



# Efficiency Gains & Seamless Cross-border Flow

At the cross-way to the future...

Raphael Heuberger, swissSPTC 43 Meeting, Triesen, 26.06.2018

# Agenda

- New infrastructure for efficiency gains
- Solutions emerging on the horizon – where to go?
- Context of SIX

# Efficiency Gains require a Leap Forward

## **Optimal usage of collateral is constrained**

Mid- and small-sized banks have not same IT power to manage collateral. Collateral pools can still be fragmented and inefficiently used.

## **Cross-border and cross-product limits**

Settlement between countries and/or providers is expensive. Holistic view on collateral is often constrained.

## **T2S – Expected convergence gains momentum**

The ECB launched T2S to overcome the fragmentation of settlement, the Collateral Harmonisation initiative could help.

# Emerging Solutions

## **Maximal aggregation**

Tier-I banks showed a tendency to move major parts of collateral into single-silo structures, also in context of CCP's. Downside the is concentration of risk on provider relationships. They lack the incentive to open up their environment - in a cost efficient way.

## **Fintech - Blockchain**

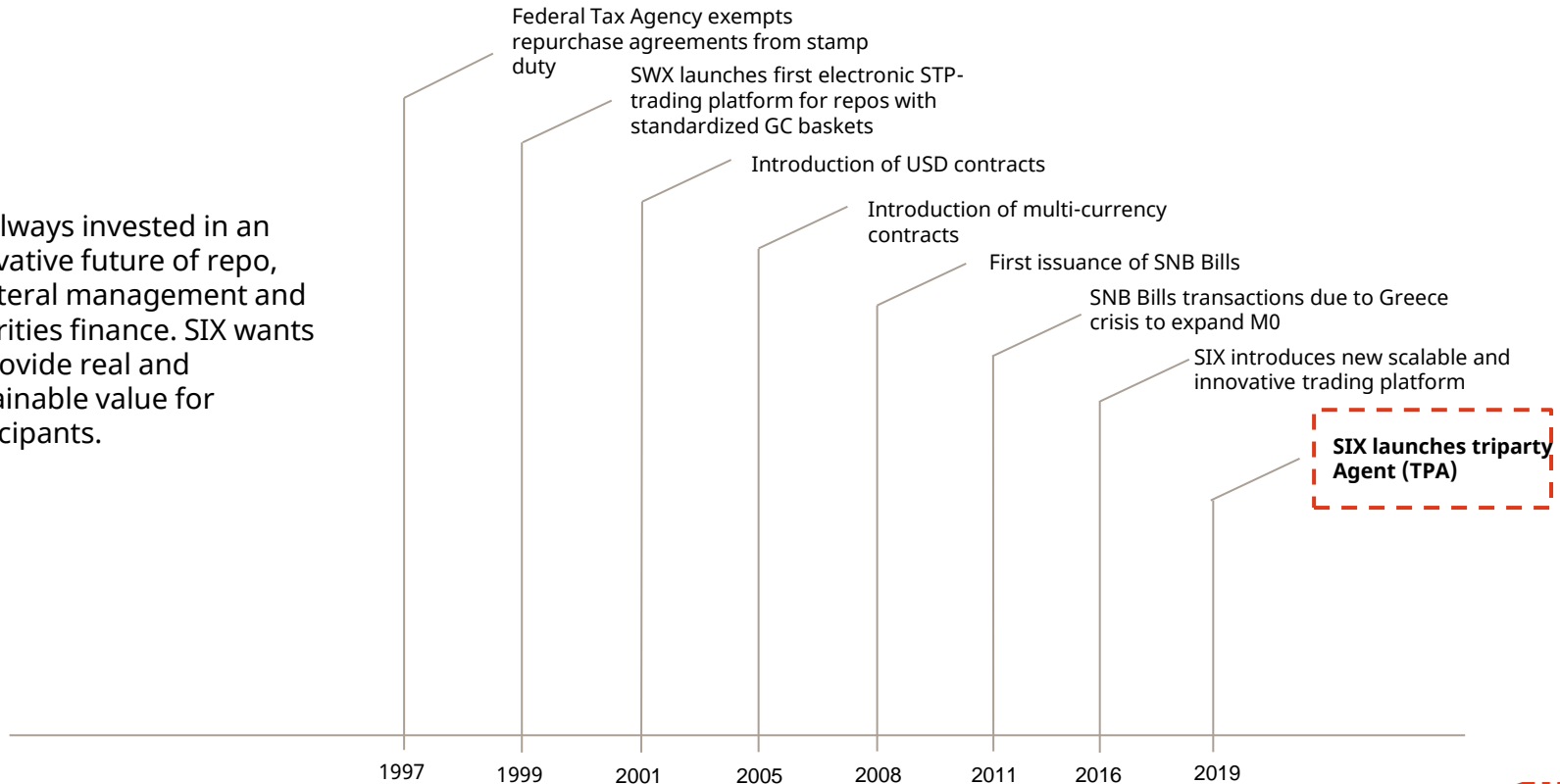
The fintech industry seeks to introduce blockchain technology as a solution. However: Can technology solve the nature of inter-jurisdiction claim and default procedures? How long will such a transformation take? Wouldn't the location of assets still matter?

