

S&P Global
Market Intelligence

Securities Finance

APAC Review 2024/5



APAC 2024 – A year of volatility and opportunity



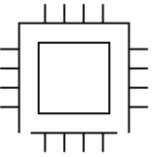
The year of stimulus across China

- The People's Bank of China revealed stimulus measures to revive growth.
- The package was worth 7.5 trillion-yuan, equivalent to 6% of the country's GDP.
- The package included lowering borrowing costs, injecting liquidity into the economy and easing mortgage payments.
- The announcement led to Chinese equities outperforming other emerging-markets stocks by the biggest margin since 1999.



Whilst the western world cut interest rates, Japan started to hike

- The Bank of Japan lifted interest rates to levels unseen for 15 years and unveiled plans to slow its massive bond buying program.
- The move on July 30th was the bank's first increase for 17 years.
- The move brought the end to negative interest rates in the country.



Trade tariffs, chip wars and ongoing excitement surrounding Artificial Intelligence

- Supply chains became headline news once more, as microchip and semiconductor stocks became exposed to a trade tariffs between China and the US.
- The election of Donald J. Trump as 47th President of the United States led to short interest spiking across the APAC technology sector.
- The Asia Pacific region accounted for 72% of global microchip production in 2023, with Taiwan accountable for 35% of world supply and South Korea contributing 23%.



APAC stock markets had a strong 2024

- Taiwan emerged as Asia's best performing stock market in 2024, gaining 28.85%. In contrast South Korea was the worst, losing 8.03% over the year.
- Analysts predict Trump's presidency and China's economy will be key determinants to performance in 2025



Securities lending revenues remained steady reaching \$2.1B

- Securities lending revenues decline 2% YoY after generating \$2.1B.
- Taiwan becomes the highest revenue generating market with \$768M.

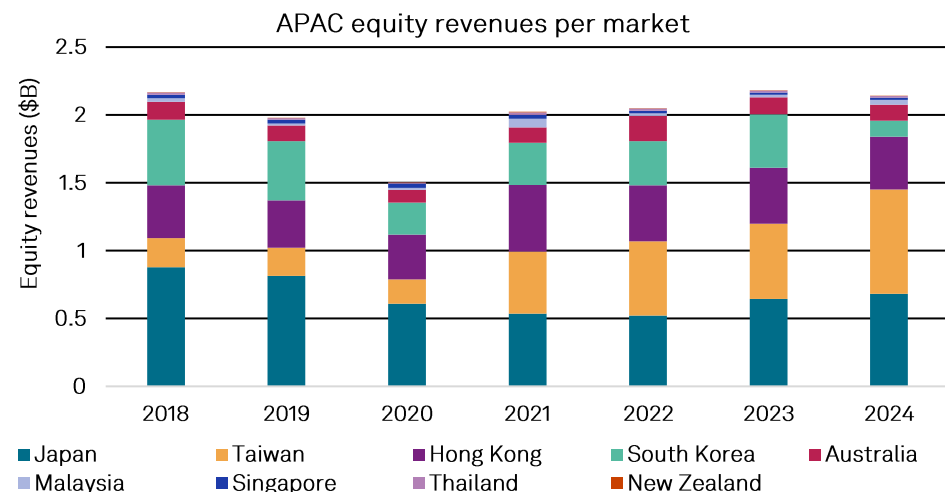
2024 Revenues

Asset Class	Rev (\$M)	Rev YoY % Change	Avg Balance (\$B)	Bal YoY % Change	Avg Fee	Fee YoY % Change	Avg Lendable (\$B)	Lendable YoY % Change	Avg Utilization	Util YoY % Change
Asia Equity	\$2,142	-2%	\$217	0%	0.98%	-2%	\$2,789	10%	4.8%	-4%
Taiwan Equity	\$768	38%	\$29	30%	2.62%	4%	\$215	53%	6.8%	-5%
Japan Equity	\$683	6%	\$126	0%	0.53%	6%	\$1,260	15%	5.8%	-3%
Hong Kong Equity	\$390	-6%	\$25	-10%	1.51%	1%	\$482	-10%	4.1%	0%
Australia Equity	\$118	-5%	\$21	12%	0.56%	-16%	\$532	13%	3.3%	2%
South Korea Equity	\$116	-71%	\$12	-38%	0.97%	-52%	\$173	6%	2.5%	-60%
Malaysia Equity	\$36	73%	\$0.8	58%	4.56%	7%	\$13	20%	4.8%	36%
Singapore Equity	\$17	3%	\$3	11%	0.61%	-9%	\$65	4%	3.6%	15%
Thailand Equity	\$13	-8%	\$0.8	0%	1.75%	-10%	\$16	-12%	4.1%	15%
New Zealand Equity	\$2	-24%	\$0.43	21%	0.42%	-35%	\$10	-2%	4.1%	26%

Note: Includes only transactions with positive fees
Source: S&P Global Market Intelligence Securities Finance

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\$2.1B in APAC equity revenues generated during 2024

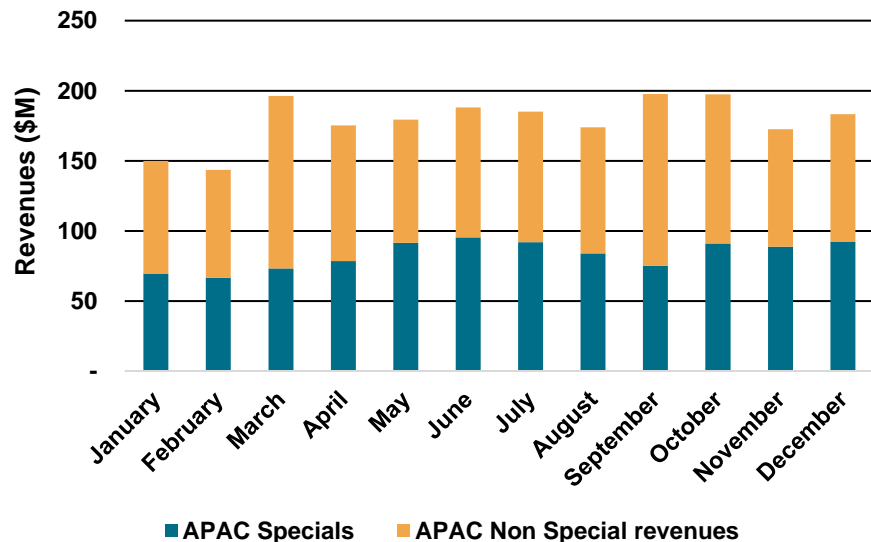
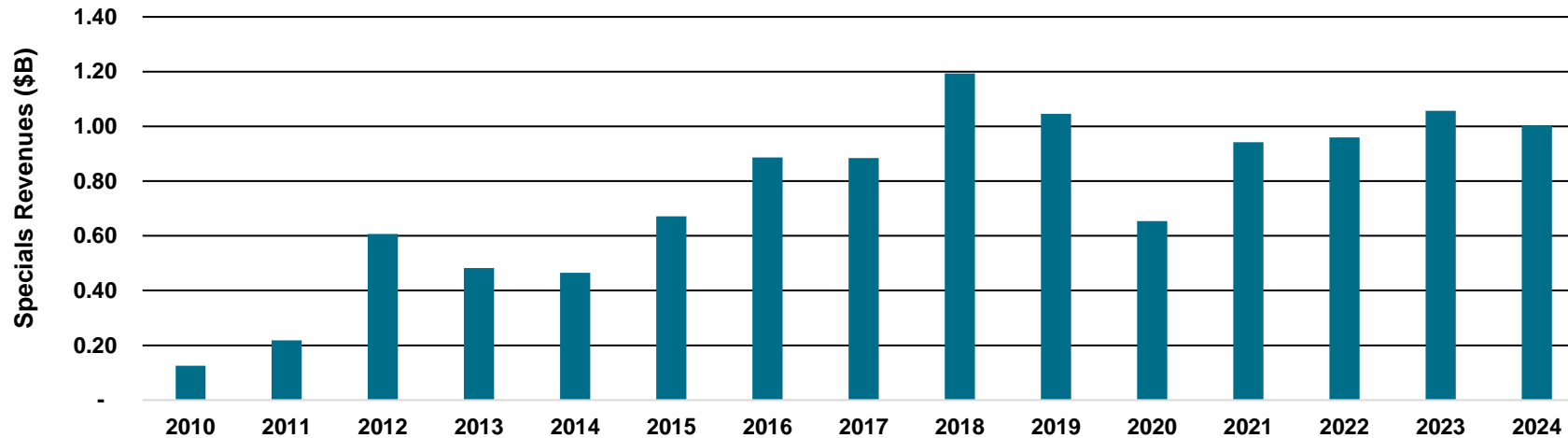


- Annual revenues declined 2% YoY to \$2.1B.
- Taiwan took the lead to become the highest generating market.
- YoY revenues increased by 73% in Malaysia as average fees increased by 7% YoY.
- South Korean equity revenues plummeted by 71% because of the short selling ban.
- Asian equity lendable soared to \$2.7 Trillion.
- Revenues in Hong Kong disappointed as market volatility and stimulus measures led to heightened uncertainty.

