

S&P Global
Market Intelligence

Securities Finance

Market Activity Review Q2 2024

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Management

July 25th, 2024



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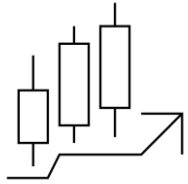
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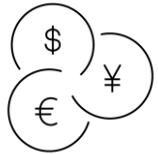


Q2 2024

Asset valuations continued to rally BUT volatility did start to make a comeback



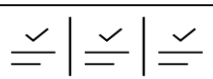
Global stock and bond prices continued to rally



Central bank divergence started to take place



Meme stocks made a return – Trump trade?



Elections started to create MORE geopolitical risk



Securities lending revenues continued to experience declines when compared YoY

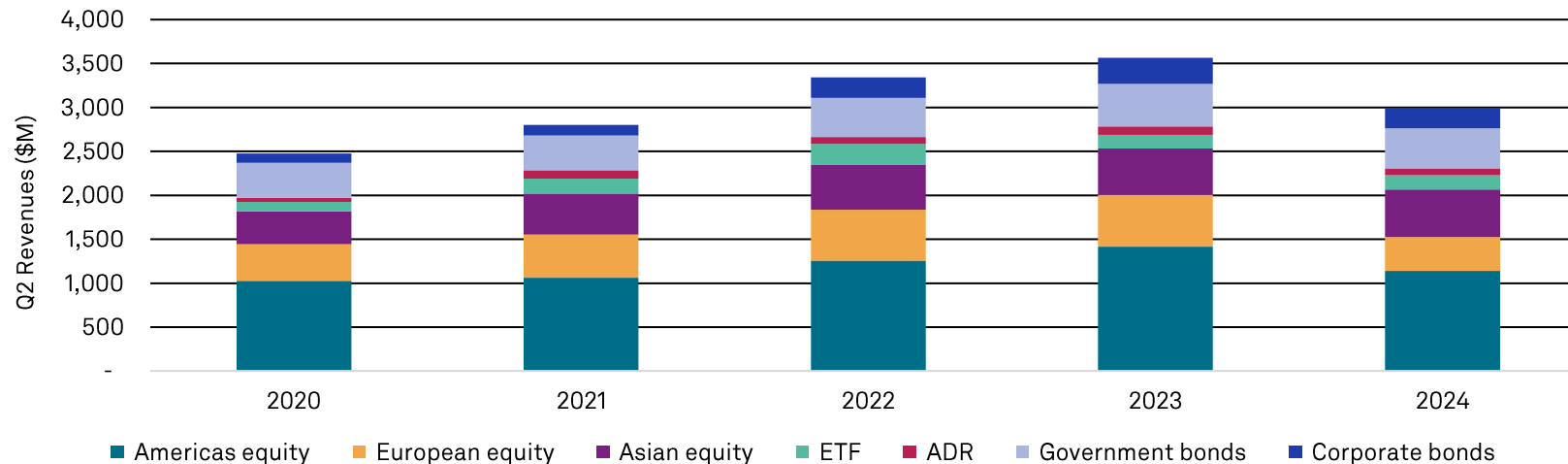
Market revenues – Q2 2024

Asset Class	Rev (\$M)	Rev YoY % Change	YTD Rev (\$M)	Avg Balance (\$B)	Bal YoY % Change	Avg Fee	Fee YoY % Change	Avg Lendable (\$B)	Lendable YoY % Change	Avg Utilization	Util YoY % Change
All Securities	\$3,068	-15%	\$5,816	\$2,664	2%	0.46%	-18%	\$37,294	17%	5.5%	-10%
All Equity	\$2,355	-16%	\$4,375	\$1,176	-6%	0.79%	-12%	\$27,998	19%	3.0%	-19%
Americas Equity	\$1,147	-19%	\$2,218	\$631	-3%	0.72%	-17%	\$20,601	23%	2.4%	-19%
Asia Equity	\$543	3%	\$1,032	\$206	-2%	1.05%	5%	\$2,758	8%	4.5%	-3%
EMEA Equity	\$386	-35%	\$611	\$199	-20%	0.76%	-18%	\$3,746	8%	4.2%	-26%
ADR	\$73	-16%	\$152	\$28	1%	1.02%	-18%	\$254	7%	8.1%	-4%
ETP	\$165	7%	\$293	\$103	7%	0.63%	-1%	\$533	15%	10.2%	-1%
Government Bond	\$463	-4%	\$933	\$1,165	9%	0.16%	-14%	\$4,508	8%	20.8%	4%
Corporate Bond	\$231	-22%	\$470	\$300	13%	0.30%	-32%	\$4,432	12%	5.8%	0%

Note: Includes only transactions with positive fees

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Source: S&P Global Market Intelligence Securities Finance

