

Strategic Themes for Global Principles for Sustainable Securities Lending

A Joint Paper by Leaders in Sustainable Finance and Securities Lending



Led by Dr Radek Stech with support from Matthew Chessum*

Joint authors: Dimitri Arlando, Harpreet Bains, Jerome Blais, Ina Budh-Raja, Christel Carroll, Donato (Don) D'eraimo, Gerard Denham, M. Nicolas J Firzli, Brooke Gillman, Kenneth Gutwillig, Xavier Jacobee, Kyle Kolasingh, David Lewis, Jonathan Lombardo, Rob Nunn, Ed Oliver, Paul Solway, Juanita Taylor, Jean Turner, and Boaz Yaari**

How to respond

Stakeholders are invited to send their views on this Strategic Paper to Dr Radek Stech at:

Radek.stech@gpssl.org

Please send your response by 6 November 2020.

Data Protection

Any response you send by email will be seen solely by Dr Radek Stech who will then anonymise all comments and share, on a confidential basis, with the Global PSSSL roundtable participants, the Executive Board, the College of Advisors and Observers. The responses may form part of a summary to be included in subsequent reports and influence the Global PSSSL initiative. If you wish to be named as a consultee, please highlight this as part of your response.

Acknowledgments

Dr Radek Stech and the contributors would like to thank the Economic and Social Research Council (ESRC) for providing the funding that has made Global PSSSL possible. Thanks to all anonymous reviewers from beneficial owners, agent lenders and representatives from the demand side of the market. Thanks to Ela Slota and Darryl Wilkins for their assistance in producing this report.

Dr Stech is grateful to colleagues and senior leadership in the World Bank Group, London School of Economics and Political Science and Food and Agriculture Organization of the United Nations for their ongoing support for his Sustainable Finance – Law – Stakeholders (SFLS) Network at Exeter Law School.

© Global Principles for Sustainable Securities Lending (Global PSSSL) CIC

Citation: Stech, R., et. all. (2020) 'Strategic Themes for Global Principles for Sustainable Securities Lending. A Joint Paper by Leaders in Sustainable Finance and Securities Lending' Global PSSSL Strategic Paper 2020.

Table of contents

Strategic statement	1
Seven themes	2
Survey	3
Strategic Themes:	
Interconnected and Accessible	5
Enabling Market Continuity	6
Diverse, Equitable and Inclusive Securities Lending	7
Data-driven	8
Credible and Engaging	8
Enabling Progress and Competition	9
Impactful	10
Conclusions and Next Steps	12
About the Authors	14

Strategic Statement

The Global Principles for Sustainable Securities Lending (Global PSSL) is the fundamental global mechanism for aligning the practices of securities lending with objectives of sustainable finance. This voluntary initiative has been developed through years of research-based engagement between Dr Radek Stech, representing the SFLS Network at Exeter Law School, prominent beneficial owners, and several partners committed to positive change. Teaming up with the International Securities Lending Association (ISLA) to form the ISLA Council for Sustainable Finance (ICSF), the initial home of PSSL, has provided a testing ground for these principles – helping them to evolve and mature to a point where they can be applied globally. Global PSSL will now be co-created in light of the strategic themes on an independent basis and led by Stech in the long term.

These principles have evolved through the understanding that securities lending is an important and distinct finance dynamic that constitutes one of the key mechanisms for market efficiency, integrity and liquidity. Indeed, they have the potential to influence the global environmental, social and governance (ESG) credentials of asset owners, banks, and hedge funds. Since financial markets are complex, intertwined with regional cultures, it is vital to have a common set of principles that represents the positive intentions of committed stakeholders around the world. Global PSSL, as a form of voluntary self-regulation, will unite key stakeholders who share a common commitment to the ESG agenda.

As with any alignment framework, Global PSSL must possess qualities that make it dynamic and responsive to both internal and external change. This paper will identify and group these qualities into strategic themes for sustainable securities lending. Learning to identify and understand these themes will nourish/inform the revision of Global PSSL in autumn 2020 and lead to effective changes within participating organisations. This, in turn, will enable these participants to use the Global PSSL framework to share their experiences and advance the broader sustainable finance agenda. This approach continues the rigorous and evidence-based methodology employed by Dr Stech while leading the initial working group.

The Global Principles for Sustainable Securities Lending strategic themes are:

I

**Interconnected and
Accessible**

II

**Enabling Market
Continuity**

III

**Diverse, Equitable and
Inclusive**

IV

Data-driven

V

Credible and Engaging

VI

**Enabling Progress and
Competition**

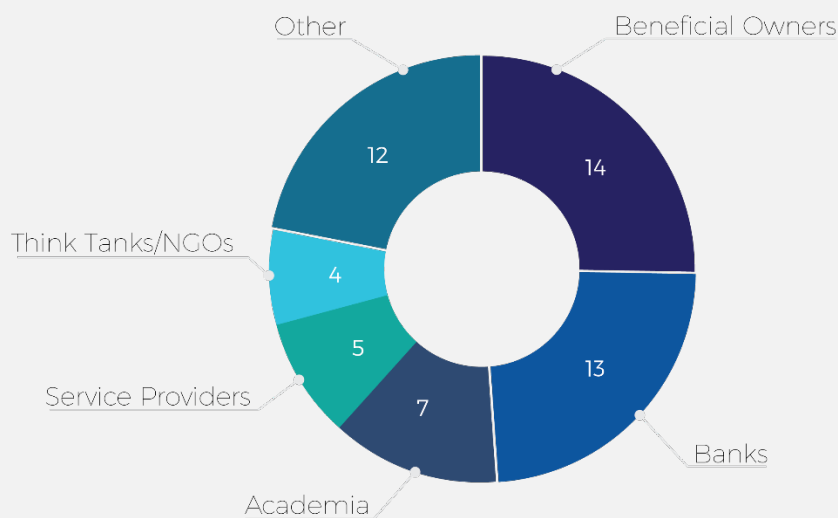
VII

Impactful

Key Findings from the Survey

This strategic paper is underpinned by the research, interactions and conversations with stakeholders that have taken place during the early development of Global PSSSL. Dr Stech also drew upon the findings of a survey he launched during the formation of ICSF. The Survey was conducted between February and October 2020 to facilitate as many responses as possible. The survey attracted fifty-six responses overall; from beneficial owners (fourteen), banks (thirteen), academia (seven), service providers (five) think tanks/NGOs (four). Under the 'other' category, there were international organisations (three), central banks (two), alternative investors (three) and more diverse stakeholders (five).

Which type of organisation do you work for?



Overview of Survey Findings

The survey will be discussed in greater detail as part of Dr Stech's forthcoming book on sustainable finance. A snapshot of the findings is given here to provide context for the Global PSSSL initiative.

