



Consob, the Italian regulator, has approved a new disclosure regime on short sales.

Investors must now report their material downward positions on shares traded on the Italian regulated markets to Consob. This requirement aligns Italian law to the regimes already in force in other major European countries, firstly Germany. This measure strengthens Consob supervisory powers in the current high volatile market context.

Paris 15.07.2011

Michel Barnier, member of the European Commission responsible for Internal Market and Services, has called for tighter, more harmonised rules when it comes to short selling and securities lending.

“Financial markets cannot be left without adequate supervision,” said Barnier in a speech celebrating the launch of European Securities and Markets Authority (ESMA). “And we need more – not less – European supervision in the Internal Market.

“We are moving towards a single European rule-book, with more directly applicable legislation. Rules which will be imposed on everyone and will have to be interpreted in the same way across Europe, unlike what has been happening until now... It is one of the objectives of our draft Regulations on OTC Derivatives and short-selling.”

Barnier also demanded that short selling be more transparent across the EU, and that regulators have the power to limit such trades at certain times.

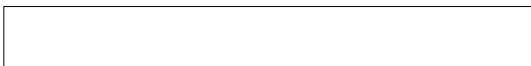
“Our proposals on ... short-selling will bring about far more transparency, and give wide-ranging powers to ESMA,” he said.

“On short selling, ESMA can and must play a central role in ensuring a consistent and effective European response in exceptional situations. During the financial crisis, we saw the uncertainty and ineffectiveness of fragmented national responses, with Member States temporarily restricting short selling at different times and in different ways. I trust that the European Parliament and Council will preserve the level of ambition of the Commission’s proposal so that ESMA is given clear powers to coordinate and, if necessary, act on short selling in exceptional situations.

“It is an issue of political responsibility and democracy. Who can justify and accept that private companies have such power over populations who are committed to efforts which are unheard of?”

Société Générale is to use Lombard Risk’s COLLINE collateral management solution. This major contract is expected to generate revenues of more than £2 million in the first two years and contribute to future years.

Colline is a web-based solution designed for end-to-end, cross-product collateral management. It provides a consolidated solution for mitigating credit risk while meeting the growing demand for multiple global entities, cross-product margining, central counterparty clearing (CCP), MIS reporting and electronic messaging.



Innodata launches docGenix division

Mizuho selects Helix

CASLA and FinTuition launch new course

SunGard expands Valdi to include

BondMatch
try training

FG Solutions expands US prime brokerage
Industry events

Country focus: Australia

Euroclear UK & Ireland enhances DBV service
People moves

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Indus-



Italy tightens short selling rules

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“We maintained a very close and transparent relationship with Mizuho Securities USA throughout the entire process. This translated into an extremely smooth transition to HelixRepo. We are thrilled to have them as a client and really look forward to a long and successful partnership,” said Todd Berlent, president of Helix Financial Systems.

CASLA and FinTuition launch new course

The Canadian Securities Lending Association has selected FinTuition as its partner in launching its new education initiative. CASLA and FinTuition will offer a one-day course designed to give attendees an introductory overview of securities lending, examining its features, characteristics and operations both in Canada and abroad.

“We are extremely pleased to partner with FinTuition to bring an accessible introduction to securities lending to Canada,” said Robert Chiuch, president of CASLA. “Launching this course is an important step in our efforts to help both market participants and the public better understand both the practices and the impacts of securities lending.”

“Regulators around the world have acknowledged the critical role that securities lending plays in today’s capital markets, yet securities lending often remains misunderstood,” said Roy Zimmerhansl, owner and principal of FinTuition. “CASLA’s efforts will lead to improved knowledge of the business amongst Canada’s large and sophisticated investment community during what is still a challenging environment. We are very pleased that CASLA has selected FinTuition to help inform and educate the markets, media and other interested parties.”