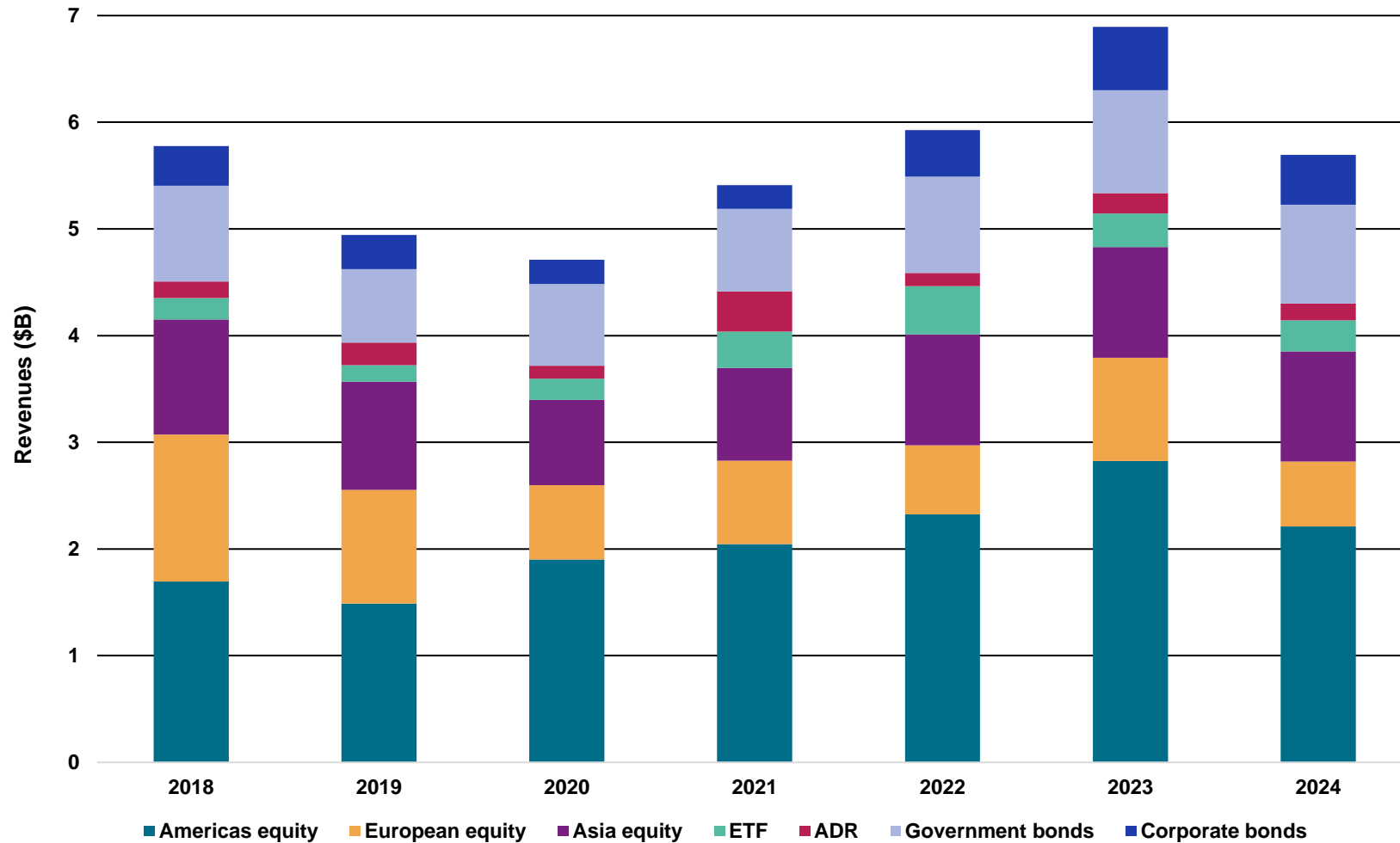


Q2 revenues of \$3.068B

Revenues decline 15% YoY

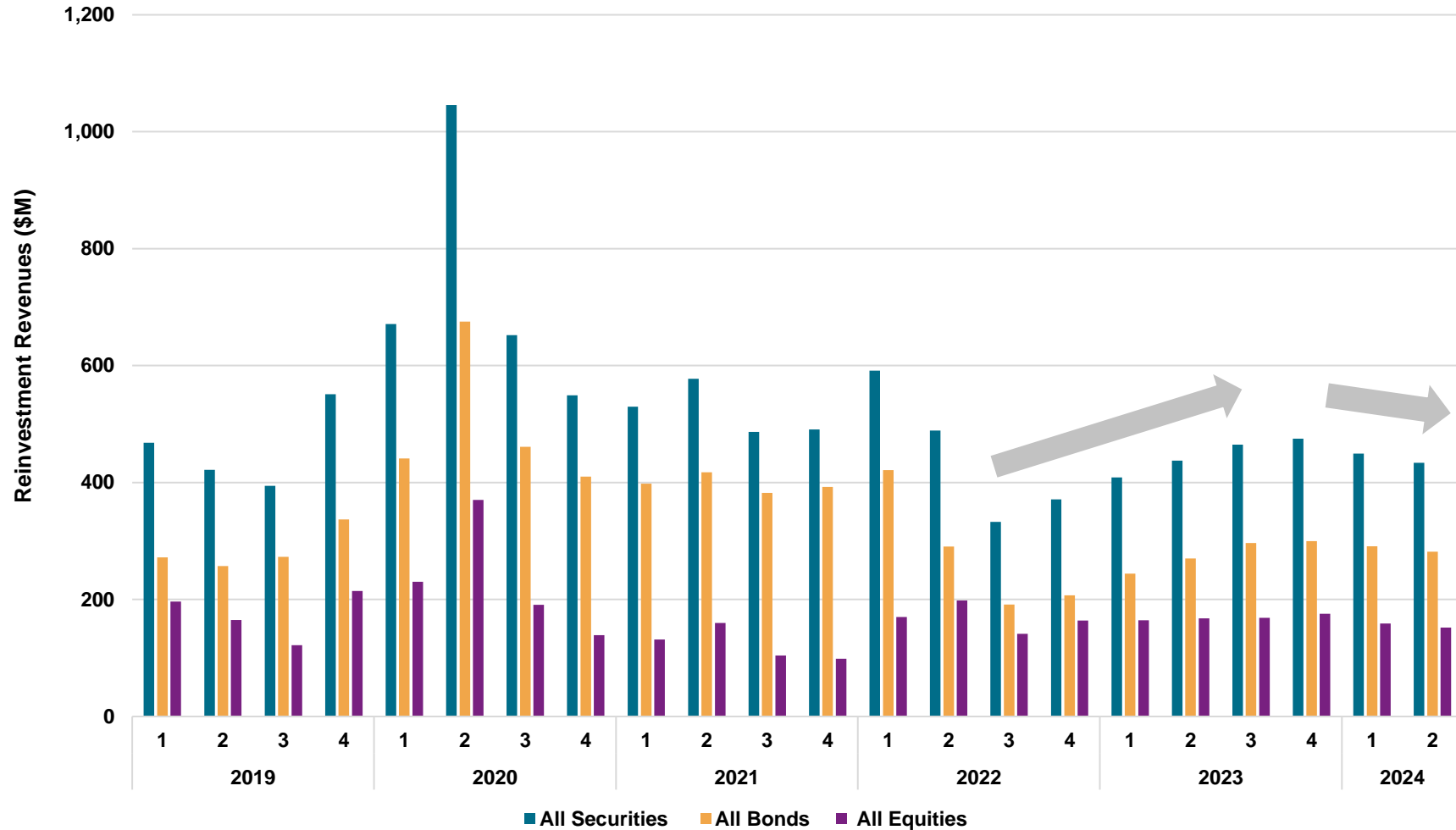
Average balances grow 2% YoY

Market revenues – H1



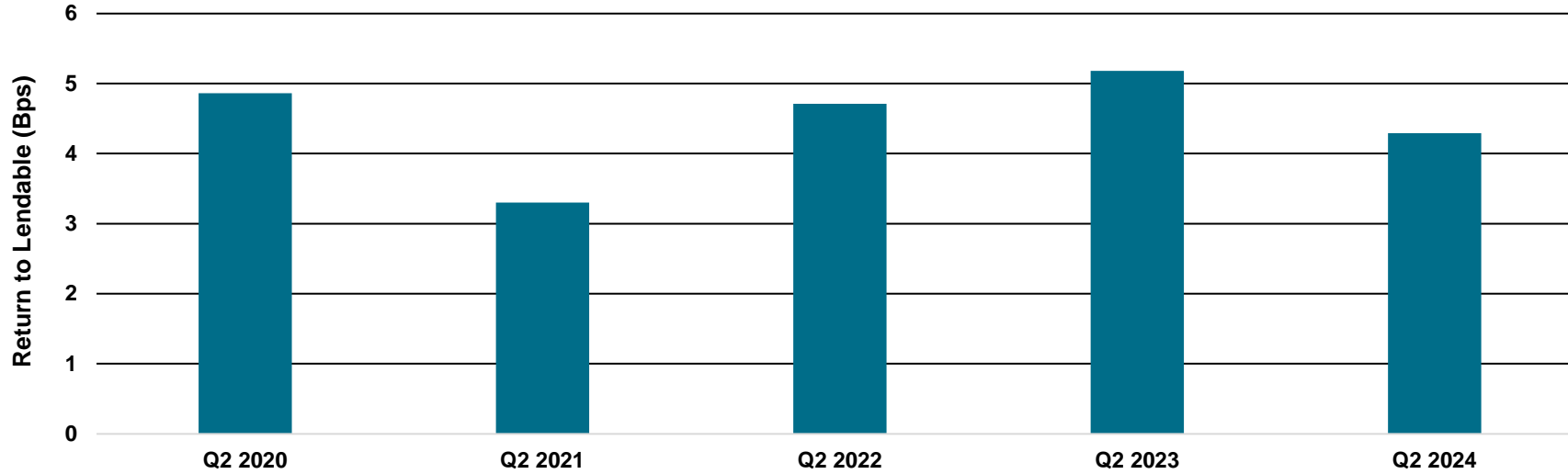
At the end of H1, market revenues are in line with those seen during 2021

Market revenues – Reinvestment returns



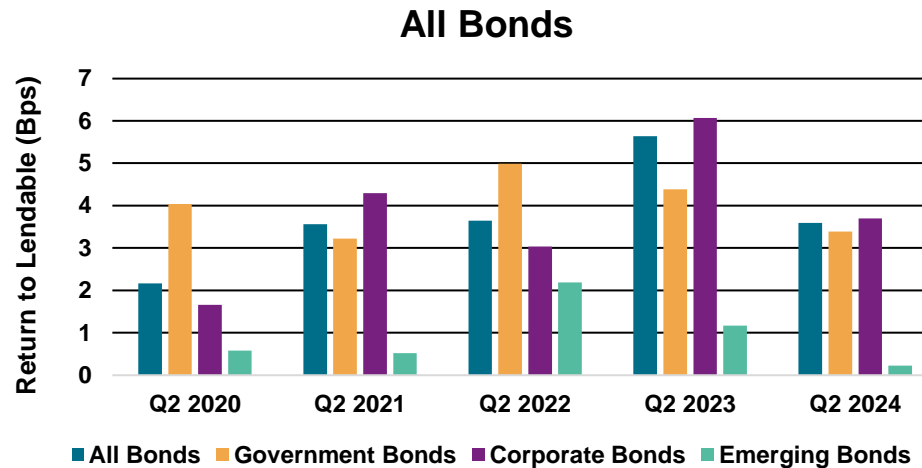
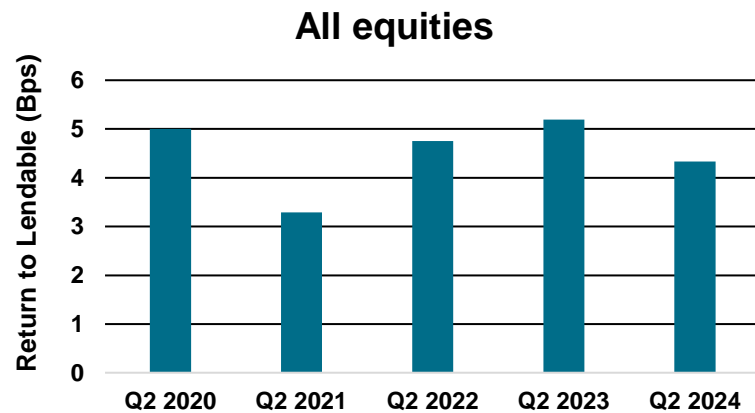
Quarterly cash reinvestment returns continued to decline