Quarterly revenues by market



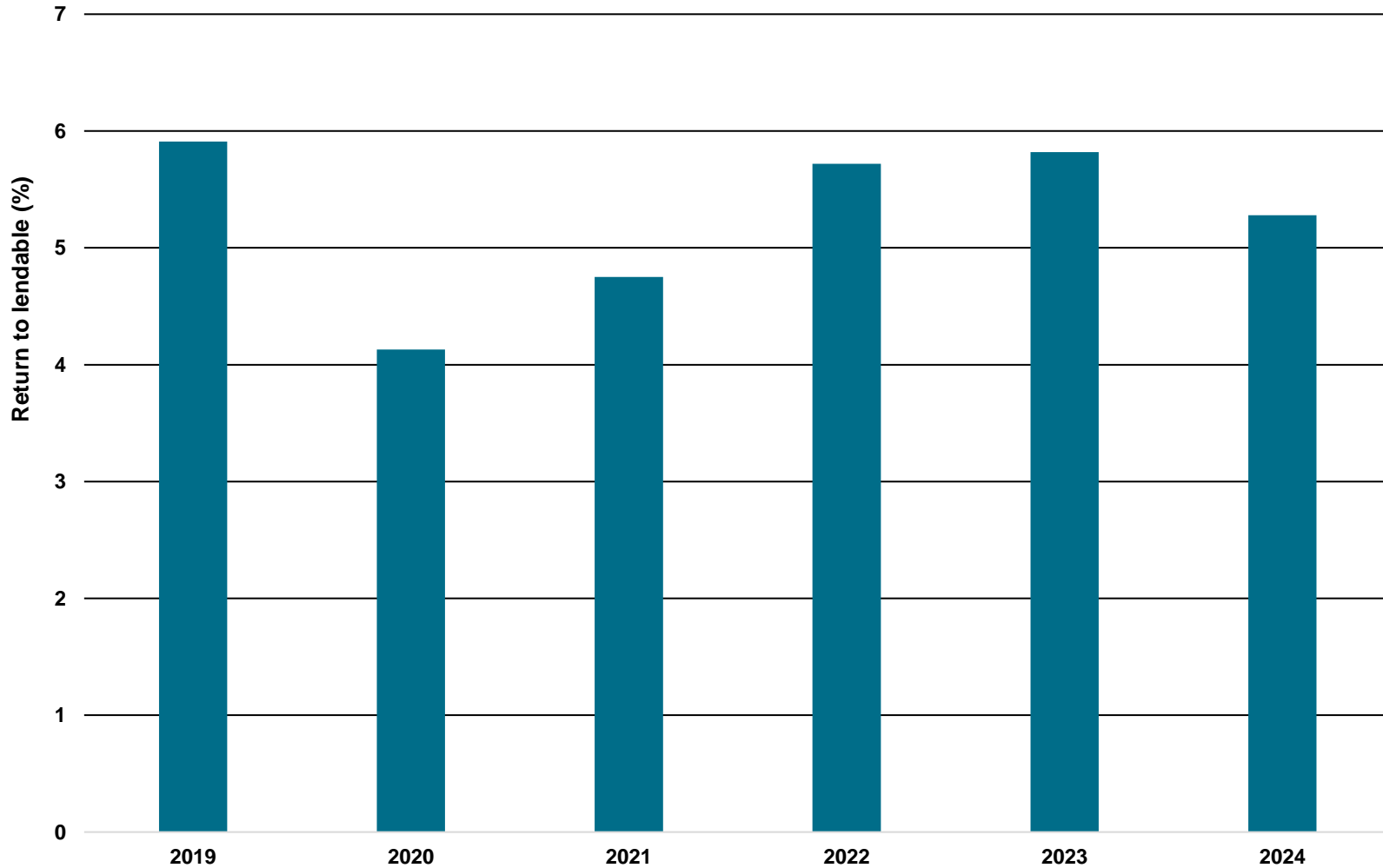
Equity specials revenue per year



- Specials revenues declined YoY by 6% to \$1B.
- Revenues fall as the short sale ban in South Korea impacts specials opportunities for lenders.
- Vanguard International Semiconductor Corp (5347) was the highest revenue generating APAC equity of 2024, generating \$27.4 million.
- Asian Real Estate Management & Development companies remained special throughout the year.
- Asian Technology Hardware & Equipment and Asian Semiconductor and Semiconductor Equipment stocks became more special as the year progressed.

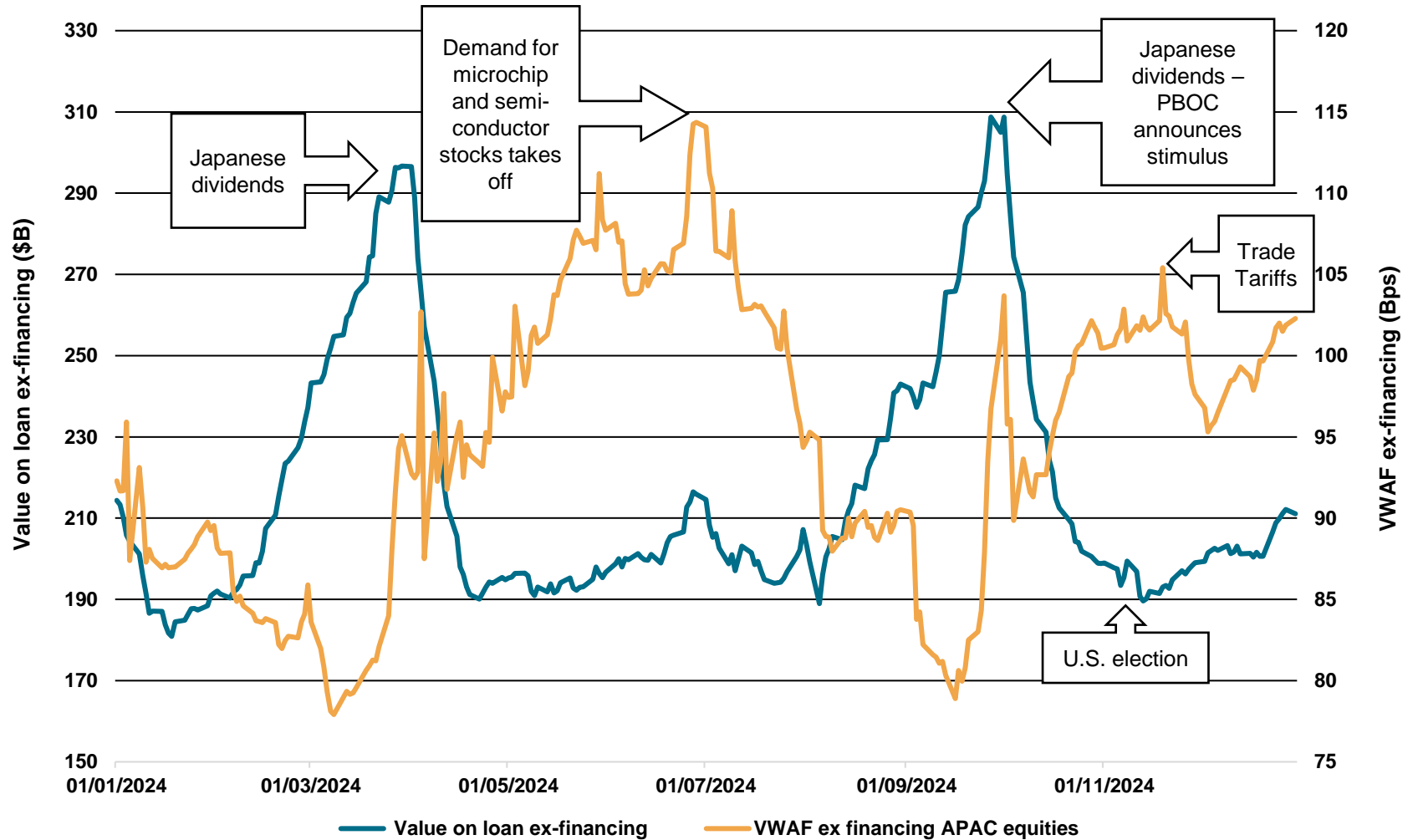
APAC equity specials revenues declined YoY to \$1B