## **T2S now seriously considered for Collateral Harmonisation**

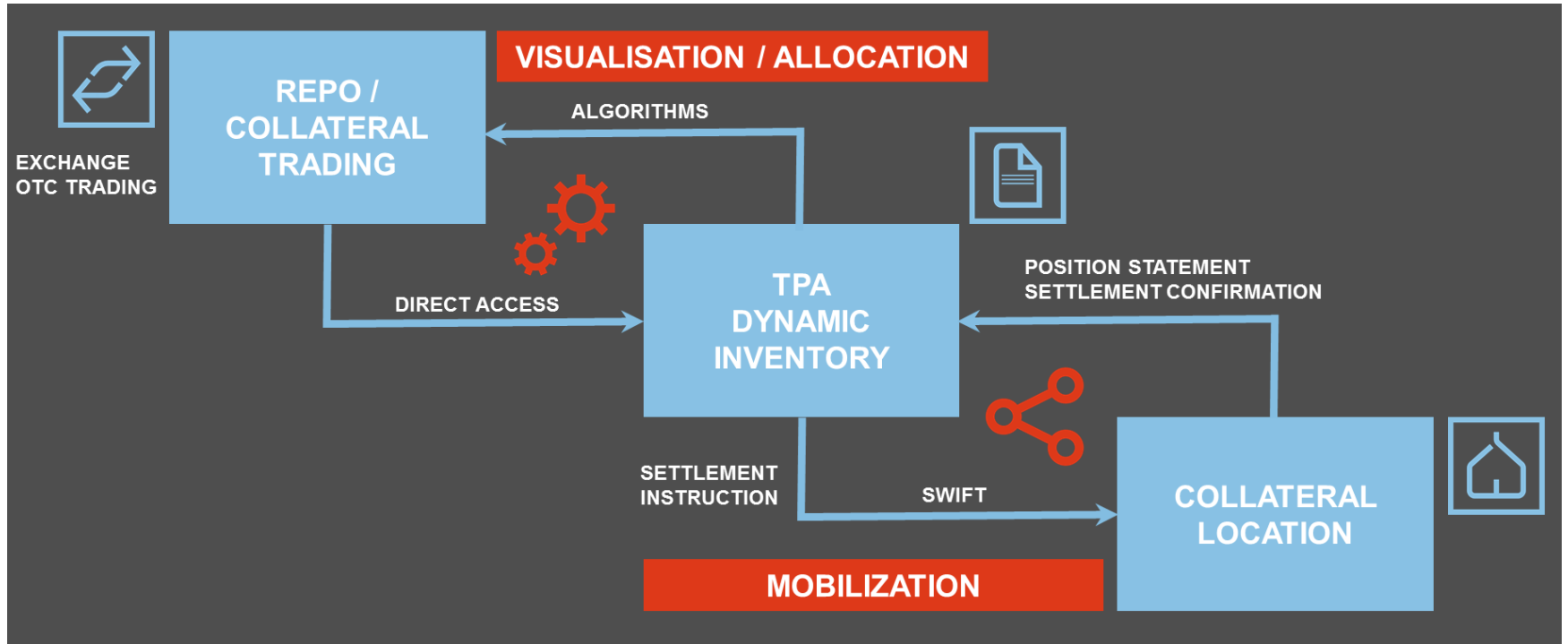
The pressure on costs seem to bring momentum into the discussion, the centralized and regulated nature are important.