Market revenues - Return to lendable



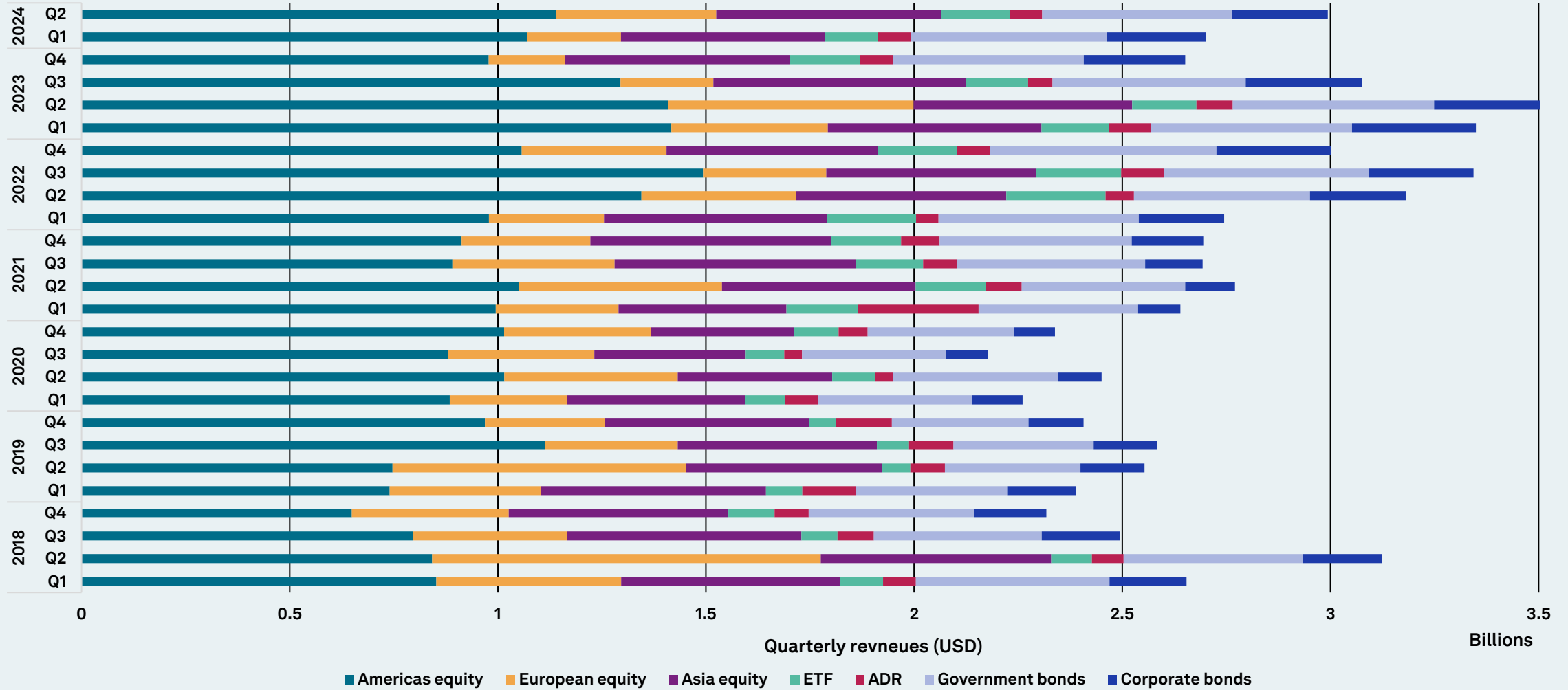
All securities
4.29bps

All equity
4.33bps

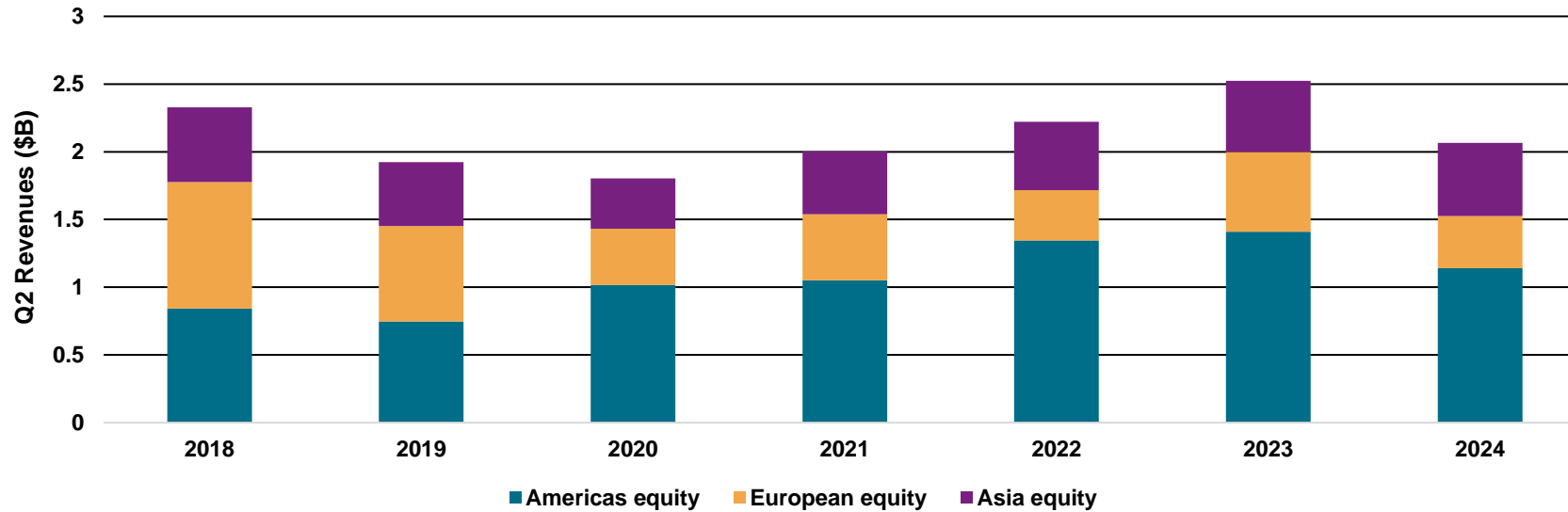


Fixed income
3.59bps

Quarterly revenues by asset class

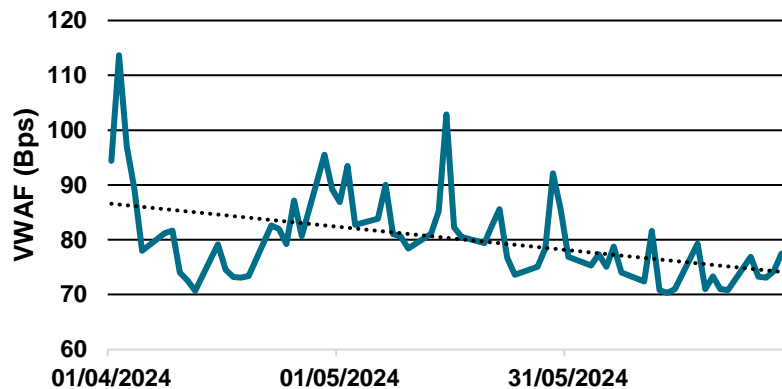


Equities – Revenues, VWAF and Balances

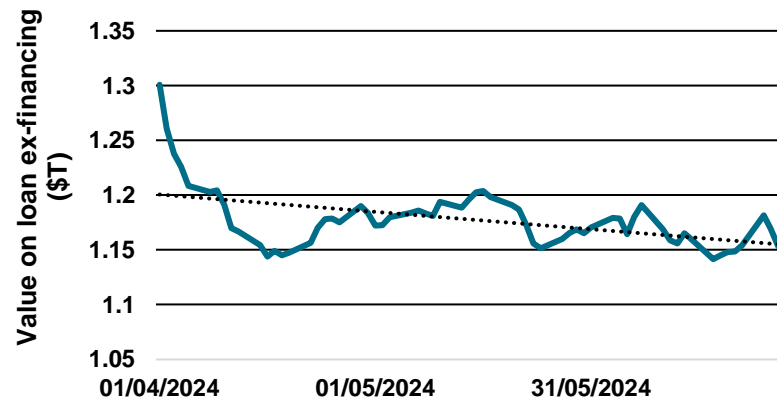


Q2 Equity revenues declined 16% YoY as both VWAF, and balances declined

VWAF - All equities

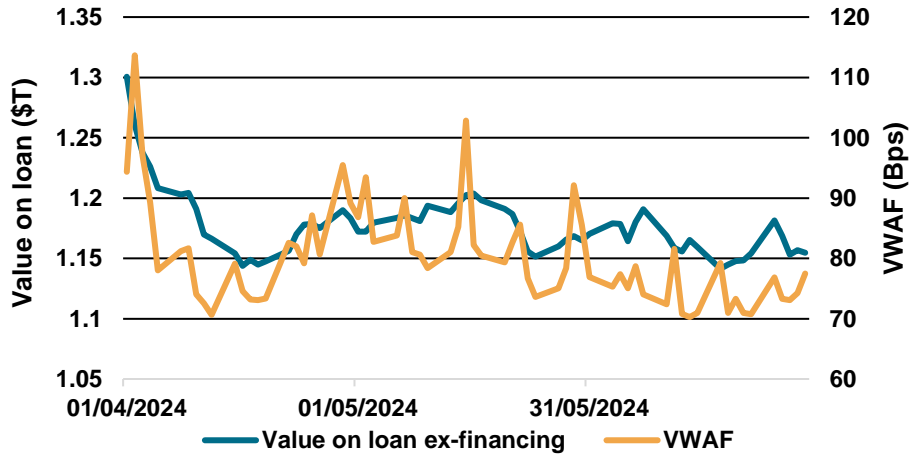


Value on loan ex-financing

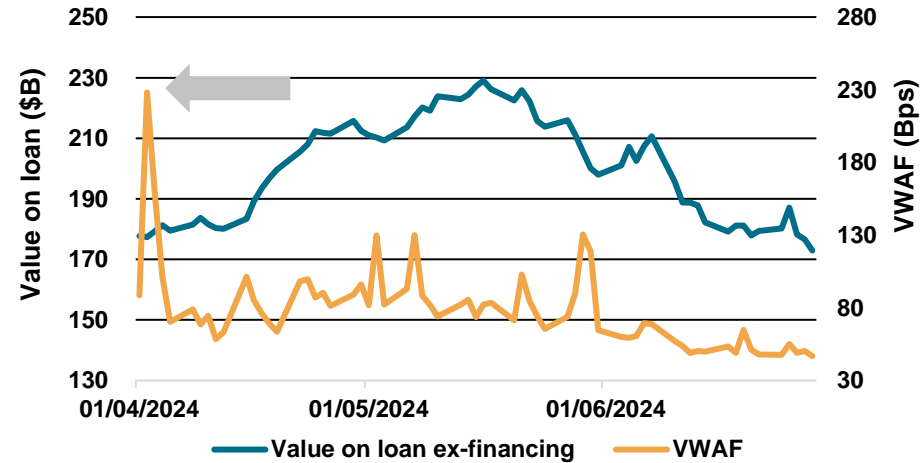


Equities - Average fees and balances

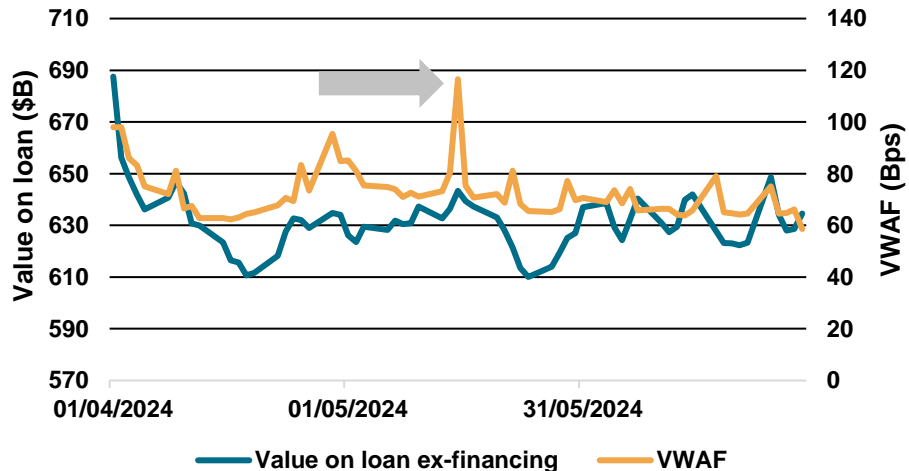
All Equities



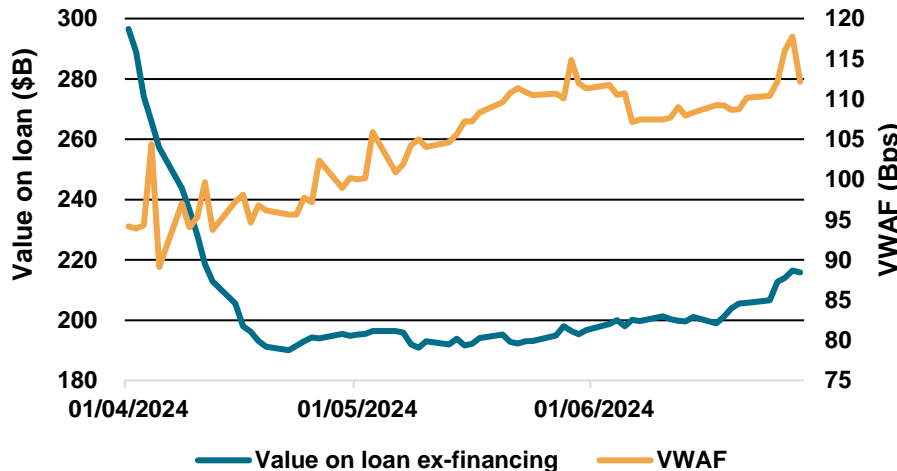
Europe Equities



Americas equities



Asia equities



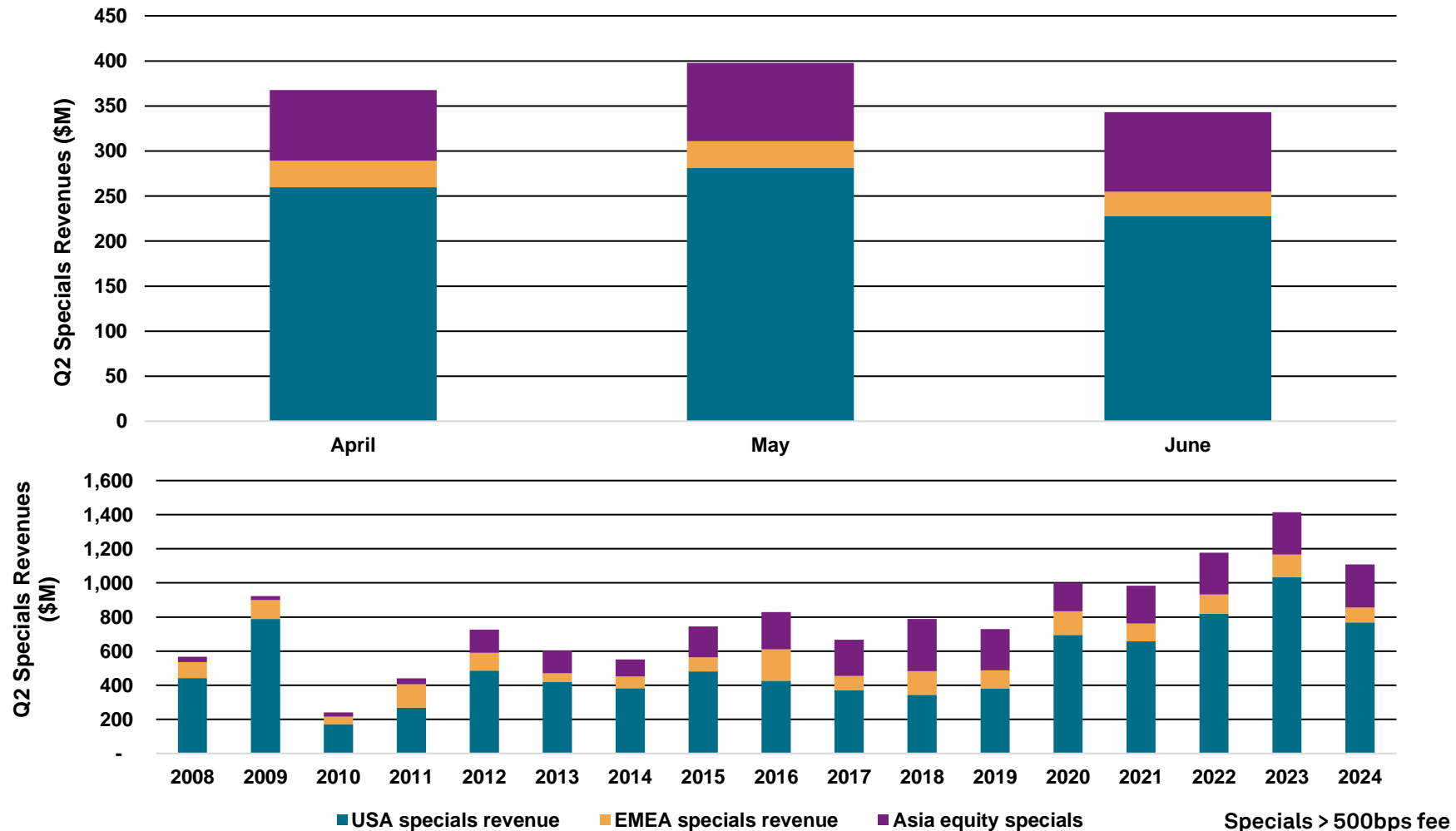
All equities 79bps

Americas equities
72bps

EMEA equities
76bps

APAC equities
105bps