APAC equities return to lendable



Return to
lendable
decreased
YoY to
5.28bps

Average balances and fees (VWAF)

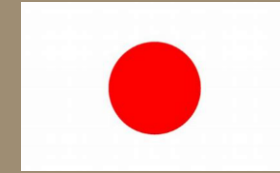


VWAF = Volume Weighted Average

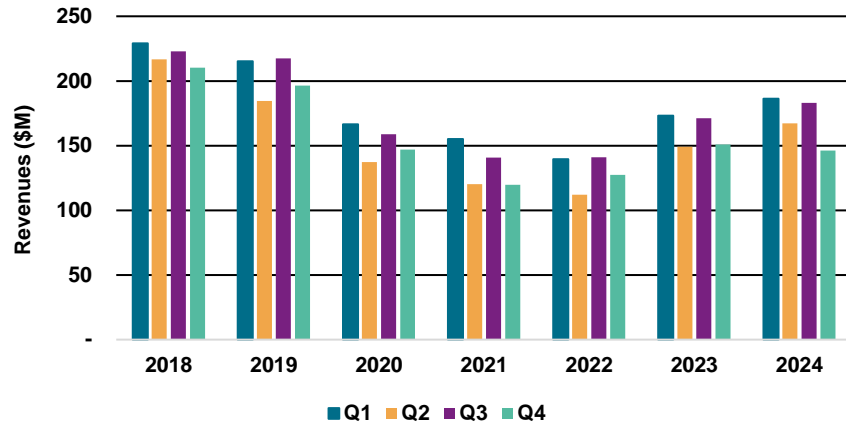
Average balances
\$217B (0% YoY)

Average APAC
equities fee
0.98% (-2% YoY)

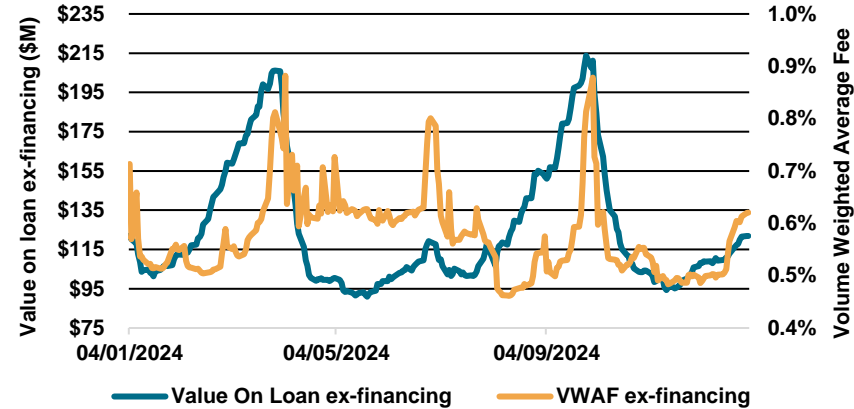
Japan revenues



Japan equity revenues



Value on loan vs VWAF



Stock Name	Ticker	Sector	Index	Revenue Generated (\$M)
Aozora Bank Ltd	8304	Japan Banks	JP Equity (Nikkei 225)	\$14.7
Sakura Internet Inc	3778	Japan Software & Services	JP Equity (Others)	\$13.1
Itochu Corp	8001	Japan Capital Goods	JP Equity (Nikkei 225)	\$11.4
Hokutsu Corp	3865	Japan Materials	JP Equity (Others)	\$10.3
Kasumigaseki Capital Co Ltd	3498	NULL	JP Equity (Others)	\$9.9
Sumiseki Holdings Inc	1514	Japan Capital Goods	JP Equity (Others)	\$9.7
Kaihan Co Ltd	3133	Japan Consumer Services	JP Equity (Others)	\$8.1
Toyota Motor Corp	7203	Japan Automobiles & Components	JP Equity (Nikkei 225)	\$7.9
Mitsubishi UFJ Financial Group Inc	8306	Japan Banks	JP Equity (Nikkei 225)	\$7.9
Sumitomo Mitsui Financial Group Inc	8316	Japan Banks	JP Equity (Nikkei 225)	\$7.6

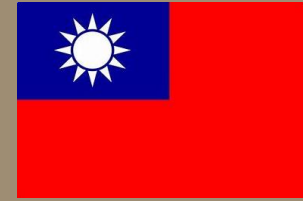
Source: S&P Global Market Intelligence Securities Finance

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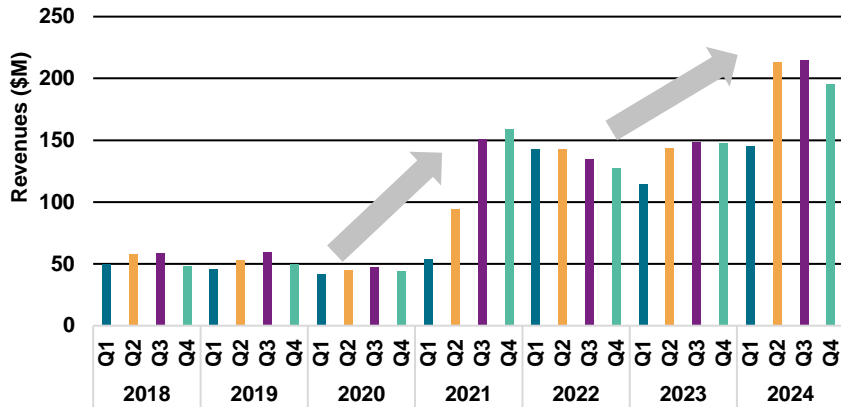
- Aozora Bank was the highest revenue generating Japanese stock following increased exposure to Commercial Real Estate.
- Japanese equity revenues +6% YoY
- Average fees increased YoY by 6% to 0.53%.
- Lendable surged during the year to reach \$1,260B.
- Q1 was the highest revenue generating quarter of the year, \$186.3M (+8% YoY)

Revenues from Japanese equities increased 6% YoY

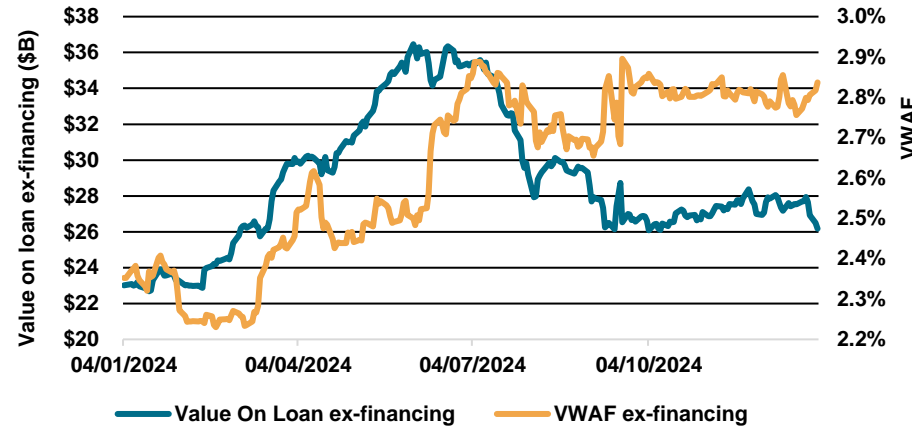
Taiwan



Taiwan equity revenues



Value on loan Vs VWAF



Stock Name	Ticker	Sector	Index	Revenue Generated (\$M)
Vanguard International Semiconductor Corp	5347	Asia Semiconductors & Semiconductor Equipment	TW Equity (Others)	\$27.4
Gigabyte Technology Co Ltd	2376	Asia Technology Hardware & Equipment	TW Equity (TWSE)	\$26.6
Novatek Microelectronics Corp	3034	Asia Semiconductors & Semiconductor Equipment	TW Equity (TWSE)	\$18.5
Jinan Acetate Chemical Co Ltd	4763	Asia Materials	TW Equity (TWSE)	\$17.7
Fortune Electric Co Ltd	1519	Asia Capital Goods	TW Equity (TWSE)	\$10.8
Global Unichip Corp	3443	Asia Semiconductors & Semiconductor Equipment	TW Equity (TWSE)	\$10.6
King Slide Works Co Ltd	2059	Asia Technology Hardware & Equipment	TW Equity (TWSE)	\$10.4
Auras Technology Co Ltd	3324	Asia Technology Hardware & Equipment	TW Equity (Others)	\$9.8
Wiwynn Corp	6669	Asia Technology Hardware & Equipment	TW Equity (TWSE)	\$9.2
Globalwafers Co Ltd	6488	Asia Semiconductors & Semiconductor Equipment	TW Equity (Others)	\$8.7

