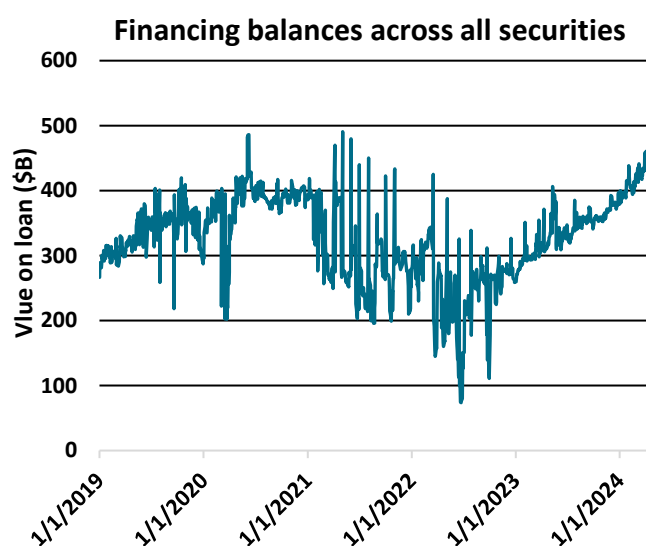


# Capital convergence: exploring funding, financing, and securities lending demand drivers.

Market conditions, regulatory changes and investor behavior have all played a crucial role in driving demand in the funding, financing, and securities lending markets. Over the last five years regulatory change has led to shifts in margin requirements, short selling regulations and balance sheet availability. Consequently, there has been a push towards better resource allocation, a need for more efficient optimization strategies, and a rise in data consumption and technological advancements.



Since the start of 2023, financing balances have been on the rise. This suggests an increase in liquidity requirements, investment opportunities, or regulatory obligations. The growing demand for liquidity has led to a convergence of capital, directly influencing supply and demand dynamics across the securities lending landscape. Trading desks have also converged, with repo, swaps, securities lending, and financing coming together to enhance revenues and manage costs effectively.

Following a period marked by unprecedented interest rate hikes, inflationary pressures and regulatory change, funding, financing, and securities lending activity has become critical to the

financial system. The utilization and accessibility of leverage, the expansion of repo markets, a heightened emphasis on return on investment (RoI), and an increasing need to manage collateral have presented investors with opportunities to enhance efficiency and inventory management.

These transformations have been made possible by technological advancements and the expanded provision of data. Gaining insight into the dynamics and emerging trends in this segment of financial markets has become indispensable for understanding and effectively managing capital requirements, inventories, and market risk.

To learn more about the drivers in the **funding, financing, and securities lending markets** please join us at our upcoming **Securities Finance Forum** at **One Moorgate Place** on **May 16<sup>th</sup>, 2024**, between **12:30pm – 7:00pm** where market leaders will be discussing the past, present, and future of the securities lending markets. To register and to see the agenda please click [HERE](#).

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