape the way we engage with the broader global markets, the roles technology and outsourcing play in improving scale and productivity and how firms and the industry can ensure we are creating a workplace that attracts and develops the strongest talent possible.

## Moderator: Susan M. ...

Citigroup

State Street

Fidelity Agency Lending

Morgan Stanley

J.P. Morgan



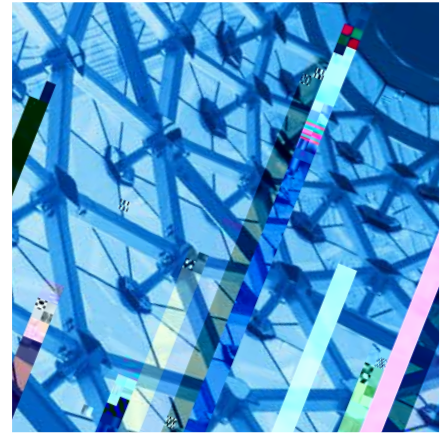
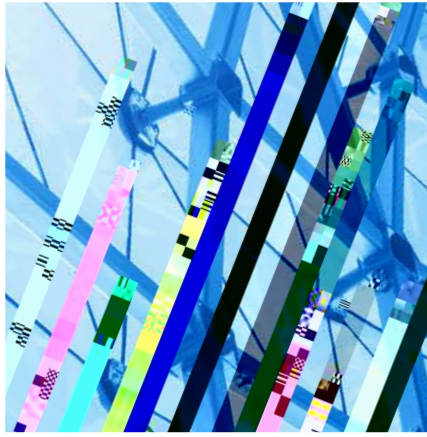
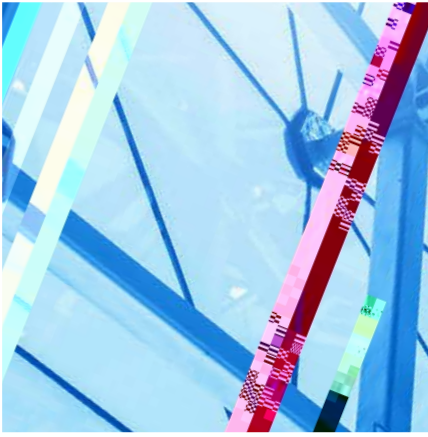
# Thi g d Amelia I la d

museum tells the story of the island, from the native Timucua tribe, to Spanish and French colonisers, to eventual occupation by the US. The

and speeches given by the knowledgeable staff.Fs5fE

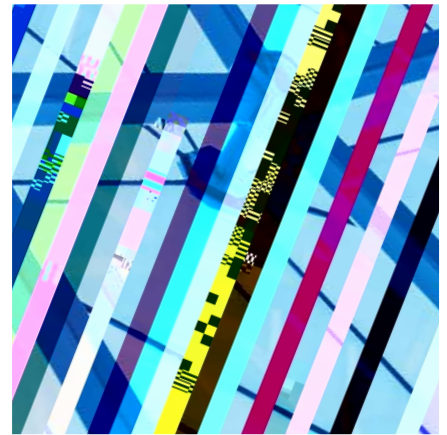
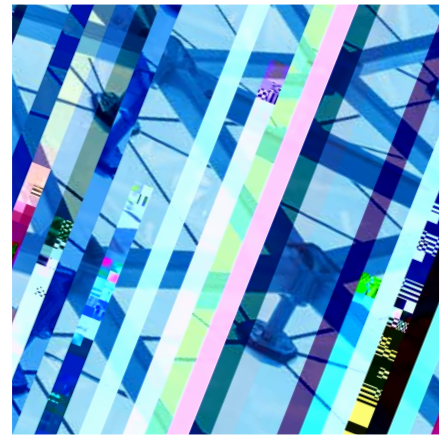
The Marlin and Barrel distillery operates tours

site of an old Florida home.



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