Q2 equity specials revenues by region

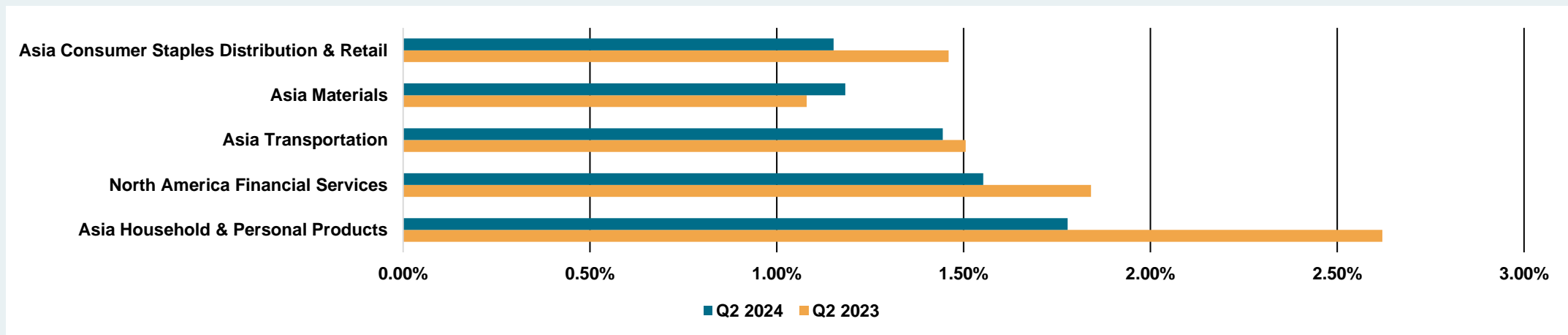


Specials revenues may have dipped BUT remain elevated when compared to previous years.

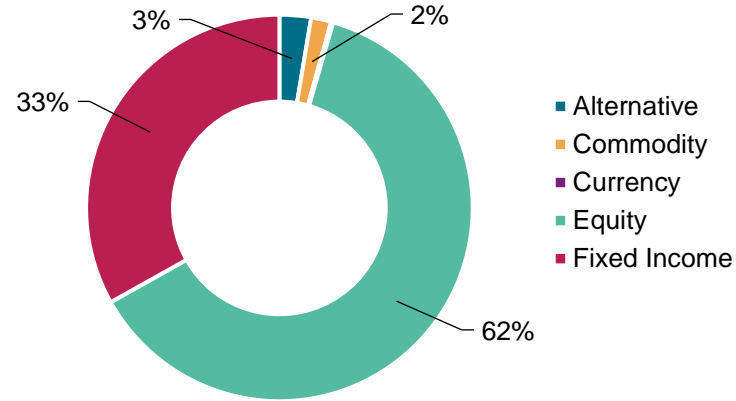
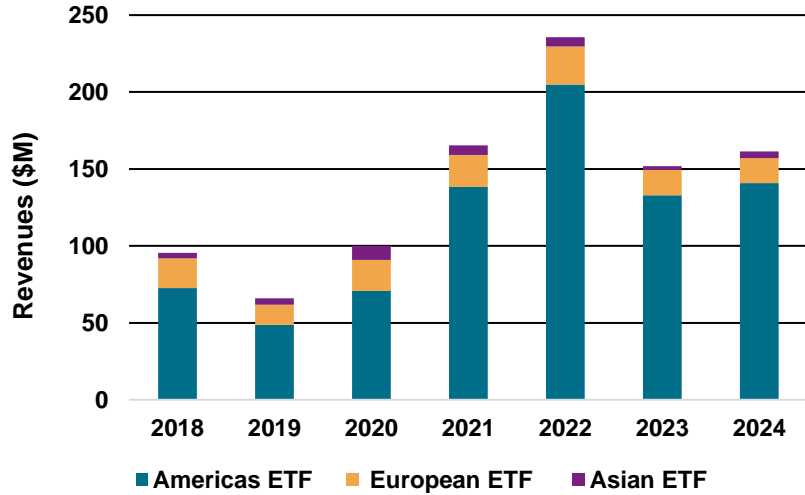
Equities – Top revenue generators and most shorted sectors of Q2 2024

Top Earning Assets	Ticker	Sector	Country	Revenue Generated (\$M)
Trump Media & Technology Group	DJT	North America Media and Entertainment	US	\$108.1
Lucid Group Inc	LCID	North America Automobiles & Components	US	\$69.5
Canopy Growth Corp	CGC	North America Pharmaceuticals, Biotech & Life Sciences	US	\$49.8
Beyond Meat Inc	BYND	North America Food, Beverage & Tobacco	US	\$36.0
Immunitybio Inc	IBRX	North America Pharmaceuticals, Biotech & Life Sciences	US	\$33.2
Visa Inc	V	North America Financial Services	US	\$24.2
B Riley Financial Inc	RILY	North America Financial Services	US	\$19.8