The “Introduction to Securities Lending” course is designed to help participants build a general understanding of the securities lending business, its practices and its procedures. The course is also intended to provide a more comprehensive introduction for those with a high-level understanding of the subject, but would like more detail on what securities lending is, its important role in the capital markets, and the best practices for market participants.

SunGard expands Valdi to include BondMatch

SunGard has extended its Software-as-a-Service (SaaS)-based market connectivity to NYSE BondMatch, the European Multilateral Trading Facility (MTF) launched by NYSE Euronext for professional investors to trade corporate, financial and covered bonds.

SunGard’s connectivity services help exchange members and their direct market access (DMA) clients trade on electronic markets from any workstation or application.

SunGard has developed market and trading gateways and adapted its trading workstation with market-specific trading features to provide investors and traders with efficient access to NYSE BondMatch. The new service will be fully integrated with SunGard’s Valdi hosted smart routing technology, alongside SaaS-based market access services to other fixed income ven-

ues, including EuroTLX, Borsa Italiana’s MOT or Hi-MTF.

Nathalie Masset, deputy director, European debt markets at NYSE Euronext, said, “To help meet the demands of bond market participants for transparency, liquidity, pre- and post-trade reporting and post-trade services, NYSE Euronext is launching NYSE BondMatch. SunGard’s Valdi Market Access Service offering will facilitate access to our marketplace and consequently should help us grow our business.”

Raj Mahajan, president of SunGard’s global trading business, said, “There is increasing interest in fixed income trading in Europe, resulting in trading firms now requiring greater access to fixed income marketplaces and multi-asset solutions. One of the key challenges in capturing liquidity is to determine which liquidity pools to trade on: SunGard’s Valdi Market Access Service is an efficient and cost-effective solution that addresses firms with

Expert in:

- Credit Limiting
- Cash Management
- Risk Management
- Client Review
- All of the above

Northern Trust

FG Solutions expands US prime brokerage

FG Solutions International is opening a new trading desk in Chicago as part of its US-based prime brokerage expansion program. The announcement coincides with the introduction of a new Prime Brokerage trading platform and additional hires.

The new FG Solutions International Chicago office will be manned by Rob McLendon. He will lead the expansion of prime brokerage Offering in Chicago. He is also expected to supervise the already existing 10 trading professionals who are basically focused on fixed income and equities trading.

“We consider Chicago as one of the most important and strategic markets in United States due to the fact that it has the most liquid markets. Having a regional presence in this area is important to our success which will further demonstrate our commitment to the Chicago investment and trading community,” said Collins, FG Solutions International chief operation officer.

McLendon joined FG Solutions International in 2002 and was assigned as senior sales trader of its Prime Brokerage Services. With nearly a decade of trading and sales experience in prime brokerage service, he was recently promoted as Senior Financial Analyst and now the new managing director for the Chicago trading desk. Prior to joining FG Solutions International he worked at a client service department of one of the financial institutions in New York.

“With the given increased number of trading opportunities in Chicago and the anticipated new lines of products and services which will be launched in the near future, we are confident enough that opening a new office in Chicago is one of the major leaps that we can contribute to the success of the trading individuals here. We also expect new funds will be initiated by most trading professionals here especially from larger financial institutions as we will cover the entire area of Chicago with trading opportunities.

We will become their well-positioned strategic business partner as they go through the introductory phase of their investment ventures,” said Collins.

Euroclear UK & Ireland enhances DBV service

Euroclear UK & Ireland (EUI) is increasing collateral management efficiency and reducing operational risks and costs in the UK for securities finance transactions, primarily involving repos. For the first time, effective immediately, UK market participants can use EUI to manage all of their collateral needs and movements against term repos for the duration of these transactions.

This new development to EUI's Delivery-by-Value (DBV) service heralds a new beginning in

the way that UK firms will be able to manage exposures arising from their financing strategies. It eliminates a mismatch between collateral movements and the underlying financing transaction agreed between two counterparties.