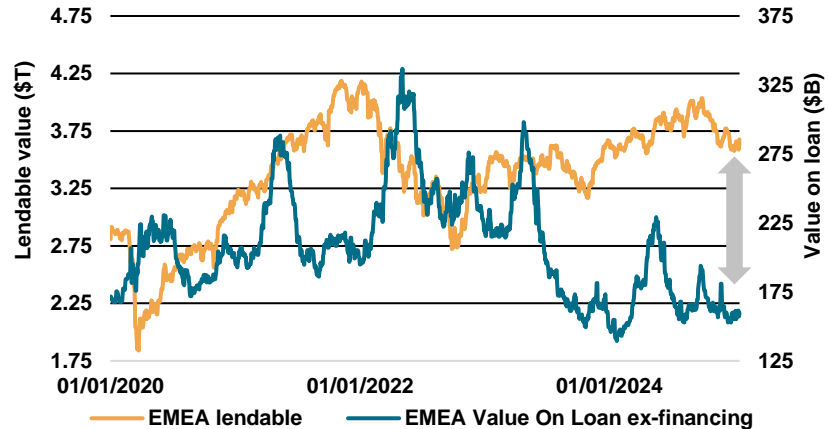
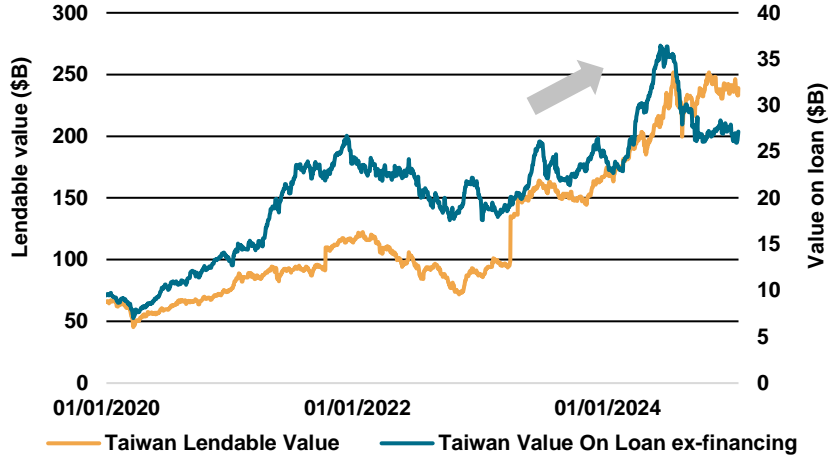
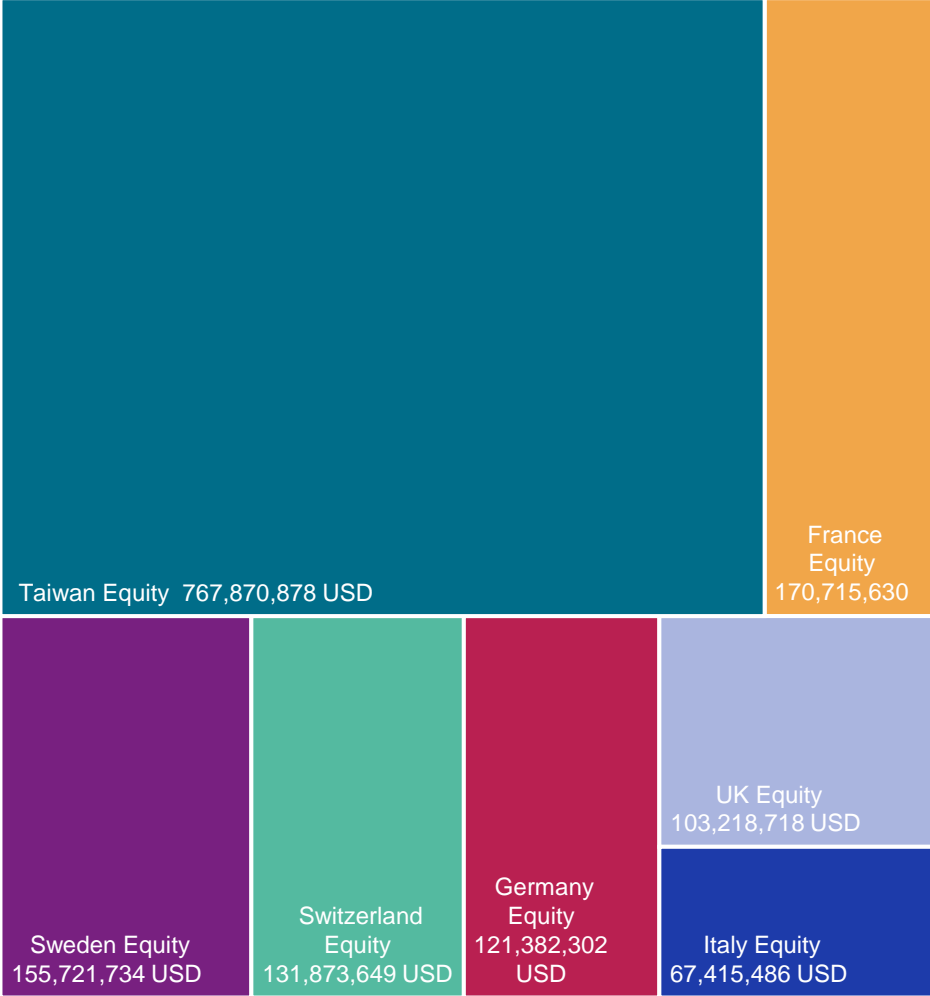
Source: S&P Global Market Intelligence Securities Finance

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- Taiwan became the highest revenue generating country of the year with \$768M in returns (+38%).
- Microchip and Semiconductor stocks traded special throughout the year boosting revenues across the country.
- Balances increased to an average of \$29B throughout the year (+30%).
- Average fees continued to increase, growing 4% YoY to 2.62%.