Canoo Inc	GOEV	North America Automobiles & Components	US	\$19.3
Sirius XM Holdings Inc	SIRI	North America Media and Entertainment	US	\$18.3
Canopy Growth Corp	WEED	North America Pharmaceuticals, Biotech & Life Sciences	US	\$18.0

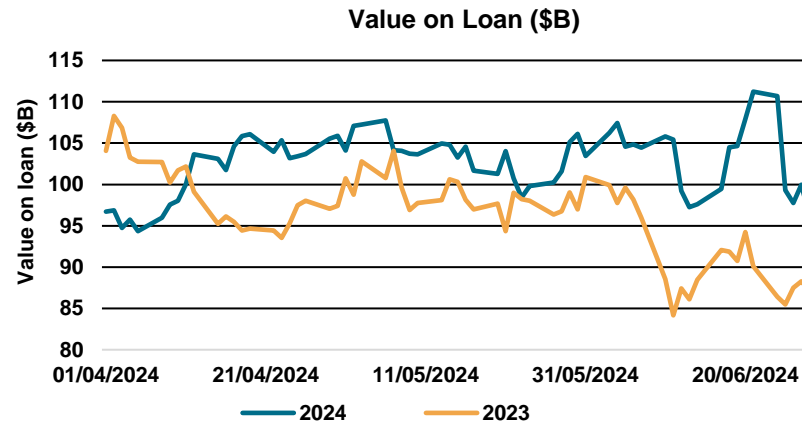
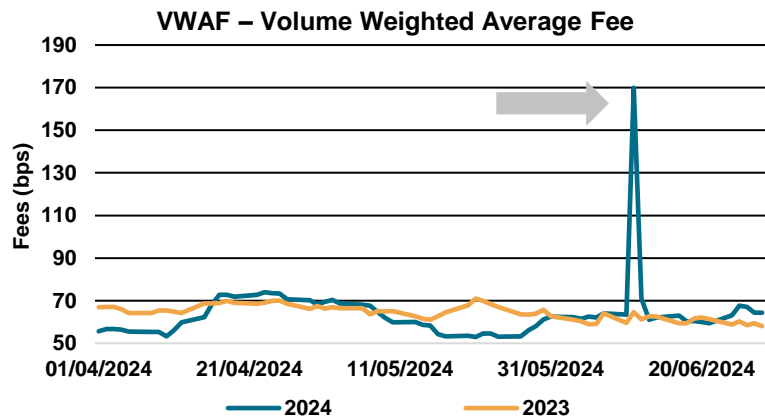
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ETF's Q2 2024



ETF revenues experienced a good quarter with growing by 7% YoY



ETF's – Top revenue generators

Top 5 Revenue Generating Fixed Income ETFs

ETF Name	Ticker	Investment type	Country	Revenue Generated (\$M)
iShares IBOXX Investment Grade	LQD	Fixed Income	US	\$17.8
iShares IBOXX High Yield Bond ETF	HYG	Fixed Income	US	\$8.1
iShares JPMorgan USD MTS Bond ETF	EMB	Fixed Income	US	\$3.4
iShares National Muni Bond ETF	MUB	Fixed Income	US	\$3.2
SPDR Bloomberg Barclay High Yield Bond	JNK	Fixed Income	US	\$2.8