# SIX in the Collateral Space

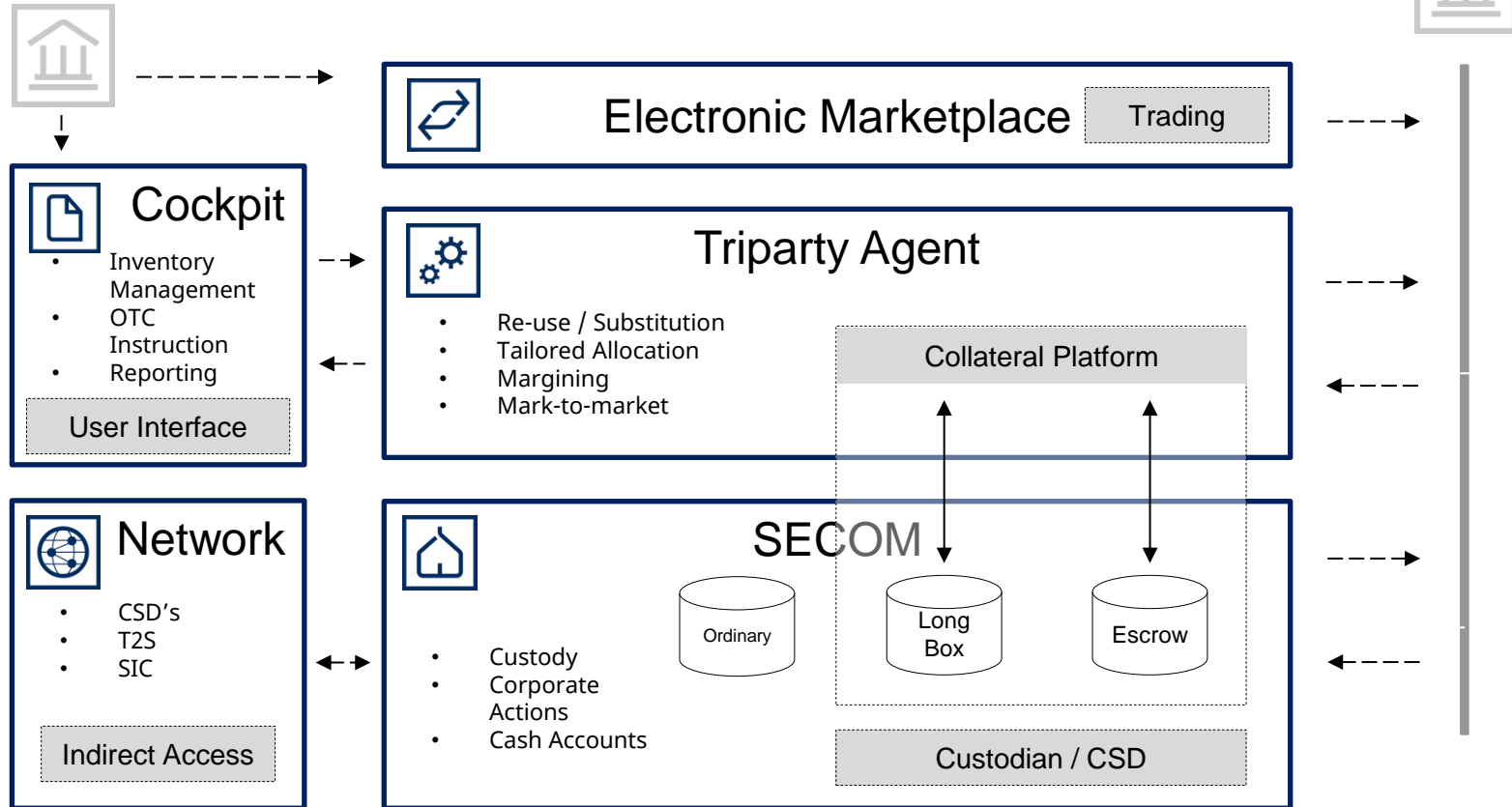
SIX always invested in an innovative future of repo, collateral management and securities finance. SIX wants to provide real and sustainable value for participants.