The key findings were:

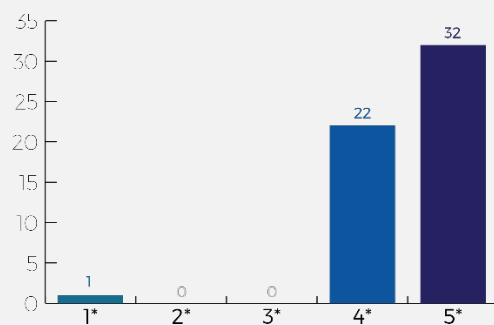
The majority of respondents (thirty-two) rated sustainability considerations as 5* (very important) for their organisation, with ten respondents valuing it as 4* and seven rating sustainability as a 3* consideration.

The majority of respondents thought that sustainable finance is important for securities lending in the long term. Only two out of fifty six respondents were of the opinion that sustainable finance is not important for securities lending.

However, many respondents expressed reservations, often citing lack of knowledge, research and understanding of securities lending. This underscores the importance of this project to raise awareness/educate and align with broader sustainable finance.

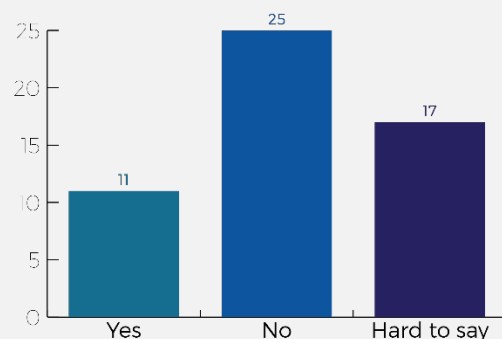
The vast majority of respondents rated the original PSSSL (developed by an independent working group and launched through ICSF) as either 5* or 4* - very positive.

Rate the importance of PSSSL for securities lending.



However, out of fifty three respondents, twenty five thought that PSSSL did not fully balance the constituent elements of ESG with a further seventeen stressing that it was hard to say.

Do you feel that the Principles embrace the three elements of ESG in good proportions?



Many respondents wished to see more focus on the environment, impact and global connections.

Global PSSL Strategic Theme 1 – **Interconnected and Accessible**

Organisations that adopt Global PSSL will be interconnected with global, regional and organisational sustainability agendas and may choose to explore opportunities to make securities lending accessible to small investors and consumers.

Global PSSL will constitute a form of voluntary self-regulation and conform to best practices in securities lending and sustainable finance at the global, regional and organisational levels. In some instances, it will align with existing best practices, whereas in other areas, it will set an innovative benchmark for sustainable securities lending. Interconnectedness means that Global PSSL will build and coordinate sustainable practices into relevant activities that are inevitably fragmented due to regulatory, cultural and political structures. Regional securities lending associationsⁱ will play a critical role in supporting this progressive development as they have a track record of connecting market participantsⁱⁱ. Given the complexity of the market, these associations are highly engaged with market participants and regulators and are key to educating constituents and helping to develop and promote best practices across the industry. There is a longstanding history of these associations working not only on behalf of their constituents but working together on global initiatives (including regulation)ⁱⁱⁱ.

Interconnectedness emphasises the role of Global PSSL in uniting key stakeholders, from all regions, to further the sustainable securities lending agenda through consensus on critical matters. These spheres of common interest include the United Nations Sustainable Development Goals (SDG), interest in using liquidity to further enable the ESG agenda, and some common features of sustainable securities lending. Yet, it also allows for more detailed work at a regional or organisational level to enable experimentation, the appropriate allocation of resources, and educate on regional variations. Such work should inform Global PSSL, and all stakeholders will work towards that key mechanism.

Interconnectedness also highlights the need to balance the constituent elements of sustainable finance (i.e. their ESG values, long-term economic objectives, and tangible impacts). We need to be clear that securities lending can be a powerful dynamic that influences the governance aspects of sustainable finance, but we should also be more confident in emphasising its role and potential to influence social matters and environmental governance. Interconnectedness between fund managers and securities lending experts is also important. More than ever, fund managers need to coordinate with securities lending providers to develop practices that complement the fund managers' ESG policies and objectives.^{iv}

Interconnected Global PSSL is key in helping developed countries, emerging markets and developing economies (EMDEs) by providing guidance and experience. will help in identifying and implementing robust solutions that will attract foreign investment and help grow these economies. Take for example the African continent, where securities lending had only been

offered by South Africa for some time. However, Nigeria has progressively developed and offered the product, with updated guidelines approved by the Nigerian Securities and Exchange Commission in 2018.^v Further to that, Kenya has launch its own pilot offering, limited to liquid securities^{vi}. The sustainable securities lending market is at the crux of well-functioning capital markets in these countries. It will provide liquidity and expand to products such as derivatives, and support market making strategies.

Organisations that endorse and adopt Global PSSSL will be interconnected with global, regional and organisational sustainability agendas, and may choose to make securities lending accessible to small investors and consumers. Hence, Global PSSSL would facilitate this accessibility by issuing best practice guidelines and improving consumers' knowledge of sustainable securities lending practices through publicly available material. It will be up to market participants to decide whether or not to implement these guidelines though their commercial activities. Global PSSSL will not provide any financial products to consumers.^{vii}

Global PSSSL Strategic Theme 2 – Enabling Market Continuity

Global PSSSL, with long termism at its core, will ensure and enhance market continuity and, in turn, lead to a greater appreciation of the positive outcomes generated by sustainable finance. We will emphasise the role of exchanges, central counterparty clearing houses (CCPs) and financial advisors in this context, by drawing attention to the current difficult times.

Regulated stock markets fulfil an economic function that is particularly critical in times of uncertainty. Exchanges and CCPs play a key role in preserving the orderly function of markets by providing price formation, transparency and liquidity, and facilitating the efficient management of risks. These functions have been put to the test in the past; for example, during the global financial crisis, other sources of liquidity dried up while exchanges and CCPs continued to operate successfully^{viii}.

For that reason, the exchanges and CCPs made a conscious decision to operate remotely during the COVID-19 pandemic. Closing the markets would not have affected the underlying cause of the market volatility. Rather, it would have reduced transparency, made market sentiment opaquer, and reduced investors' access to their capital. All these outcomes could have compounded market anxiety and negatively affected investor outcomes. Many CCPs have remained in constant contact with regulatory authorities and market participants to promote the broader sustainable finance agenda during this period^{ix}. Global PSSSL will enhance and strengthen these efforts by offering a trusted reference point.