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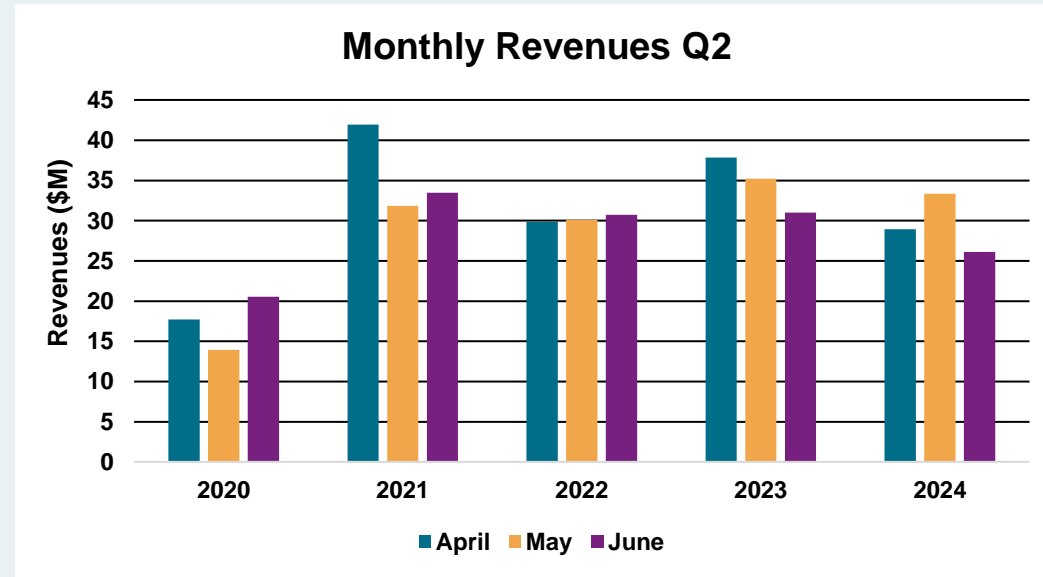
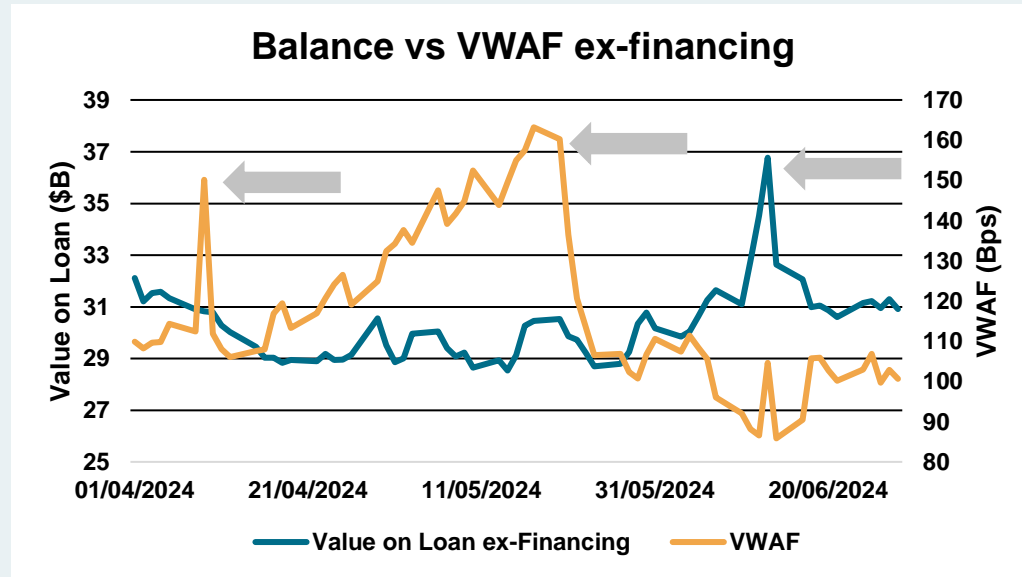
Top 5 Revenue Generating Equity ETFs

ETF Name	Ticker	Investment type	Country	Revenue Generated (\$M)
iShares MSCI EAFE ETF	EFA	Equity	US	\$4.9
iShares Russell 2000 ETF	IWM	Equity	US	\$4.2
SPDR S&P Biotech ETF	XBI	Equity	US	\$3.9
ARK Innovation ETF	ARKK	Equity	US	\$2.2
iShares MSCI China A Shares USD (ACC) ETF	CNYA	Equity	IE	\$2.0

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Depository Receipts



Top 5 Revenue Generating ADRs

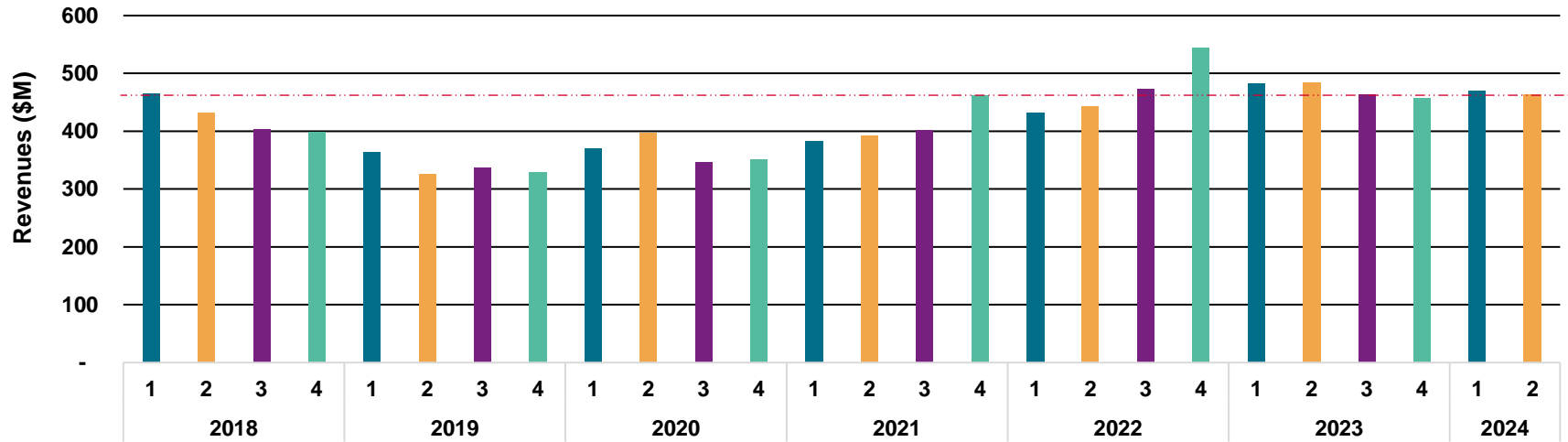
ETF Name	Ticker	Sector	Country	Revenue Generated (\$M)
Polestar Automotive Holding	PSNY	Automobiles & Components	SE	\$10.4
United Micro Electronics Rep 5 Ord	UMC	Semiconductors & Semiconductor Equipment	TW	\$5.0
Sociedad Quimica Rep 1 Series B Ord	SQM	Capital Goods	ES	\$3.3
Nio Ads Rep 1 Cl A Ord	NIO	Automobiles & Components	CN	\$2.8
Exscientia	EXAI	Pharmaceuticals, Biotech & Life Sciences	UK	\$1.8

Source: S&P Global Market Intelligence Securities Finance

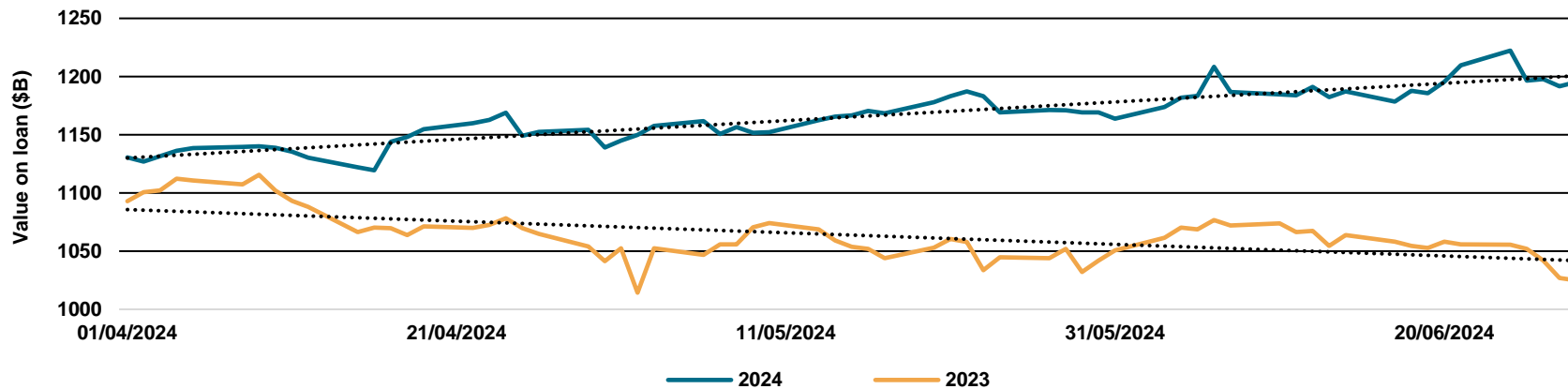
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Government bond revenues trend lower YoY

Total Revenue



Q2 Value on Loan



The on-going trend of higher balances and declining average fees continued during Q2.