Revenues from Taiwanese equities continued to grow as did lendable value

Taiwan emerged as a pivotal market for securities lenders

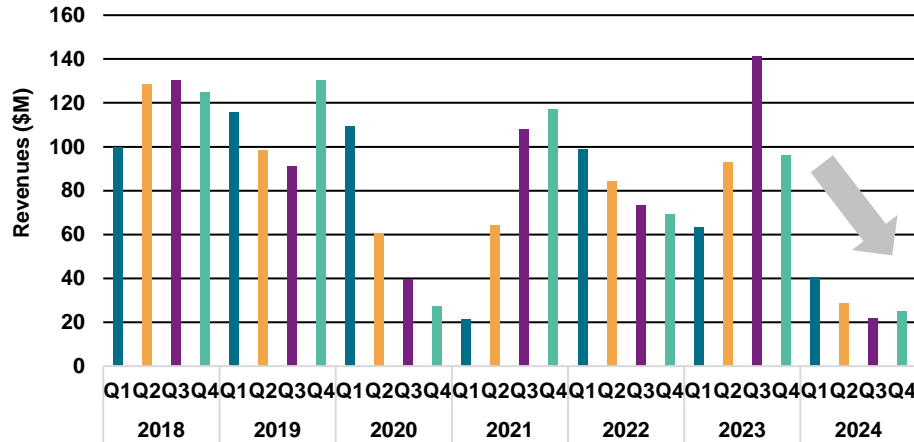


Taiwanese equities generated as much as the top 6 EMEA countries combined

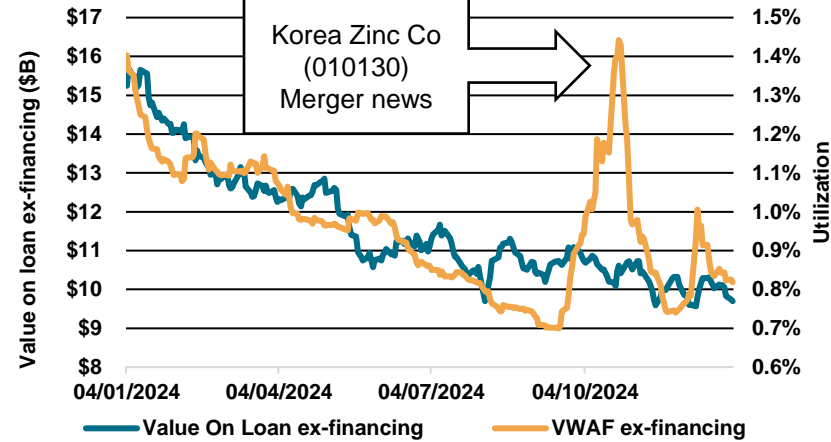
South Korea



South Korea equity revenue



Value on loan vs VWAF



Stock Name	Ticker	Sector	Index	Revenue Generated (\$M)
Ecopro Co Ltd	086520	Asia Capital Goods	KR Equity (Others)	\$8.3
Korea Zinc Inc	010130	Asia Materials	KR Equity (KOSPI50)	\$7.2
Ecopro Bm Co Ltd	247540	Asia Capital Goods	KR Equity (Others)	\$6.9
Posco Future M Co Ltd	003670	Asia Capital Goods	KR Equity (KOSPI50)	\$4.4
Hib Inc	028300	Asia Health Care Equipment & Services	KR Equity (Others)	\$3.0
Posco Dx Co Ltd	022100	Asia Software & Services	KR Equity (KOSPI50)	\$2.9
Lg Energy Solution Ltd	373220	Asia Capital Goods	KR Equity (KOSPI50)	\$2.3
Samsung Electronics Co Ltd	005930	Asia Technology Hardware & Equipment	KR Equity (KOSPI50)	\$1.9
Kumyang Co Ltd	001570	Asia Materials	KR Equity (Others)	\$1.5
Alteogen Inc	196170	Asia Pharmaceuticals, Biotechnology & Life Sciences	KR Equity (Others)	\$1.4

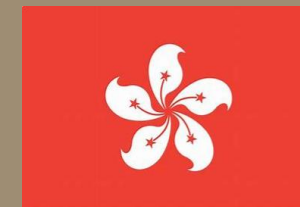
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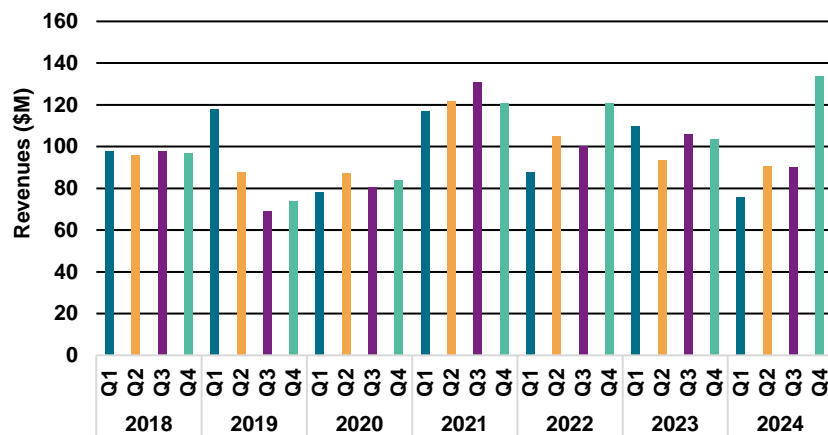
- The short sale ban led to contracting revenues throughout the year as short positions were closed out.
- Revenues declined 71% YoY, the highest of any Asian equity market, as a result.
- Average fees also declined by 52% YoY to 0.97%.
- Average utilization was just 2.5% during 2024, down over 60% when compared to 2023.

Revenues nosedived after the implementation of the short sale ban in November 2023

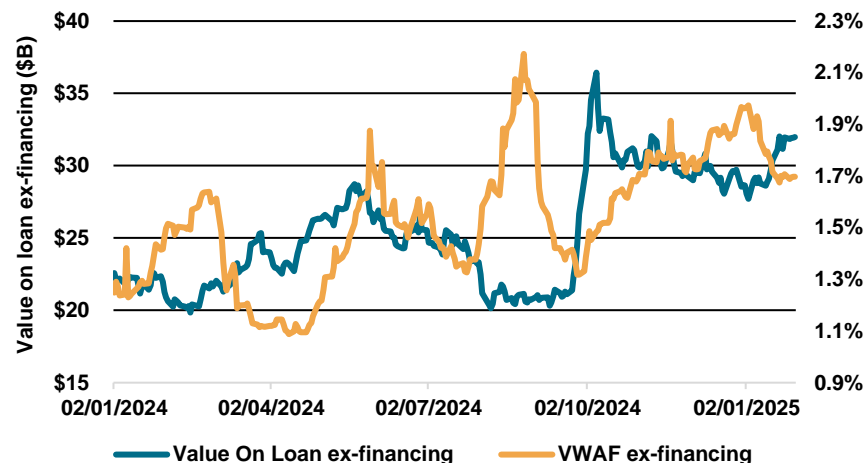
Hong Kong



Hong Kong equity revenues



Value on loan vs VWAF



Stock Name	Ticker	Sector	Index	Revenue Generated (\$M)
East Buy Holding Ltd	1797	NULL	HK Equity (Others)	\$26.8
Sunac China Holdings Ltd	1918	Asia Real Estate Management & Development	HK Equity (Others)	\$16.1
China Vanke Co Ltd	2202	Asia Real Estate Management & Development	HK Equity (Others)	\$14.1
Country Garden Holdings Co Ltd	2007	Asia Real Estate Management & Development	HK Equity (Others)	\$10.0
China Tourism Group Duty Free Corp Ltd	1880	Asia Consumer Discretionary Distribution & Retail	HK Equity (Others)	\$9.2
Weimob Inc	2013	Asia Software & Services	HK Equity (Others)	\$8.6
Sensetime Group Inc	20	Asia Software & Services	HK Equity (Others)	\$8.3
Meitu Inc	1357	Asia Media and Entertainment	HK Equity (Others)	\$8.1
Tianneng Power International Ltd	819	Asia Automobiles & Components	HK Equity (Others)	\$7.9
Flat Glass Group Co Ltd	6865	Asia Semiconductors & Semiconductor Equipment	HK Equity (Others)	\$7.7