At the other end of the investment spectrum, individual investors will appreciate Global PSSSL as a new initiative to standardize and illuminate a part of the industry that has heretofore often been perceived as complex and nebulous. Securities lending, often recommended by

financial advisors, provides opportunities to generate incremental income that ultimately benefits their clients, the underlying investors. Financial advisors' role is both highly regulated and dependent on trustworthy relationships with clients. As such, advisors can be a great ally in promoting Global PSSL, but perhaps more importantly, a valuable source of feedback on investor sentiment. Ultimately, investor reliance on market continuity is one of the main factors that drives trust in the financial markets and will enable greater confidence in aligning the financial markets with sustainability.^x

Global PSSL Strategic Theme 3 – Diverse, Equitable and Inclusive Securities Lending

Investors are increasingly considering responsible investing in the context of ESG factors. Crucially, diversity objectives fall within the 'social' element of ESG, and have impact on the environmental and governance dimensions^{xi}. They form an integral component of the UN SDGs, which investors are aligning to. These SDGs, as universally accepted global ESG goals, are explicit on the need to address diversity and social inequality. Global PSSL will include a dedicated principle on Diversity, Equity and Inclusion (DEI) to embed the recommendations set out below..

The unprecedented world events in 2020 have highlighted the impact of systemic bias in our society and remind us of the need to prioritise diversity and inclusion. As we begin recovery, corporate boards need to include women and under-represented minority groups in their decision-making processes. Indeed, boards that fail to prioritise their diversity agenda risk falling short of the criteria set by investors seeking alignment with global ESG standards^{xii}.

A diverse culture presents some compelling opportunities. Firstly, mixed groups make more considered decisions, leading to better investor outcomes and stronger corporate governance. A diverse board helps to eliminate corporate blind-spots – this is crucial for innovation and creativity. These are all factors which regulators have emphasised as core foundations for stronger risk management practices. Put more simply, this is diversification of risk applied to our human assets, not dissimilar to the diversified strategies we apply across our portfolio investments.

Secondly, a focus on diversity reveals talent within under-represented groups. It inspires future generations, who need to see successful role models with whom they can identify, and whose expectations from employers continue to grow around themes of individuality, authenticity, fairness and equal opportunities. This includes enabling access to education paths that will allow the underrepresented groups to successfully position themselves for entry into this industry.

It is equally important to recognise that inclusivity matters. Diversity builds the composition of our workforce; inclusion builds our culture. Employees must be valued, empowered, and respected as equals, so businesses can benefit most from their expertise. Inclusion unlocks the true value of a diverse workforce.

For the post-pandemic era to come, our industry is well-placed to play a role in driving change by co-creating and incorporating Global PSSSL. As a starting point, an acknowledgement that we can make some difference to eradicating inequalities by prioritising diversity and inclusion could be the rainbow as we emerge from this storm.

Global PSSSL Strategic Theme 4 – Data-driven

Global PSSSL and the sustainable securities lending practices it supports must draw on the best quantitative and qualitative data available. It is widely recognised that the dissemination of information enhances market discipline, but, given the nature of financial markets and their inherent competition, the approach to data collection must be balanced and mature. Importantly, the industry itself owns and generates much of the quantitative data whereas data providers, researchers and regulators constitute end users and thus play a role in increasing transparency.

Incorrect use of data, whether unintentional or not, may create unnecessary concerns for investors, with detrimental consequences for the financial markets. Global PSSSL will continue creating fertile ground for organisations to share their information, on an anonymous basis, with a view to strengthening the sustainable securities lending framework. It will also propose innovative solutions around reporting, and measurable verification that will strengthen the overall framework.

More specifically, Global PSSSL will encourage the use of empirical data^{xiii} to strengthen the link between securities lending, the individual components of ESG, and the broader sustainable finance agenda. Major data providers support the development of comparable global measures, a fact that bolsters and aligns with the overall objectives of the Global PSSSL. Where necessary, such measures may need to be adjusted to accommodate the needs of regions or segments of the market, but we should all strive to develop those universal measures.^{xiv}

Global PSSSL Strategic Theme 5 – Credible and Engaging

Sustainable finance is primarily driven by 'nudging' and voluntary mechanisms. Its credibility is, therefore, predicated on the willingness stakeholders to adhere to a common set of realistic principles to advance a shared agenda. We have also learned that we need to engage key stakeholders in a mature and considered manner to make sure that progress is undertaken within the accepted norms of the competitive financial markets. Global PSSSL will

be designed to create a credible and engaging voluntary mechanism for sustainable securities lending and will accommodate all key stakeholders as explained below.

Global PSSL will involve the participation of all stakeholders, including beneficial owners, agent lenders, prime brokers, hedge funds and industry associations as direct endorsees. Inevitably, by extending their sustainability reach, Global PSSL will strengthen the positive outcomes that sustainable securities lending can generate across the whole value chain, across markets segments and geographies. This will also help in connecting with the broader sustainable finance agenda – an ambition expressed in the ‘interconnectedness’ theme.

Global PSSL will maintain an active level of engagement with service providers, financial advisors and relevant professional associations and industry groups that can provide independent insights into its development and evolution. Moreover, we want to engage with and support short activism which is still underexplored within the broader sustainable securities lending dynamic. Short activists, while controversial, can serve as guardrails against poor governance. Their ability to borrow securities underpins their profit-driven model of exposing unethical and illegal practices.

To that end, Global PSSL will engage with the underlying end investors and asset owners^{xv}, asset managers, pension funds, national and university endowments, large family offices, sovereign wealth institutions and central banks – from both developed countries, emerging markets and developing economies (EMDEs). Here, we will reach out holistically to key internal stakeholders within these various institutions, at investment team (CIOs, trading & treasury desks) and, equally importantly, at board level (trustees)^{xvi}.

We also need to recognise the role of education in enabling that change to take place. Securities lending is a dynamic which includes diverse financial organisations and requires adequate financial literacy skills. Global PSSL will involve collaboration with industry think tanks (including those within the participating organisations), research organisations and educational establishments. Through this, it will increase the chances of empowering the future leaders in the industry and drawing effectively on their talent within the executive boards.

Global PSSL Strategic Theme 6 – Enabling Progress and Competition

Progress hinges on several factors such as diverse talent, resources for experimentation and development, excellent research, and fair competition. Sustainable finance, which is inherently multidisciplinary, must enable progressive analytic competition on the securities lending market^{xvii}. Therefore, if Global PSSL is to enable progressive competition, it must adopt a pragmatic and common-sense approach that accommodates competition, while also stimulating the imperative for innovation that drives business forward.

Innovation has many dimensions in the context of sustainable development, and touches upon new technologies, leadership, and new governance structures. The role of Global PSSL is, through its dedicated theme of Innovation, to acknowledge the positive role of those innovative solutions in progressing sustainable securities lending. It must move to the next level and encourage organisations to document how innovation has led to business progress, and how it has encouraged fair completion. This, in turn, will help in achieving better relationships between all stakeholders on both the supply and demand side of the market.