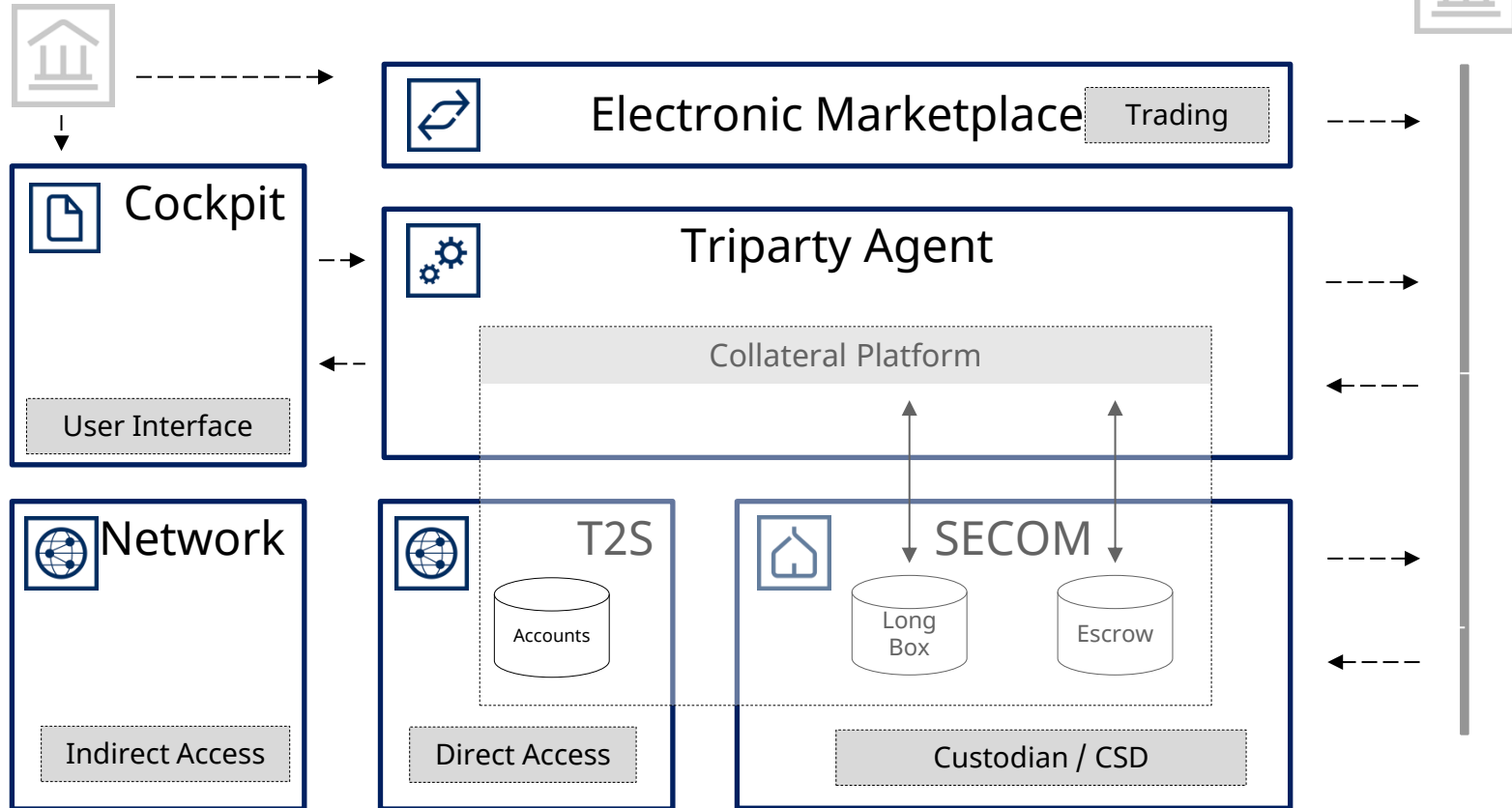
# The New Vision



# The New Collateral Landscape (2019) ...



... is planned to become location independent.





# Next Steps

## **Find Industry Consensus: How to move forward?**

SIX is willing to consider and analyse any framework. SIX has been at the forefront of the T2S access implementation (wave 1) and supports industry evolution towards efficiency.

## **Stakeholder Support**

Participants are asked to evaluate with subject matter experts the strategic agenda. Direction should be decided on a high level, therefore this board might express an educated opinion.

## **SIX roadmap – direction required soon**

Our endeavour to renew infrastructure requires timely decision, hence guidance through stakeholders. (2018)

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