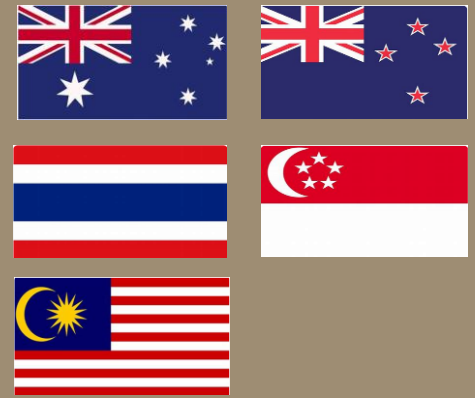
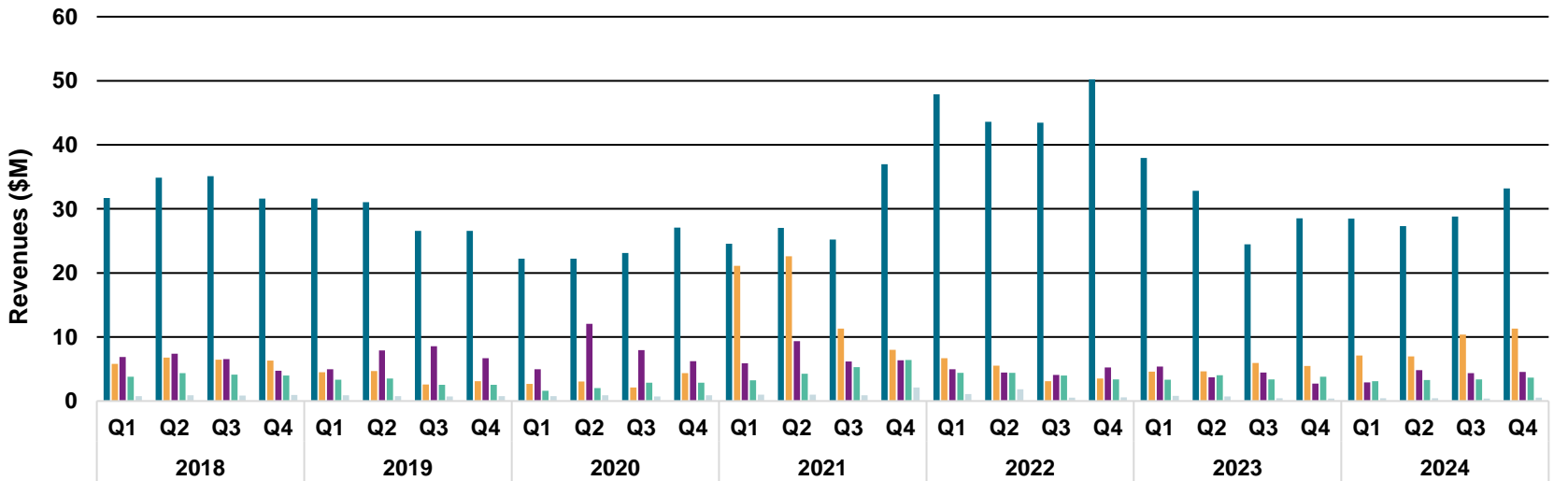
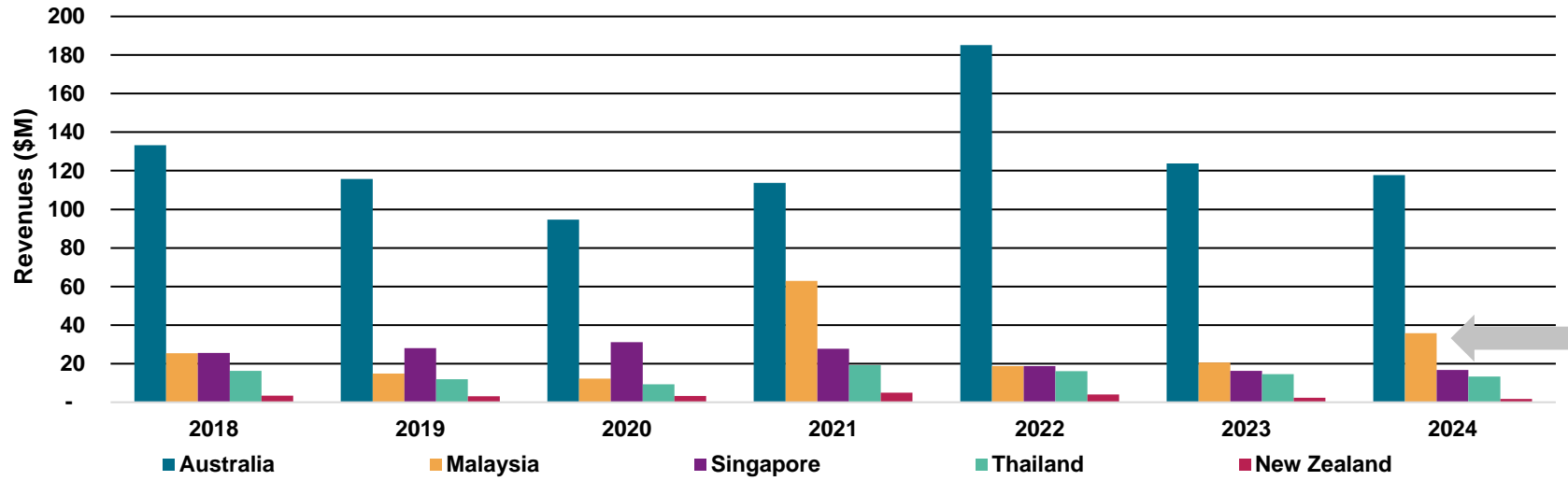
Source: S&P Global Market Intelligence Securities Finance

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- Revenues in Hong Kong declined 6% YoY to \$390m during 2024.
- Chinese property stocks remained in demand as the property crisis continued to make headlines.
- Software and Services stocks and those sensitive to trade tariffs and changes to supply chains grew in popularity during H2.
- Average fees climbed 1% YoY to 1.51%

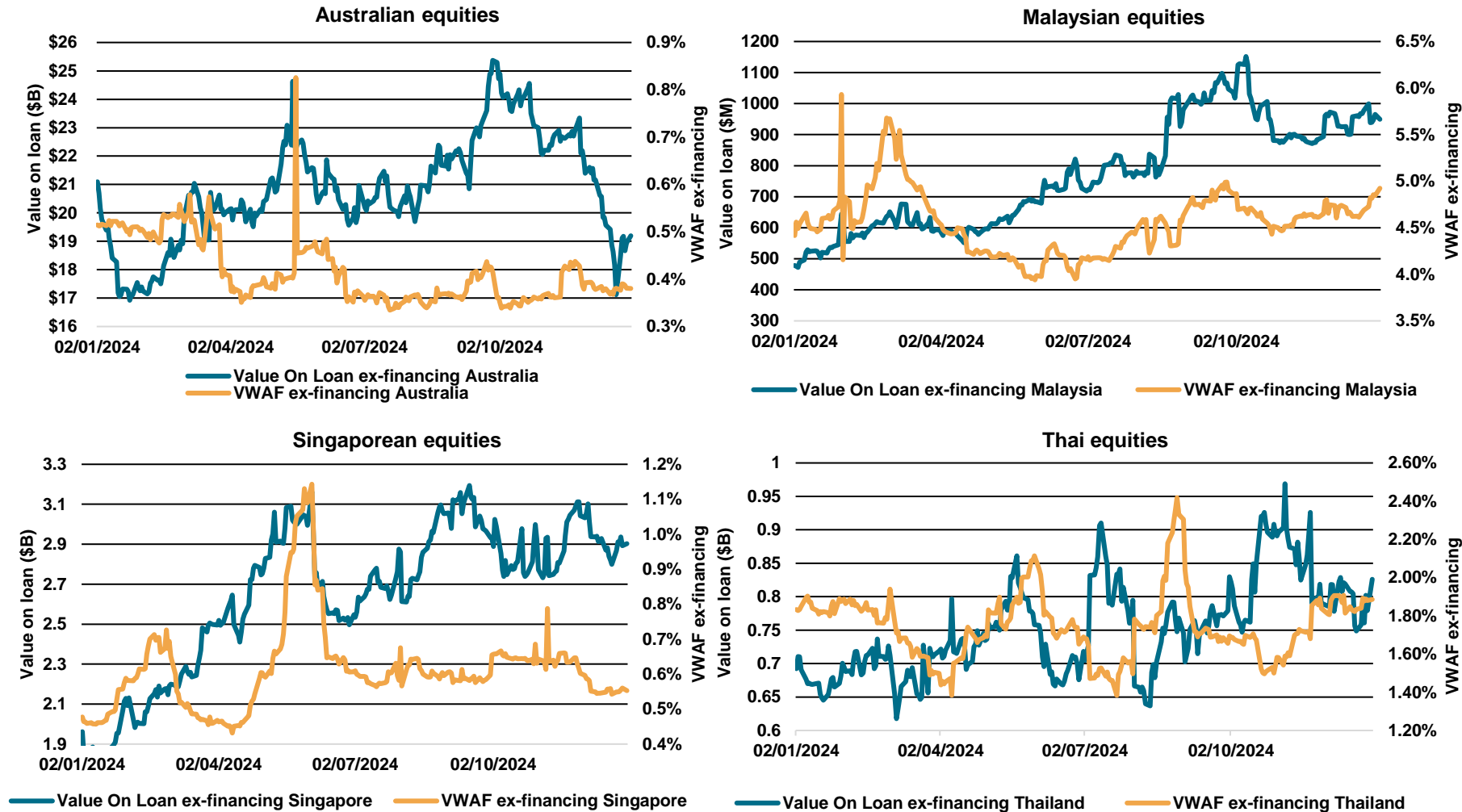
Annual equity revenues declined 6% despite record 4th quarter