Financial services face enormous challenges and opportunities associated with the digital economy, with new technologies such as blockchain, and new forms of engagement like peer-to-peer trading supplementing the traditional way business is conducted. Following the last global financial crisis and resulting regulatory changes placed upon the banking sector, beneficial owners recognize certain historical trade opportunities no longer exist with traditional counterparties. More recently, the global pandemic has shifted the markets and economy, and beneficial owners are adjusting to a new landscape with reference interest rates near zero or even negative. All these factors are identifying opportunities for beneficial owners to consider direct peer to peer transactions as another way to grow their securities finance activities and support the broader collateral and liquidity needs of their organizations as a supplement to traditional business lines.^{xviii}

Global PSSL must draw on best practices relating to these developments and encourage, where beneficial, their up-take by all stakeholders. At the same time, they must allow for experimentation and competition.

Global PSSL Strategic Theme 7 – Impactful

The Global PSSL initiative will ensure that sustainable securities lending adds value to the impact investing undertaken by fund managers. In addition, it will help securities lending leaders across the whole value chain strengthen their own impact points and identify new impact opportunities.

Securities lending has increased in importance and emerged as a distinct finance dynamic with its own regulatory (and social) structure. When undertaken in line with the highest sustainability standards, it can add value to the primary impact investing undertaken by fund managers. This added value has three main dimensions: first, securities lending adds incremental income to funds, leading to compound investment growth; second, it serves as an important source of information around financial markets and enhances fund managers' analytical opportunities; third, it can increase transparency on broader financial markets. Global PSSL will help distinguish pro-market sustainable securities lending practices from less desirable behaviour and help fund managers strengthen their impact investing.

Securities lending has its own impact opportunities that concentrate on this unique part of the market. These revolve around market liquidity and price formation that, in turn, allows for

the smooth functioning of financial markets, especially in difficult times. It is also recognised that it has been a common practice to recall securities from lending to predictable events to enable fund managers to cast their vote at companies' annual general meetings. Global PSSL will encourage a mature and data-driven approach to these recall processes to focus the fund managers' voting attention on the most contentious and impactful ESG matters.

Securities lending hinges upon the acceptance of collateral which, in turn, creates opportunities over the control of collateral. Global PSSL will support current developments that focus on extending the ESG criteria to collateral and encourage organisations to use such screenings, and report on impacts on a regular basis. It will also support the advancement of sustainable finance standards for cash reinvestments that conform with adequate risk management mechanisms. Our priority is to work with key stakeholders (including agents) to strengthen the potential for securities lending to direct short-term cash collateral investments into deposits or temporary purchase of securities, investments or structures that may have environmental and social impacts.

Moreover, Global PSSL will closely monitor developments around the use of new principal collateral schedules based on ESG indices, and new ESG defined Exchange Traded Funds eligible for principal collateral. Thereafter, it will identify the best practice that delivers on impact and aligns with its principles, research and development.

Further, triparty collateral services create tangible opportunities to create impact in emerging markets. By allowing clients to use assets from an ever-growing list of markets as collateral, triparty agents can help investors in emerging markets to refinance securities previously only used to support a "buy and hold" strategy, therefore increasing the value and attractiveness of these emerging market securities. This is associated with the particular structure of these services which allows organisations in emerging markets to undertake securities lending opportunities via a simple and integrated global custody and management service model.

The Global PSSL will support those areas where data providers may contribute most in the short to medium term and this includes voting. This relates to helping to identify changes in the behaviour of organisations who endorsed and acted in line with the Principles. One area where data providers may add more transparency is in behaviour relating to recalling securities for voting purposes. At present, there is little information on why particular organisations recall securities. Greater transparency provided/led by data providers may increase our understanding of this behaviour and increase the overall impact of sustainable securities lending^{xix}.

Conclusions and Next Steps

This research-based paper has proposed a strategic policy for the revision and implementation of Global PSSL, with the ultimate aim of these principles being recognised and adopted by stakeholders in all world markets. In doing so, it has identified and described the key themes that act as a helpful guide for the stakeholders taking part in the revision roundtables:

1. **Interconnected and Accessible** – Global PSSL must be interconnected with global, regional and organisational sustainability agendas and accessible to consumers.
2. **Enabling Market Continuity** – to ensure and enhance market continuity and, in turn, lead to greater appreciation of the positive outcomes generated by sustainable finance.
3. **Diverse, Equitable and Inclusive** – to recognise the role of all people, without prejudice, in shaping the sustainable securities lending market.
4. **Data-driven** – the revision and development of Global PSSL must draw on the best quantitative and qualitative data available.
5. **Credible and Engaging** – Global PSSL will become a credible and engaging voluntary mechanism for sustainable securities lending and will accommodate all key stakeholders.
6. **Enabling Progress and Competition** – Global PSSL must follow a pragmatic and common-sense approach that accommodates competition, but also stimulates the imperative for innovation that drives business forward.
7. **Impactful** – Global PSSL will create tangible impact within securities lending and broader sustainable finance agendas.

The development of these themes has played a critical role in bringing stakeholders together for the roundtables and furthering the discussion. These talks have identified certain requirements and parameters. For example, pursuant to the third and fourth themes, Global PSSL will have a dedicated principle on Diversity and Inclusion. Pursuant to the first and seventh themes, the revised Principles will be more balanced in terms of their approach to environmental matters and identify opportunities for making a financial impact (e.g. cash reinvestment).

Moreover, the themes and early work at the roundtables has highlighted the need to develop and coordinate workstreams under Global PSSL. The examples, below, describe the

foundation workstream on principles that will guide the whole initiative, and three focussed workstreams that describe potential impact areas.



Foundation Workstream: Global Principles

This workstream will be a continuous evolution of the Global PSSSL mission. It will bring together all stakeholders from the initial roundtables. Its initial focus will be to co-create the Principles and issue them for consultation in 2020 (with a view to endorsements in 2021).



Focused Workstream: Global Practice, Regulation and Emerging Economies

Such a workstream would look at broader matters in helping progress sustainable securities lending in developed and developing countries. Such a workstream would be developed in close collaboration with regional securities lending associations to share best practices.



Focused Workstream: Accessibility of Sustainable Securities Lending

Organisations that endorse and adopt Global PSSSL will be interconnected with global, regional and organisational sustainability agendas, and may choose to make securities lending accessible to small investors and consumers. Hence, Global PSSSL will facilitate this accessibility by issuing best practice guidelines and improving consumers' knowledge of sustainable securities lending practices through publicly available material. It will be up to market participants to decide whether or not to implement these guidelines through their commercial activities. Global PSSSL will not provide any financial products to consumers.



Focused Workstream: Market Continuity

This workstream would look at the role of exchanges in shaping this market. For example, we will look at developments around the use of new principal collateral schedules based on ESG indices, and new ESG defined Exchange Traded Funds eligible for principal collateral.