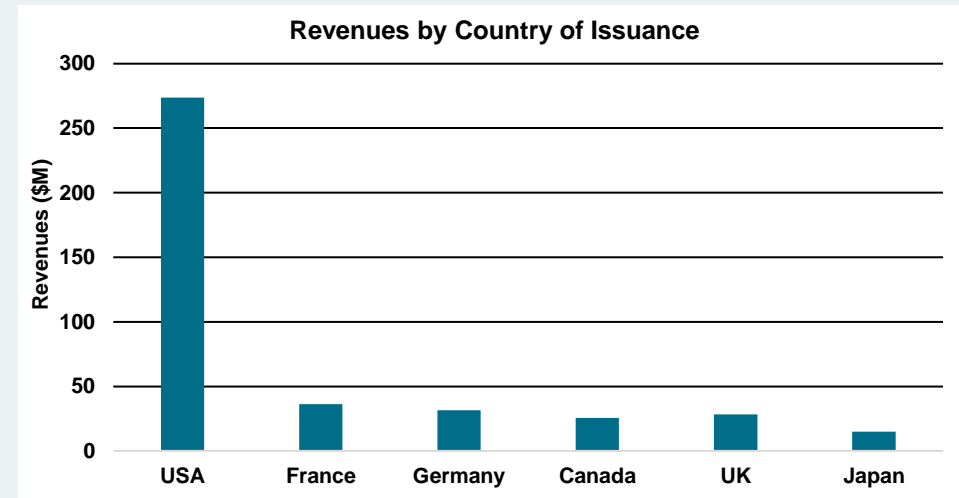
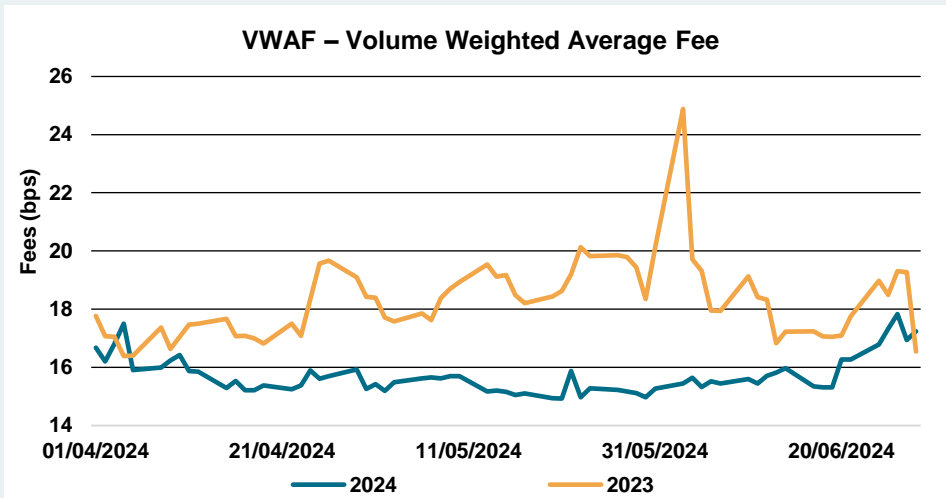
Government bonds – Top borrows

Top 10 Revenue Generating Government Bonds

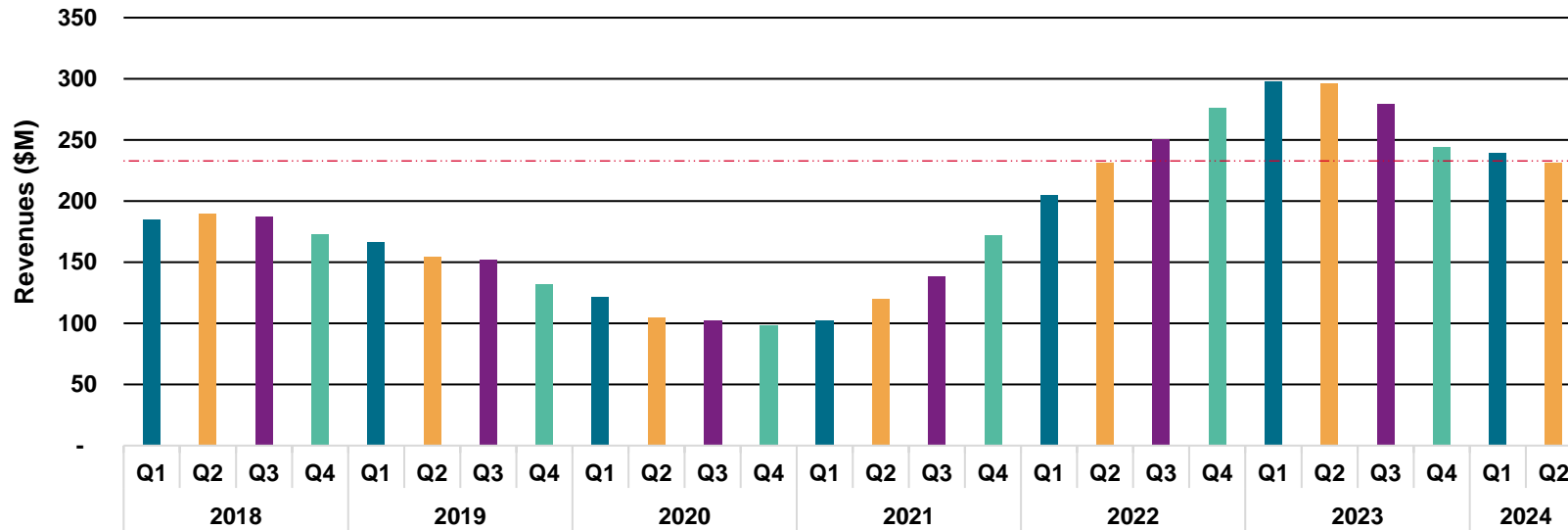
Top Earning Assets	CUSIP	Denomination	Country	Revenue Generated (\$M)
United States Treasury (3.5% 15-Feb-2033)	91282CGM7	USD	US	\$10.8
United States Treasury (4.625% 15-May-2044)	912810UB2	USD	US	\$6.4
United States Treasury (4.5% 15-Nov-2033)	91282CJJ1	USD	US	\$4.5
United States Treasury (1.875% 15-Feb-2032)	91282CDY4	USD	US	\$4.2
Italy, Republic Of (Government) (4% 01-Feb-2037)	T6031ZDM0	EUR	IT	\$3.1
United States Treasury (4% 15-Feb-2034)	91282CJZ5	USD	US	\$2.8
United States Treasury (2.75% 15-Aug-2032)	91282CFF3	USD	US	\$2.8
United States Treasury (3.375% 15-May-2033)	91282CHC8	USD	US	\$2.8
United States Treasury (4.125% 31-Jul-2028)	91282CHQ7	USD	US	\$2.6
United States Treasury (3.25% 15-May-2042)	912810TH1	USD	US	\$2.6

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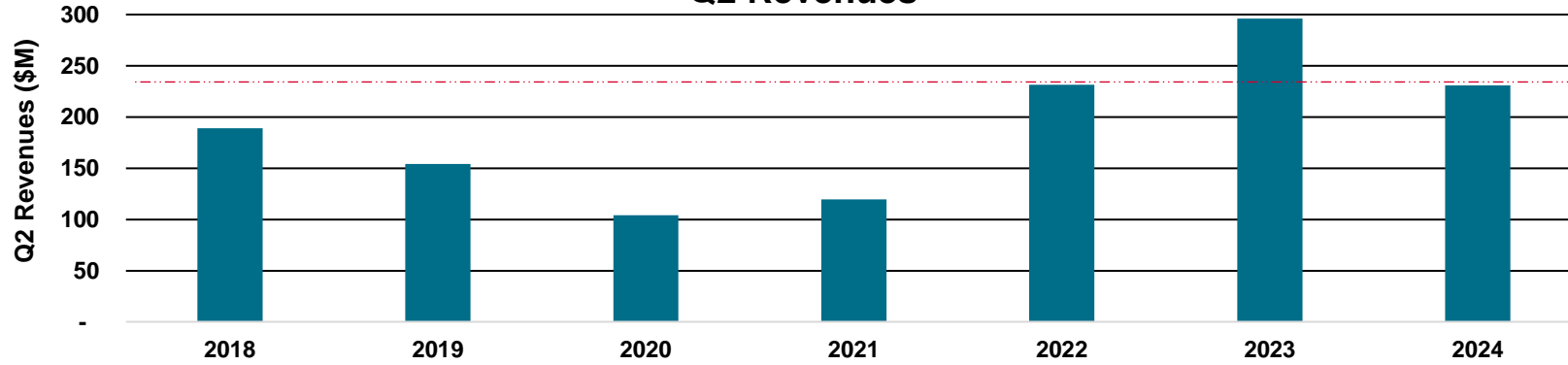