Other markets



Malaysian equity revenues continued to grow, increasing by 73% YoY

Average balances vs average fees (VWAF)



VWAF = Volume Weighted Average Fee ex financing

Activity across Thailand was volatile whilst both fees and balances grew in Malaysia

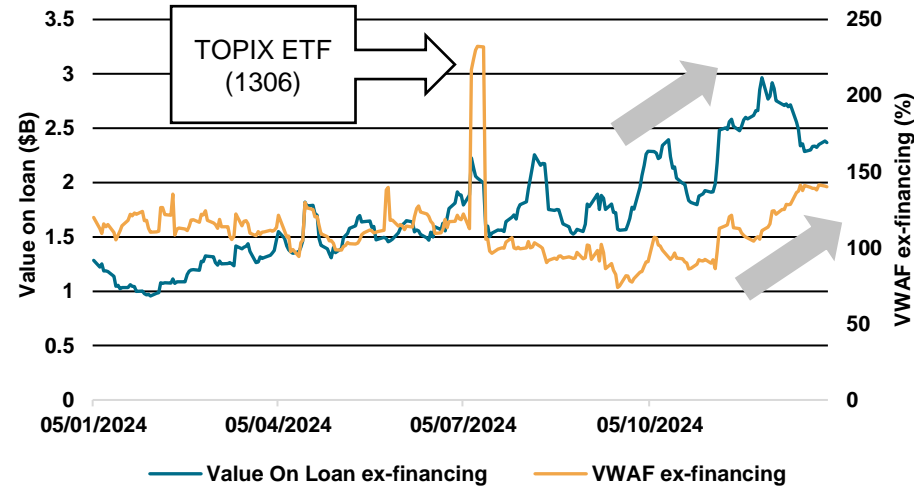
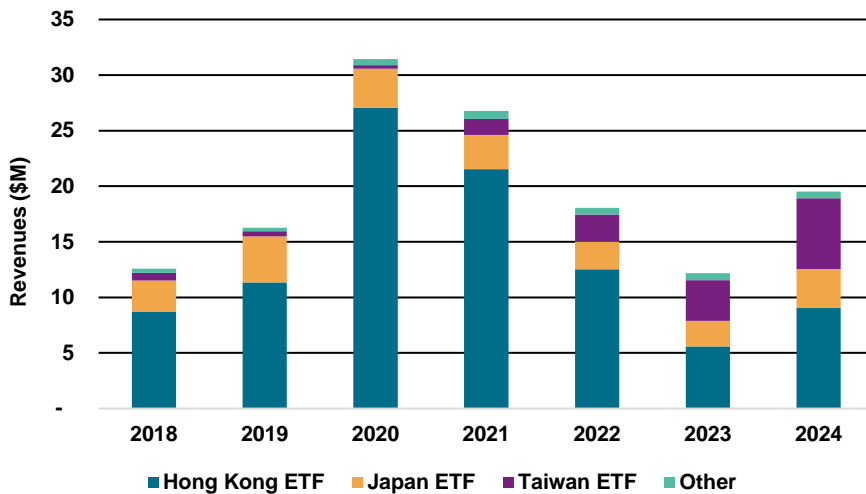
APAC ETFs

ETF Name	Ticker	Investment type	Country	Revenue Generated (\$M)
Tracker Fund Of HK ETF	2800	Equity	HK ETF	\$1.9
Cam Csi300	3188	Equity	HK ETF	\$1.8
TOPIX ETF	1306	Equity	JP ETF	\$1.7
Hscai ETF	2828	Equity	HK ETF	\$1.1
Capital Tip Taiwan Select High Dividend ETF	00919	Equity	TW ETF	\$0.8
XI2Csophstech ETF	7226	Equity	HK ETF	\$0.7
iShares A50 ETF	2823	Equity	HK ETF	\$0.7
Fuh Hwa Taiwan Technology Dividend Highlight ETF	00929	Equity	TW ETF	\$0.6
FI2 CSOP HSI ETF	7200	Equity	HK ETF	\$0.4
CSOP A50 ETF	2822	Equity	HK ETF	\$0.4

Source: S&P Global Market Intelligence Securities Finance

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- APAC ETFs experienced increasing demand throughout the year.
- Thematic trading opportunities linked to the incoming U.S. administration and the Chinese economy boosted demand.
- 2024 revenues increased 62% YoY to \$20M.
- Average fees increase by 21% YoY to 1.11%.

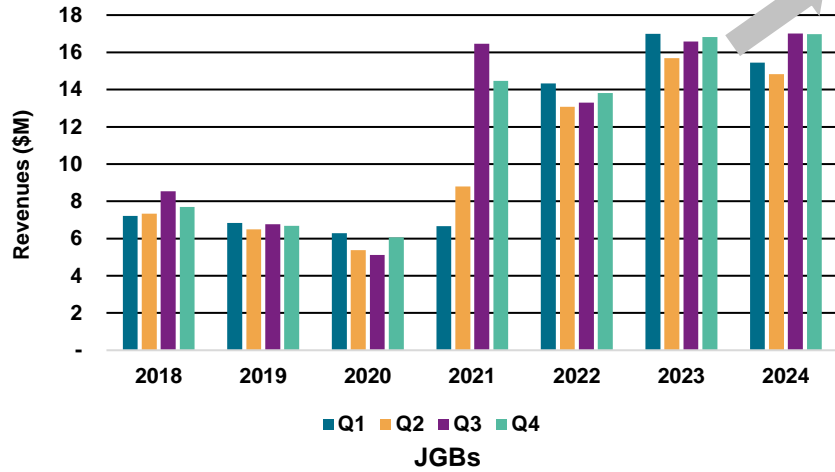


VWAF = Volume Weighted Average Fee ex financing

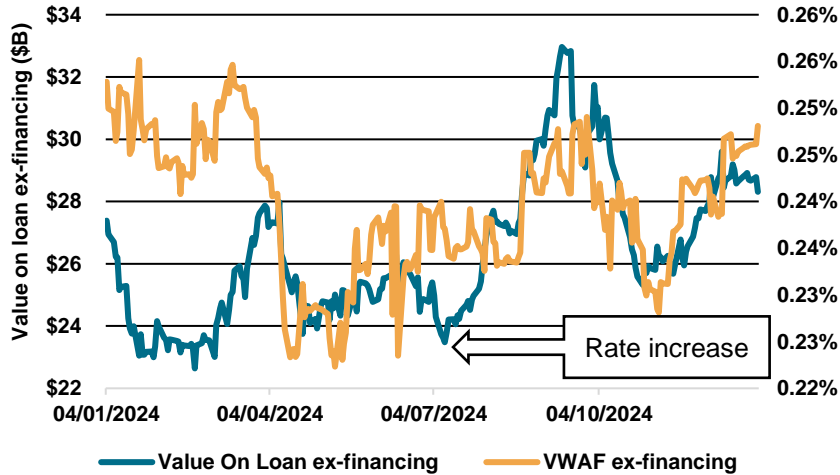
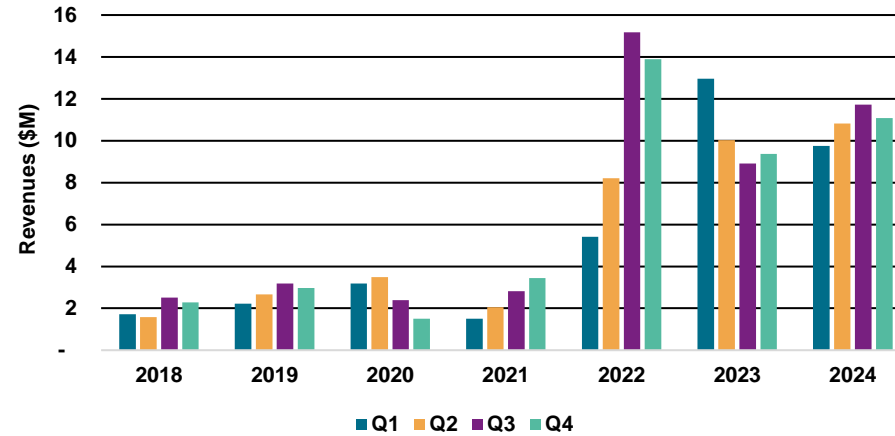
APAC ETF revenues grew throughout 2024 as did balances