About the authors



Radek Stech

Chair and incoming CEO

Radek Stech (PhD) is the CEO of Global PSSSL, the Chair of ISLA Council of Sustainable Finance and Founder/CEO of the Sustainable Finance, the Law and Stakeholders (SFLS) Network at the University of Exeter Law School. He has more than 12 years of solid research, consultancy and advisory experience in sustainable finance, banking and environmental law in collaboration with such stakeholders as the US Chamber of Commerce, the World Bank, the Welsh Government, WWF UK and leading international law firms. He has held fellowships at George Washington University Law School, the World Bank Group, and the Global Alliance for Banking on Values (GABV). Radek led the initial high-level working group for PSSSL and ICSF between 2018 and 2019 during which he framed securities lending as a distinct finance dynamic that would benefit from a dedicated ESG standard. He is convinced that sustainable securities lending will play an essential role in the success of the Global Sustainable Finance Market. Radek was recently invited to become a member of the Bretton Woods Committee.



Dimitri Arlando



Harpreet Bains



Jerome Blais



Ina Budh-Raja



Matt Chessum



Christel Carroll



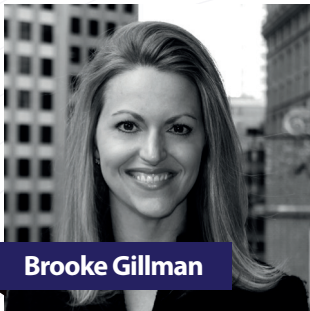
Donato (Don) D'Eramo



Gerard Denham



M. Nicolas J. Firzli



Brooke Gillman



Kenneth Gutwillig



Xavier Jacobee



Kyle Kolasingh



David Lewis



Jonathan Lombardo



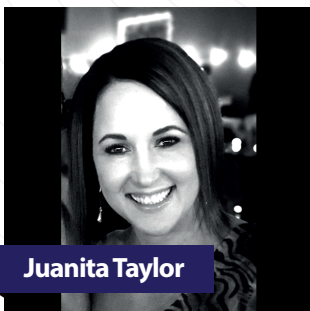
Rob Nunn



Ed Oliver



Paul Solway



Juanita Taylor



Jean Turner

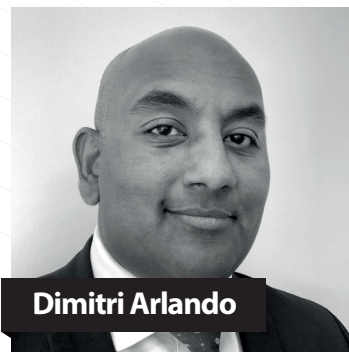


Boaz Yaari

Dimitri Arlando is the DataLend team lead in EMEA for EquiLend. He has over 19 years of experience in securities lending, having started his career with Deutsche Bank in 2001. He has held a number of sales and relationship management roles at some of the largest agent lenders, including State Street, BNY Mellon and Northern Trust.

Dimitri has also spent 7 years in the Middle East, where he was responsible for sales and relationship management to some of the region's largest beneficial owners.

Dimitri holds a Bachelor of Science degree in Banking and Finance from Loughborough University in the UK.



Harpreet Bains is Global Head of Product Management in the Agent Lending Group of Securities Services at J.P Morgan. Harpreet has been in the securities lending business for 13 years, and in her current position based in London, she is responsible for the ongoing management and execution of the product, including strategy and financial performance. Her role involves working closely with sales and relationship management to deliver securities lending solutions to clients. She began her career in J.P Morgan in 1999, and since joining she has held various roles. Prior to securities lending, she spent 5 years as an internal auditor for Investor Services, and before audit, she worked as a legal entity financial controller with responsibility for controls and accounting advisory. Harpreet holds a first class Honours degree in Business and Financial Services, co-leads the Women in Securities Finance London Chapter and is a member of the ISLA Board of Directors.

Company: BNP Paribas Securities Services

Position: Triparty Collateral Services - Head of Business Development and Client Solutions

Jerome is Head of Business Development and Client Solution for BNP Paribas Securities Services' Triparty Collateral Solution, within the Investment and Collateral Services business unit. He is in charge of business development and technical sales, as well as client implementation and onboarding for Triparty collateral management. He joined BNP Paribas Securities Services in September 2007 and has 13 years of experience in the finance, banking, and asset servicing industry.

Since 2007, Jerome held various positions at BNP Paribas, as a Custody operations manager until 2011 and as a product manager in the Clearing, Custody and Settlement division of the bank, where he worked on collateral related topics from initial margin segregation, interoperability models, and collateral market infrastructures. Before joining BNP Paribas in 2007 he held different posts in academia, both in France and in the USA.



Ina Budh-Raja is EMEA Head of Securities Finance Product & Strategy at Bank of New York Mellon, responsible for regulatory strategy, including ESG product development for Securities Finance. In her capacity as member of the BNYM ESG Corporate strategy team, she leads the BNYM ESG Partnership Strategy and is co-chair of BNYM's global Markets ESG working group. Ina joined BNYM in 2018 from the State Street Bank & Trust Securities Finance business, where she was Head of Regulatory Affairs, EMEA. Prior to that Ina was Managing Counsel for State Street's Securities Finance business in EMEA and previously, derivatives & securities finance legal counsel supporting the equity finance and money markets desks at Deutsche Bank AG, London. Ina is a member of the ISLA Board of Directors, the Bank of England Money Markets Committee & the Bank of England Securities Lending Committee and is co-lead of Women in Securities Finance London. She is a solicitor qualified with the Law Society in England and Wales.



Ina Budh-Raja

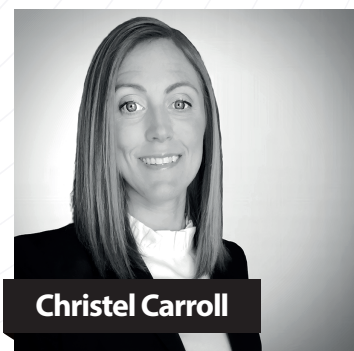


Matt Chessum

Matt Chessum is an Investment Director within the liquidity management team at Aberdeen Standard Investments (ASI). He is responsible for the securities lending function within ASI and is also involved in the day to day fund management activities of the money market funds. Matt joined Aberdeen Standard Investments in 2011 from BNP Paribas Securities Services where he worked as a securities lending trader on the Agency Lending desk. Previously, Matt worked for Barclays Global Investors and at BNP Paribas Securities Services Paris, in securities lending client services. Matt graduated in 2003 with a BA (Hons) in European Business from both the University of Portsmouth and the École Supérieure de commerce in Bordeaux and is an ISLA Board member and a member of the Bank of England Securities Lending Committee.