Current market practice entails the need for clients to shift their entire collateral positions in and out of their EUI collateral accounts every evening and the following morning, respectively, even when underlying collateralised transactions are of a longer duration. Consequently, the movement of sizeable collateral positions in both cash and securities is required twice per day, every day, throughout the life of the transaction. Clients are charged for each daily collateral movement. The new service will no longer oblige UK market participants to continue this market practice. The counterparties are charged upon the creation and maturity of the term DBV

How much money are you leaving on the table?

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(Oops!)



2008. The ban on covered short selling of financial securities was lifted on May 25, 2009.

The Federal Government introduced new legislative requirements to regulate the use of short selling in Australia in December 2008 and December 2009, under the Corporations Amendment (Short selling) Act 2008 and the Corporations Amendment Regulations 2009 (No. 8). These requirements include a ban on naked short selling, subject to some minor exceptions, and the imposition of specific reporting obligations in relation to covered short sales. The legislation that commenced in December 2008 also clarified the scope of ASIC's powers in relation to the short selling provisions in the Corporations Act.

Since June 1, 2010 short-sellers have been required to report to ASIC their short position in a listed security or other listed product and in January 2011 ASIC clarified that for reporting purposes it will not be possible to net-off long and short positions where those positions are held in different capacities.

"The regulator is good at telling the markets what it's up to, but that's about all it's good at," says one participant. "We feel that ASIC doesn't trust the market and if it continues in this way, Australia will fall behind."

Jennings is not so critical, but he does believe ASIC has work to do. "The industry still feels

that the regulations are too restrictive," he says. "In the event that you have restrictive regulations this can and does have adverse effects on global flow into the market.

"There is room for improvement in the Australian market. We would like to see the re-introduction of conditional holds to offer out securities to clients. The current requirement to have an unconditional right to vest securities, pre-settled borrow, is too restrictive and onerous."

The future

An expected wave of M&A activity and new listings has so far failed to appear, which has dampened expectations for a swift recovery in the securities lending sector.

This is combined with a feeling that the regulator is proving too tough on the market and its drive for transparency is obscuring the need for an overhaul of the restrictions it places on market participants.

However, the quality of market participants, and the liquidity and willingness of the major funds to participate in the securities lending industry means that the likelihood of Australia continuing to be a major force - both in the Asian markets and globally - remains good. **SLT**

ASIC has released new regulatory guidance and relief aimed at achieving better disclosure by parties that are engaging in securities lending of substantial holdings in listed entities.

The guidance is contained in Regulatory Guide 222 Substantial holding disclosure: securities lending and prime broking.

ASIC has also released Report 235 Response to submissions on CP 107: Securities lending and substantial holding disclosure, which summarises consultations with industry leading to the new regulatory guidance.

Under the new guidance, ASIC sets out its expectations as to how:

- parties involved in securities lending (including securities lenders and borrowers) will disclose substantial holdings in listed entities (interest of five per cent or more)
- prime brokers – who may have on-going borrowing agreements with their clients – will disclose substantial holdings

Further, ASIC has set out its expectations of the content of substantial holding notices that parties engaged in securities lending will have to provide, and relief that ASIC has granted to simplify the content of those notices and better align timing of disclosures to changes in control over securities.

an exclusive event for ASLA members & colleagues

Headline text for the ASLA event, partially obscured by a large watermark.