Government Bonds

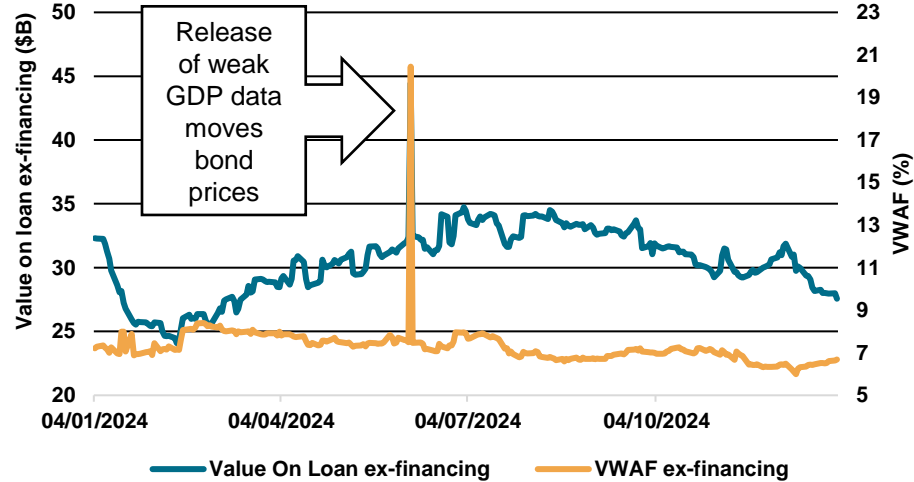
Japanese Government bonds revenues



Australian Government bond revenues



Australian Government bonds



VWAF = Volume Weighted Average Fee ex financing

Japanese government bonds experienced a surge in demand as interest rates increased

Top Borrows 2024

Equity

Stock Name	Ticker	Sector	Index	Revenue Generated (\$M)
Vanguard International Semiconductor Corp	5347	Asia Semiconductors & Semiconductor Equipment	TW Equity (Others)	\$27.4
East Buy Holding Ltd	1797	NULL	HK Equity (Others)	\$26.8
Gigabyte Technology Co Ltd	2376	Asia Technology Hardware & Equipment	TW Equity (TWSE)	\$26.6
Novatek Microelectronics Corp	3034	Asia Semiconductors & Semiconductor Equipment	TW Equity (TWSE)	\$18.5
Jinan Acetate Chemical Co Ltd	4763	Asia Materials	TW Equity (TWSE)	\$17.7
Sunac China Holdings Ltd	1918	Asia Real Estate Management & Development	HK Equity (Others)	\$16.1
Aozora Bank Ltd	8304	Japan Banks	JP Equity (Nikkei 225)	\$14.7
China Vanke Co Ltd	2202	Asia Real Estate Management & Development	HK Equity (Others)	\$14.1
Sakura Internet Inc	3778	Japan Software & Services	JP Equity (Others)	\$13.1
Itchu Corp	8001	Japan Capital Goods	JP Equity (Nikkei 225)	\$11.4

Source: S&P Global Market Intelligence Securities Finance

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Fixed income

CUSIP	Name	Revenue Generated (\$M)
J2S39LA61	Japan (Government) (1.4% 20-Dec-2042)	\$4.0
Q2R04NBY9	Australia, Commonwealth Of (Government) (1.25% 21-May-2032)	\$3.8
J2S39LY32	Japan (Government) (0.8% 20-Mar-2034)	\$2.6
Q08184MH5	Australia, Commonwealth Of (Government) (2% 21-Aug-2035)	\$2.5
Q08184LZ6	Australia, Commonwealth Of (Government) (3.25% 21-Apr-2025)	\$2.2
J2S39LXJ8	Japan (Government) (1.1% 20-Sep-2042)	\$2.1
Q0819AFA3	Australia, Commonwealth Of (Government) (2.5% 20-Sep-2030)	\$2.1
J2S39LP32	Japan (Government) (0.8% 20-Sep-2033)	\$1.9
Q08184MT9	Australia, Commonwealth Of (Government) (1.25% 21-Aug-2040)	\$1.9
J2S39KVB9	Japan (Government) (0.6% 20-Dec-2037)	\$1.8

Source: S&P Global Market Intelligence Securities Finance

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- Technology stocks were popular borrows throughout the year as trade tariffs and quotas came into play.
- Real Estate across China faced numerous challenges. This led to HK listed property companies trading special.
- Material companies became popular as natural resources, geopolitical risk and supply chain dislocation news hit the headlines.

- Short dated bonds were in demand as interest rate uncertainty remained high.
- Moves higher in Japanese interest rates pushed balances and VWAF higher.

Technology, semiconductor & Real Estate stocks shined

Short dated bonds were in demand

Arbitrage opportunities in the SL vs Repo market grew

Securities Lending more expensive than repo market

APAC

Instrument Name	ISIN	Benchmark Fee (bps)	Repo Implied Benchmark Fee (bps)	Spread between Benchmark Fee and Repo Implied Benchmark Fee (bps)	
Sunac China Holdings Ltd (7.25% 30-Sep-2030)	XS2708722983		2,000	878	1,122
Sk Broadband Co Ltd (4.875% 28-Jun-2028)	XS2629403499		321	41	280
Chong Hing Bank Ltd (5.5% Undated)	XS2209966386		250	33	217
Nwd Mtn Ltd (8.625% 08-Feb-2028)	XS2873948702		474	263	211
Tsmc Global Ltd (4.375% 22-Jul-2027)	USG91139AK43		260	51	209
Longfor Group Holdings Ltd (3.85% 13-Jan-2032)	XS2098650414		568	368	200
Melco Resorts Finance Ltd (5.375% 04-Dec-2029)	USG5975LAE68		246	47	199
Tencent Holdings Ltd (3.575% 11-Apr-2026)	US88032XAM65		610	417	193
Canara Bank Ltd (4.896% 11-Sep-2029)	XS2891748001		250	71	179
Westwood Group Holdings Ltd (2.8% 20-Jan-2026)	XS2274957237		200	28	172

Repo market more expensive than Securities Lending

APAC

Instrument Name	ISIN	Benchmark Fee (bps)	Repo Implied Benchmark Fee (bps)	Spread between Benchmark Fee and Repo Implied Benchmark Fee (bps)	
Mizuho Financial Group Inc (1.979% 08-Sep-2031)	US60687YBL20		9	335	(326)
China Great Wall International Holdings Iii Ltd (3.875% 31-Aug-2027)	XS1645684827		30	327	(297)
Tencent Music Entertainment Group (1.375% 03-Sep-2025)	US88034PAA75		66	319	(253)
Melco Resorts Finance Ltd (5.625% 17-Jul-2027)	USG5975LAD85		27	229	(202)
Mitsubishi Corp (5.125% 17-Jul-2034)	USJ43830FJ22		150	349	(199)
Singapore Telecommunications Ltd (7.375% 01-Dec-2031)	USY79985AD29		106	302	(196)
Lg Chem Ltd (3.625% 15-Apr-2029)	USY52758AD47		51	247	(196)
Port Of Newcastle Investments (Financing) Pty Ltd (5.9% 24-Nov-2031)	US734865AA63		98	290	(192)
Navoiyskiy Gorno-Metallurgicheskiy Kombinat Ao (6.7% 17-Oct-2028)	US63890CAA27		15	205	(189)
Jt International Financial Services Bv (3.875% 28-Sep-2028)	XS1883352764		50	230	(180)

*Examples of opportunities as seen in the Securities Lending Data Portal

Arbitrage opportunities between the SL and Repo market continued to grow across the region

2024 a solid year for securities lending

Multiple opportunities arise from both trade and tariff uncertainty.

- Securities lending revenues remained robust across the APAC region during 2024 with both lenders and borrowers responding to constant regional news flow.
- The APAC region is likely to face both headwinds and tailwinds during 2025.
- The removal of the short sale ban in South Korea will be positive for revenues across the region this spring.
- Increased demand in Taiwan, Malaysia and Thailand will produce further opportunities for sophisticated lenders in 2025.
- Thematic trading strategies will continue to produce demand for APAC stocks and APAC ETFs in 2025.
- With rate hikes in Japan and rate decreases in other countries across the region, demand for fixed income assets will remain strong.



Securities finance APAC Review 2024/5

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