Christel Carroll is a member of the Risk Management Association's Securities Lending Executive Committee and co-head of Client Service and Relationship Management for Goldman Sachs Agency Lending (GSAL). Ms. Carroll joined GSAL in 2003 as a Client Service Analyst through the Northeastern University internship program. In 2008, Ms. Carroll assumed responsibility for the U.S. Client Services team. As co-head of the U.S. Client Services team, Ms. Carroll is responsible for client implementation and program oversight as well as numerous tactical and strategic client facing initiatives. In recent years, Ms. Carroll has also focused on regulatory initiatives impacting securities lending.

Ms. Carroll received a B.S. in Finance and Management Information Systems from Northeastern University.



Christel Carroll

Donato (Don) D'Eramo is the Global Head & Managing Director of RBC I&TS' Securities Finance program and has over 30 years of experience in financial services including more than 20 years in the securities lending industry. Prior to joining RBC I&TS in June 2015, he served as Senior Managing Director and Head of Securities Finance for State Street Global Markets in London, UK, responsible for strategy development and oversight of the business in Europe, the Middle East and Africa. Before moving to London in 2010, Don spent 12 years in State Street's Toronto office where he built the company's Canadian securities lending desk and subsequently served as Head of Trading in Canada for Securities Finance. Don is currently the sitting President of the Canadian Securities Lending Association (CASLA).



Donato (Don) D'Eramo

Company: Deutsche Börse Group
Position: Senior Vice President, Fixed Income Funding & Financing



Gerard Denham

Gerard Denham is a member of the Eurex Fixed Income Funding & Financing team in London. Denham is a Securities Finance & Collateral Management professional with prior experience across the Asset Management, Global Custody, Investment Banking and Technology sectors previously located in Chicago, Frankfurt, London & Zurich and is currently responsible for Product and Business Development of Eurex Clearing's Repo and Securities Lending services.

Deutsche Börse Group is one of the largest exchange organisations worldwide. It organises markets characterised by integrity, transparency and safety for investors who invest capital and for companies that raise capital – markets on which professional traders buy and sell equities, derivatives and other financial instruments according to clear rules and under strict supervision. Deutsche Börse Group, offers integrated services for trading, clearing & collateral management for Secured Funding & Securities Financing and with its services and systems, ensures the functioning of these markets and a level playing field for all participants – worldwide.

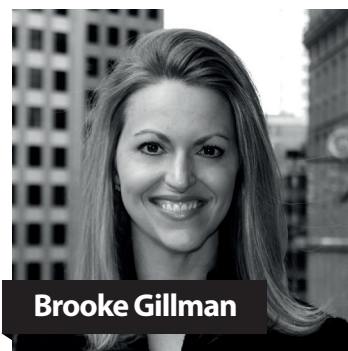
M. Nicolas J. Firzli is director-general of the World Pensions Council (WPC), the global think-tank & asset owners association. He is a graduate of Canada's McGill University (Statistics & Financial Economics) and the University of Paris Law School (LL.M. Corporate Law). Mr. Firzli is co-chair of the World Pensions Forum (WPF) held annually in a G12/EU capital, coordinator of the G7 Pensions Roundtable held on the sidelines of the G7 Summit and co-chair of the Singapore Economic Forum. He has chaired the main Asset Owners Roundtable during the 2015 Climate Change Conference (Paris COP 21 Summit) and (co)authored and helped develop notions such as "Modern Trusteeship and Fiduciary Capitalism", "The SDG-Driven World Economy" and "The Pension Wealth of Nations".



M. Nicolas J. Firzli

Company: eSecLending
Position: Managing Director, Head of Client Relationship Management

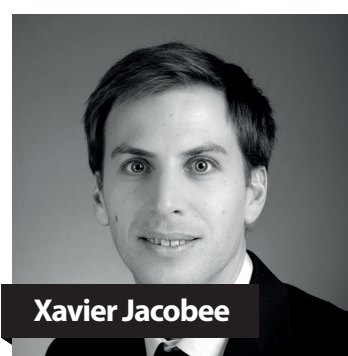
Brooke Gillman manages the client relationship management team globally for eSecLending and is responsible for leading the firm's service model for all client programs and is also responsible for overseeing the firm's marketing and communications activities. Brooke has been in the securities lending industry and with eSecLending since its inception in 2000, when she was one of the firm's founding members that started the business. Brooke has held various senior positions at eSecLending including Business Development, Relationship Management and Head of Marketing and Communications. Brooke received her Bachelor of Arts in Business Administration from the University of Washington.



Kenneth Gutwillig is a partner and Chief Investment Officer of Financial Decisions, LLC, a wealth management firm in New York City with clients across the United States. He is a member of the prestigious Bretton Woods Committee, the Economic Club of New York, and is a Fellow of the Foreign Policy Association. After the financial crisis of 2008, Ken was Founding Chairman of the Investment Managers and Advisors Alliance (IMAA®), a non-profit trade association dedicated to improving communication within the financial profession and out to the investing public. Ken's current research collaborations include applying principles of behavioral finance to the problems of defined-contribution pensions and developing Finance mechanisms for promoting sustainable development. He earned his bachelor's degree from the University of Colorado.

Company: BNP Paribas Securities Services
Position: Triparty Collateral Services - Head of Product Development

Xavier Jacobee has been Head of Product Development for Triparty Collateral Services since 2018. As part of his role, Xavier is in charge of product evolution in line with clients' and regulatory needs. Xavier developed a strong experience in OTC Derivatives services in his previous 3 years role of Product Specialist within BNP Paribas Securities Services. Prior to joining BNP Paribas, Xavier spent 7 years with Equinox, a leading consulting firm focusing on Capital Markets and Securities Services. He especially contributed to the definition of new offers (Clearing, OTC Valuation) and to regulatory projects.

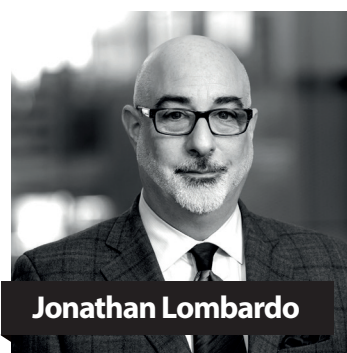


Kyle Kolasingh is an Associate Director with RBC I&TS' Securities Finance program and is responsible for global product development and relationship management of lenders based in North America, the Middle East and Asia-Pacific. Based in Toronto, Kyle works closely with lenders and internal partners in the provision of securities financing products and solutions to the Bank's clients and prospective beneficial owners. Kyle has over 10 years of experience in the Canadian financial services sector and is currently the Vice President of Finance and a committee member for the Canadian Securities Lending Association (CASLA).



David Lewis, Senior Director, FIS Global
With over 25 years in the securities finance and collateral management industry, David has extensive experience across Lending Agents (large and small) and technology companies, including a well-known and successful start-up data provider. An extensive knowledge of the industry, combined with the breadth of experience in client facing roles, allows David to bring a unique perspective to the securities finance market. Now with FIS as Global Head of Astec Analytics and Regulatory SME for the Securities Finance Business, David continues to work across client and technology boundaries to help move the industry forward. As part of the FIS team driving our developments in the securities finance market, David is heavily involved in representing the industry publicly through his data research and thought leadership pieces as well as involvement with industry associations working groups at ISLA, PASLA and ICMA.