Corporate bond revenues decline QoQ and YoY

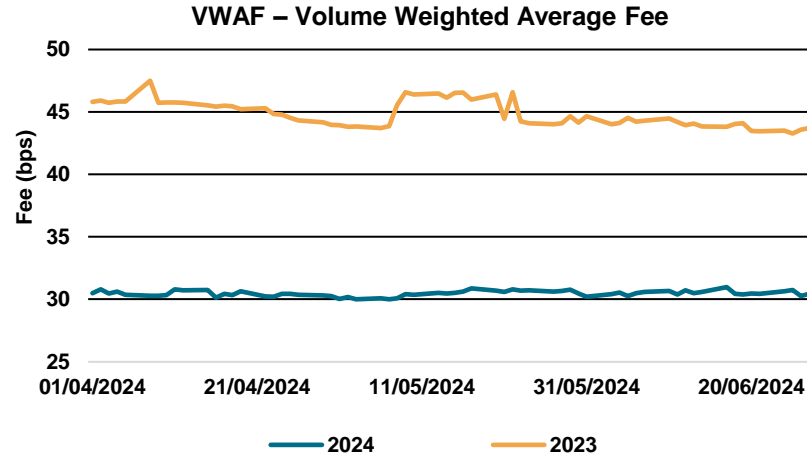
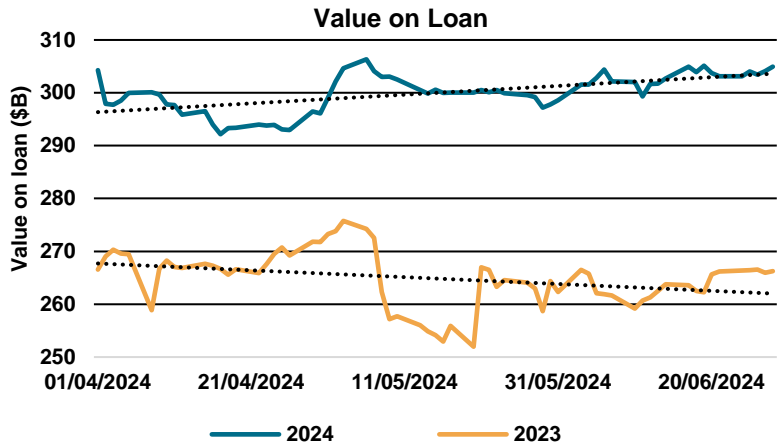


Q2 revenues remained elevated despite declining YoY

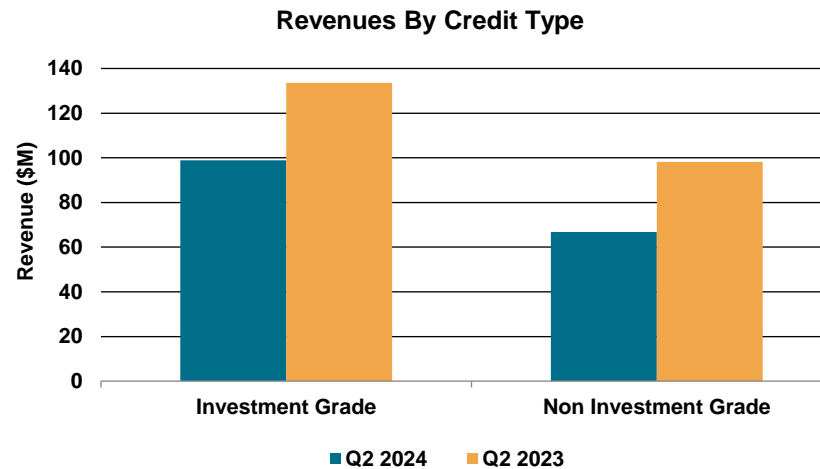
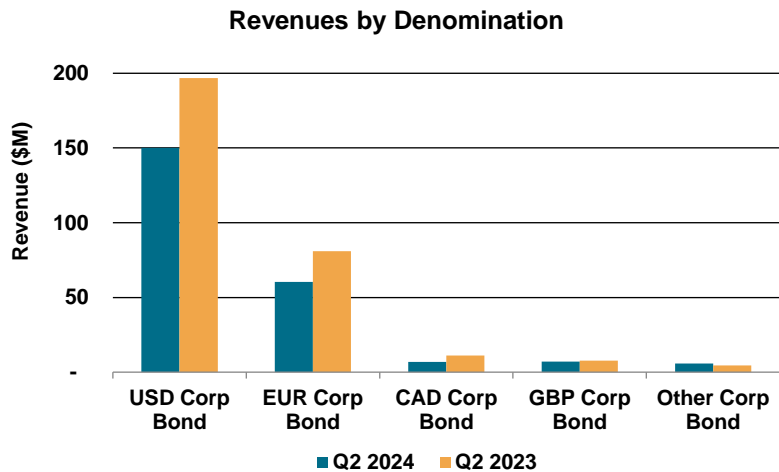
Q2 Revenues



Corporate bond fees fall but balances grow over the quarter



Average balances increased by 13% YoY over the quarter.



Corporate Bonds – Top revenue generators

Top 10 Revenue Generating Corporate Bonds

Top Earning Assets	CUSIP	Denomination	Asset Class	Revenue Generated (\$M)
Hanesbrands Inc (9% 15-Feb-2031)	410345AQ5	USD	Private Placement (Fixed Rate)	\$3.0
Biomarin Pharmaceutical Inc (1.25% 15-May-2027)	09061GAK7	USD	N.I.G. Conv Bond (Fixed Rate)	\$1.7
Hertz Corp (5% 01-Dec-2029)	428040DB2	USD	Private Placement (Fixed Rate)	\$1.7
3M Co (4% 14-Sep-2048)	88579YBD2	USD	I.G. Corp Bond (Fixed Rate)	\$1.6
Rand Parent LLC (8.5% 15-Feb-2030)	753272AA1	USD	Private Placement (Fixed Rate)	\$1.4
MPT Operating Partnership LP (5.25% 01-Aug-2026)	55342UAG9	USD	N.I.G. Corp Bond (Fixed Rate)	\$1.3
Ford Motor Co (5.291% 08-Dec-2046)	345370CS7	USD	N.I.G. Corp Bond (Fixed Rate)	\$1.1
Apple Inc (4.85% 10-May-2053)	037833EW6	USD	I.G. Corp Bond (Fixed Rate)	\$1.1
Vistajet Malta Finance Plc (7.875% 01-May-2027)	92840JAD1	USD	Private Placement (Fixed Rate)	\$1.0
Level 3 Financing Inc (10.5% 15-May-2030)	527298BU6	USD	Private Placement (Fixed Rate)	\$0.8

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Equity market highs suppress revenues

Low volatility and a growing expectation of a soft-landing inhibit securities lending revenues

- Continued increases in asset valuations and low volatility led to a decline in both demand and revenues
- Pockets of strong performance continued to exist along with some markets experiencing all-time lows
- Will volatility return throughout Q3 and H2?
- How will interest rate moves affect the market? Will the rally broaden out?
- Could the new political landscape lead to new opportunities for lenders?
- Will the AI theme continue to play out or is it reaching its conclusion?
- Heading into Q3 it feels as if uncertainty is growing and that's the one thing markets do not like.



Securities finance Q2 2024 market activity review webinar

Gesa Johannsen

Managing Director, Head of Clearance & Collateral Management International Business

Gesa leads the International Clearance and Collateral Management Business at BNY. Reporting to the CEO of the Business, she leads the business strategy for the collateral management business with more than \$6 trillion of assets on the platform that we manage, optimize, move and keep safe for our clients.

Taking responsibility for the business success internationally she maintains critical oversight of the business' regulatory obligations.

Gesa has over 25 years industry experience. Prior to joining BNY in 2013, she spent 10 years at Eurex Clearing and led the product strategy of the CCP. Gesa has also previously held senior roles at KPMG and Deutsche Bank.

Gesa represents BNY on the Board of ISDA (International Swaps and Derivatives Association) since 2021, taking an active role to support ISDA's strategic goals to foster safe and efficient derivatives markets.

She holds a Diploma Degree in Economics of the University of Cologne.

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Please send all questions to.....

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Thank you for your participation

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