Training and Education

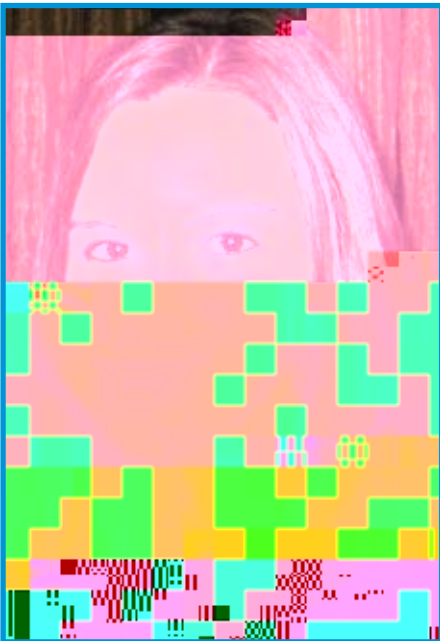
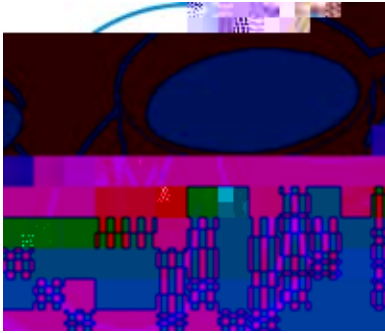
21-22 Jul	Singapore	Repo and Securities Lending	Euromoney Training
<p>You will be taken through the operative terms of the agreements, events of default, and the termination and close-out provisions. In addition, the role of custodians and agents will be explored, including a detailed discussion of the tri-party agreements that are used to facilitate these discussions.</p>			
27-28 Jul	London	Global Collateral Management	FinTuition
<p>Explaining the rationale and current best-practice functioning of collateral management programmes for financial institutions. The course is therefore suited to individuals who are either starting up a collateral management function or seeking to improve their unit's capability.</p>			
1-3 Aug	New York	Repos and Securities Lending: Negotiation and Documentation of New York and English Law Documentation	Euromoney Training
<p>This course will offer a start to finish discussion of the key terms of the Global Master Repurchase Agreement and the Global Master Securities Lending Agreement, as well as the agreements used in the US domestic market.</p>			
18-19 Aug	London	Repo and Securities Lending	Euromoney Training
<p>This course will offer a start to finish discussion of the key terms of the Global Master Repurchase Agreement and the Global Master Securities Lending Agreement, as well as the agreements used in the US domestic market. Attendees will be taken through the operative terms of the agreements, events of default, and the termination and close-out provisions.</p>			
22 Sep	London	Risks & Controls in Securities Operations	Investment Education PLC
<p>This course provides a good Risk and Controls awareness for operations. It helps the early identification of risks, an application of appropriate and timely controls, and helps reduce the possible escalation of dangerous situations within normal day-to-day activity.</p>			
16-17 Nov	London	Collateral Management	Investment Education PLC
<p>This course looks at Collateral Management in OTC Derivatives in particular as well as Repos and Securities Lending and Borrowing. Risk identification, control, documentation, types of collateral, gross and net exposure and other practical aspects are covered as well as the conceptual framework and practical problems e.g. the treatment of corporate actions on a borrowed/lent position.</p>			

Kellner DiLeo has appointed **Robert Egan** as senior vice president, global head of international securities lending. Egan is reported to start on the 8th August and will be based in New York.

Egan's previous roles have included eight years at HBK Capital Management where he was head of the equity finance desk, and positions at Citadel Investment Group, Maple Partners USA and Paloma Partners

Deutsche Bank has made changes to its senior securities lending personnel in London and Asia.

Anthony Byrne, global head of securities lending and European head of prime services for Deutsche Bank is moving to Asia. **David Murphy**



Securities Lending Times has a coffee with Lauren Gaspar, VP of client relationship management for Sun-Gard Astec Analytics.

Tell us about your career to date?

I began working with Astec Analytics in 2005 as a summer intern. As an economics major, I had an understanding of financial markets, but I had absolutely no knowledge of securities lending. However, over the next few months, I quickly learned a lot about the industry from my very knowledgeable (and very patient) colleagues. At the time, we were a much smaller firm, which enabled me to take a very "hands on" approach in almost every aspect of the company, from

Favourites

Food:
Anything dessert related

Sport:
Baseball

Music:
Frank Sinatra

Movie:
Pleasantville

Book:
The Count of Monte Cristo

Holiday:
Italy

Celebrity:
My daughter Charlotte. She is the most photographed person I know!