Jonathan Lombardo is member of the Deutsche Boerse Fixed Income Funding & Financing Sales team. He is responsible for sales and relationship management and is leading the securities lending initiative with a focus on Eurex Clearing's Lending CCP - its Central Counterparty service for securities lending. Jonathan has over 25 years' experience in the securities lending market and has had previous roles at Citi, Secfinex and Pirum. Jonathan is presently serving as Chairman of ISLA.



Rob Nunn joined IHS Markit in March 2019 as a Product Manager responsible for services and solutions for Beneficial Owners within EMEA. He has 34 years' experience in the financial securities industry, with the last 19 years focused in the Securities Lending business. Before joining IHS Markit, he spent 10 years at JPMorgan within Agency Lending as a Product Manager, Relationship Manager, before becoming Head of Agency Lending Sales for EMEA. He has held positions at Merrill Lynch, HSBC, Gartmore and UBS Global Asset Management, where he spent 5 years as Head of Securities Lending and 3 years as Head of Corporate Governance.



Rob Nunn



Ed Oliver

Company: eSecLending
Position: Managing Director, Product Development

Ed is Managing Director, Product Development at eSecLending (Europe) Ltd. and is responsible for leading the company's product development efforts focused on new markets, collateral and liquidity solutions and regulatory initiatives. Ed joined eSecLending in 2010 having begun his financial services career in 1988. Prior to joining eSecLending, Ed held positions at Data Explorers (now acquired by IHS Markit), Northern Trust, Baring Asset Management and Lloyds Bank. Ed is also on the Executive Committee of the Pan Asia Securities Lending Association (PASLA) and is a Board Member of the International Securities Lending Association (ISLA).

Paul Solway, Director & Communications Officer
Pan Asia Securities Lending Association (PASLA)

Paul Solway is a Director of the Pan Asia Securities Lending Association (PASLA) and the Association's Communications Officer. He has held both positions since 2015 and was previously elected to Board each year between 2007 and 2012.

Paul is at the forefront of PASLA's mission to promote open, transparent, and efficient securities lending across Asia Pacific markets. As the leader of PASLA's Business Development Group, he is heavily focused on developing ESG standards for the industry, building a document repository for market participants and engaging in public advocacy.

Paul has over 25 years of experience in the financial services industry and has worked at several leading global financial institutions in London and Hong Kong, where he has lived for over 20 years.

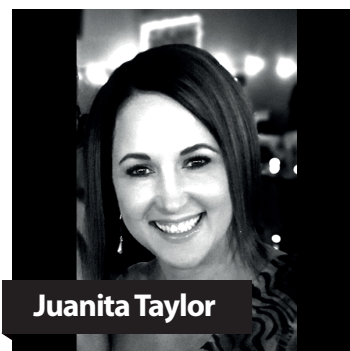


Paul Solway

Juanita Taylor serves as an executive member of SASLA (South African Securities Lending Association) and previously held the position of Chairperson of SASLA. She is currently Head of Standard Bank's Investor Services Securities Lending business in South Africa. Standard Bank's Investor Services business is a leading provider of securities lending, custody and related products and services to domestic and foreign institutional investors across fourteen sub-Saharan Africa markets.

Juanita is a seasoned Investor Services professional in South Africa with over 22 years of experience in the securities lending industry. Juanita has played an integral role in the start-up of securities lending in the Nigerian market is working closely with other African countries, in shaping the framework for securities lending on the continent.

Juanita is a bachelor of Commerce graduate from the University of Pretoria, and has a passion for Finance and Economics in developing and frontier markets.



Juanita Taylor



Jean Turner

Jean Turner has represented Investec at SASLA for the last 5 years and was Chairperson of the Association from March 2018-2020.

She forms part of the Investec Prime Services sales team where she assists with driving the strategy and development of the various business pillars in Prime and the ICIB Equities cluster. Jean joined Investec Bank in 2008 as a business analyst in ICIB and has worked on various business delivery and strategic projects in her 12 years with the bank and contributes to a number of relevant industry forums.

Prior to Investec, Jean worked in London at Deutsche Bank, Citigroup and RMB International in various operations, project and specialist roles. She has a Bachelor of Commerce degree from the University of Stellenbosch.

Boaz Yaari co-founded Sharegain in 2015 and is CEO of the company. He handpicked a team of professionals, combining Israeli tech talent with London capital markets expertise, to create a securities lending solution that is democratising the industry and bringing it into the digital age.

Boaz has more than 16 years' experience at the forefront of capital markets, from working as a leading derivatives trader at a top-tier bank to a portfolio manager at various European Hedge Funds. During that time, Boaz discovered the inefficiencies and inequalities within securities lending and the opportunity it held; the chance to transform a complex, niche and underutilised practice into an open and simple ecosystem.



Boaz Yaari

* Dr Radek Stech (SFLS Network of Exeter University and ICSF) provided the overall leadership for this paper and co-led each theme. Matthew Chessum (Aberdeen Standard Investments) supported this leadership, helped with editing the paper and co-led on Data Driven, Diverse, Equitable and Inclusive, and Impactful themes.

** Christel Carrol (RMA), Donato (Don) D'eraimo and Kyle Kolasingh (CASLA), Ed Oliver and Paul Solway (PASLA), Jean Turner and Juanita Taylor (SASLA), Boaz Yaari (Sharegain) co-led on Interconnected and Accessible theme; Jonathan Lombardo, Gerard Denham (Eurex) and Kenneth Gutwillig (Financial Decisions, LLC) co-led on Enabling Market Continuity theme, Harpreet Bains and Ina Budh-Raja (Women in Securities Finance London) co-led on Diverse, Equitable and Inclusive theme; Dimitri Arlando (DataLend), David Lewis (FIS Global) and Rob Nunn (IHS Markit) co-led on Data-driven theme; Nicolas Firzli (World Pensions Council) co-led on Credible and Engaging theme with one anonymous reviewer from the demand side of the market; Brooke Gillman (eSecLending) co-led on Enabling Progress and Competition theme; Jerome Blais, Xavier Jacobee (BNP Paribas Securities Services), Rob Nunn, Paul Solway, Ed Oliver, Gerard Denham, Jonathan Lombardo, Boaz Yaari co-led on Impactful theme.

ⁱ Australian Securities Lending Association (ASLA), Canadian Securities Lending Association (CASLA), ISLA/ICSF (International Securities Lending Association and ISLA Council for Sustainable Finance), The Risk Management Association (RMA), Pan Asia Securities Lending Association (PASLA), South African Securities Lending Association (SASLA).

ⁱⁱ See, for example, the following papers and website sources produced by these associations (in collaboration with the media and other organisations, as appropriate): Australian Securities Lending Association (2020) *Securities Lending Industry Articles*, available at <http://www.asla.com.au/securities-lending-industry-articles/> accessed 13 October; Butcher, B. (2018) CASLA Update. *Securities Lending Times*, 202, available at http://www.securitieslendingtimes.com/interviews/interview.php?interview_id=241 accessed 13 October; Principles for Sustainable Securities Lending (PSSL), available at <https://www.isla.co.uk/regulation-and-policy/environmental-social-governance-esg/principles-for-sustainable-securities-lending-pssl/> accessed 13 October; Garrit, F. (2020). *Complimentary, not conflicting: Securities Lending and ESG investing coexist*, available at <https://www.rmahq.org/complementary-not-conflicting-securities-lending-and-esg-investing-coexist/> accessed 13 October; PASLA Public research and documents, available at <https://www.paslaonline.com/pages/public-research-docs.htm> accessed 13 October; SASLA Documents, available at <https://www.sasla.co.za/index.php/en/document> accessed 13 October.

ⁱⁱⁱ Ibid

^{iv} Such connections could be made by enhancing existing collaboration and research. Global PSSL is the appropriate organisation to engage with the research done by the World Bank Group. See World Bank Group (2020). *Sustainable Investment: Best Practice Disclosure Checklist for Pension Funds*. Available at <http://documents1.worldbank.org/curated/en/485741587445830636/pdf/Sustainable-Investment-Best-Practice-Disclosure-Checklist-for-Pension-Funds.pdf> accessed 13 October 2020.

^v Turner, N. (2020). Nigeria's NSE in bid to deepen lending pool. *Securities Lending Times*. 01/20. Available at http://www.securitieslendingtimes.com/securitieslendingnews/article.php?article_id=223602 accessed 13 October 2020.

^{vi} Okoth, J. (2020). Kenya Pilots Securities Lending and Borrowing platform. *The Kenyan Wall Street*. 08/20. Available at <https://kenyanwallstreet.com/kenya-pilots-securities-lending-and-borrowing-platform/> accessed 13 October 2020.

^{vii} The collaboration between several joint authors identified opportunities to unlock the potential of securities lending to deliver clear benefits for the users of financial services such as small investment funds, self-invested

personal pension (SIPP) and bank accounts. Global PSSL will collaborate with all key stakeholders, including regulators, on issuing any public statements on this matter.

^{viii} See for example: CCP12 (2020). *CCPS again demonstrate strong resilience in times of crisis*. Available at [https://ccp12.org/wp-content/uploads/2020/07/CCPs again demonstrate strong resilience in times of crisis.pdf](https://ccp12.org/wp-content/uploads/2020/07/CCPs_again_demonstrate_strong_resilience_in_times_of_crisis.pdf) accessed 13 October 2020.

^{ix} See for example WFE (2020). *The World Federation of Exchanges issues statement on Covid-19 and market volatility*, available at <https://www.world-exchanges.org/news/articles/world-federation-exchanges-issues-statement-covid-19-and-market-volatility> accessed 13 October 2020; EUREX (2019) *The Changing shape of derivatives markets*. White Paper., available at <https://www.eurex.com/ex-en/find/forum/white-paper> accessed 13 October 2020.

^x See for example Chang, E. (2019). 3 Things to Know About Lending Shares. *US News*. 04/19. Available at <https://money.usnews.com/investing/investing-101/articles/things-to-know-about-lending-shares> accessed 13 October 2020.

^{xi} Stein, R. (2004). Introduction. In R. Stein ed. *New Perspectives on Environmental Justice: Gender, Sexuality, and Activism*. Rutgers University Press, 11.

^{xii} See for example: IFC World Bank Group (2019). *Women on Boards and in Business Leadership*. Available at https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+cg/topics/women+on+boards+and+in+business+leadership accessed 13 October 2020; Posner, C. (2020). *Addressing the Challenge of Board Racial Diversity*. Cooley LLP. Available at <https://corpgov.law.harvard.edu/2020/09/08/addressing-the-challenge-of-board-racial-diversity/> accessed 13 October 2020.

^{xiii} Emphasise how it works – lots of data is coded to ensure confidentiality

^{xiv} See more at DATALEND, available at <https://datalend.com/> accessed 13 October 2020; FIS FOR ESG – LET’S ADVANCE SUSTAINABILITY (2020), available at <https://www.fisglobal.com/en/global-sustainability> accessed 13 October 2020; IHS Markit. *Corporate Sustainability* (2020), available at <https://ihsmarkit.com/about/corporate-sustainability/environment.html> accessed 13 October 2020.

^{xv} Firzli, M. N. (2016). Investment Governance: The Real Fight against Emissions is Being Waged by Markets. *Dow Jones Financial News*, 2016.

^{xvi} Firzli, M. N. (2017). G20 Nations Shifting the Trillions: Impact Investing, Green Infrastructure and Inclusive Growth. *Revue Analyse Financière* 64 (2017): Q3; Stech, R. (2019). Sustainable Finance, the Law and Stakeholders: Towards Responsible Social Movements. In: O. Onyeka, F. N. Ngwu and D. Jamali eds. *Corporate Social Responsibility in Developing and Emerging Markets. Institutions, Actors and Sustainable Development*. Cambridge University Press, 365 -394; Stech, R. (2017). Investment Opportunities for Communities. *Mundo Empresarial*, 9; Weeks, D. and Firzli, M. N. (2017). 6th World Pensions Forum held in London: Greening, Governance and Asset Ownership. *Revue Analyse Financière (RAF)*, 2017.

^{xvii} Stech, Ibid

^{xviii} See, for example, Global Peer Financing Association. Available at <https://globalpeerfinancingassociation.org/> accessed 13 October 2020.

^{xix} See more at BNP Paribas Securities Services (2019). *Triparty collateral management opens new horizons*. Available at https://securities.bnpparibas.com/en_CH/insights/triparty-collateral-management.html accessed 13 October 2020; Aggarwal, R., Saffi P. A. C. and Sturgess, J. (2010). *Does Proxy Voting Affect the Supply and/or Demand for Securities Lending?* Available at <http://leeds-faculty.colorado.edu/bhagat/ProxyVoting-SecuritiesLending.pdf> accessed 13 October 2020; IHS Markit (2019). *Securities Lending Program Management. Proxy voting and exercising corporate governance responsibilities can work in tandem with securities lending*. Available at <https://ihsmarkit.com/research-analysis/securities-lending-program-management.html> accessed 13 October 2020; Bassler, P. and Oliver, E. (2018). *Securities Lending. Best Practices. A Guidance Paper for Institutional Investors*. Available at <http://www.esecLending.com/resources/eSecLending-Best-Practices.pdf> accessed 13 October 2020.