



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

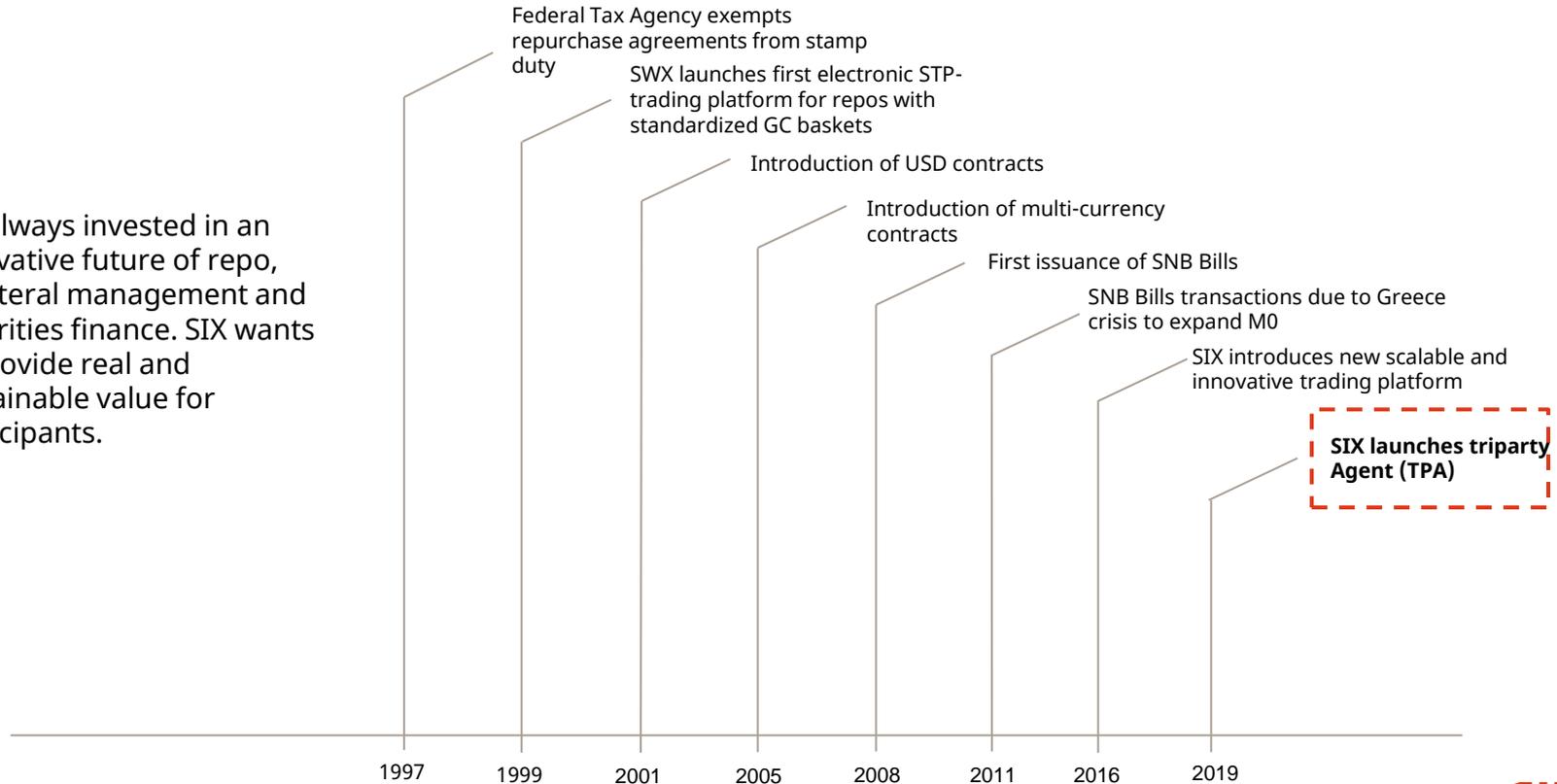
The fintech industry seeks to introduce blockchain technology as a solution. However: Can technology solve the nature of inter-jurisdiction claim and default procedures? How long will such a transformation take? Wouldn't the location of assets still matter?

T2S now seriously considered for Collateral Harmonisation

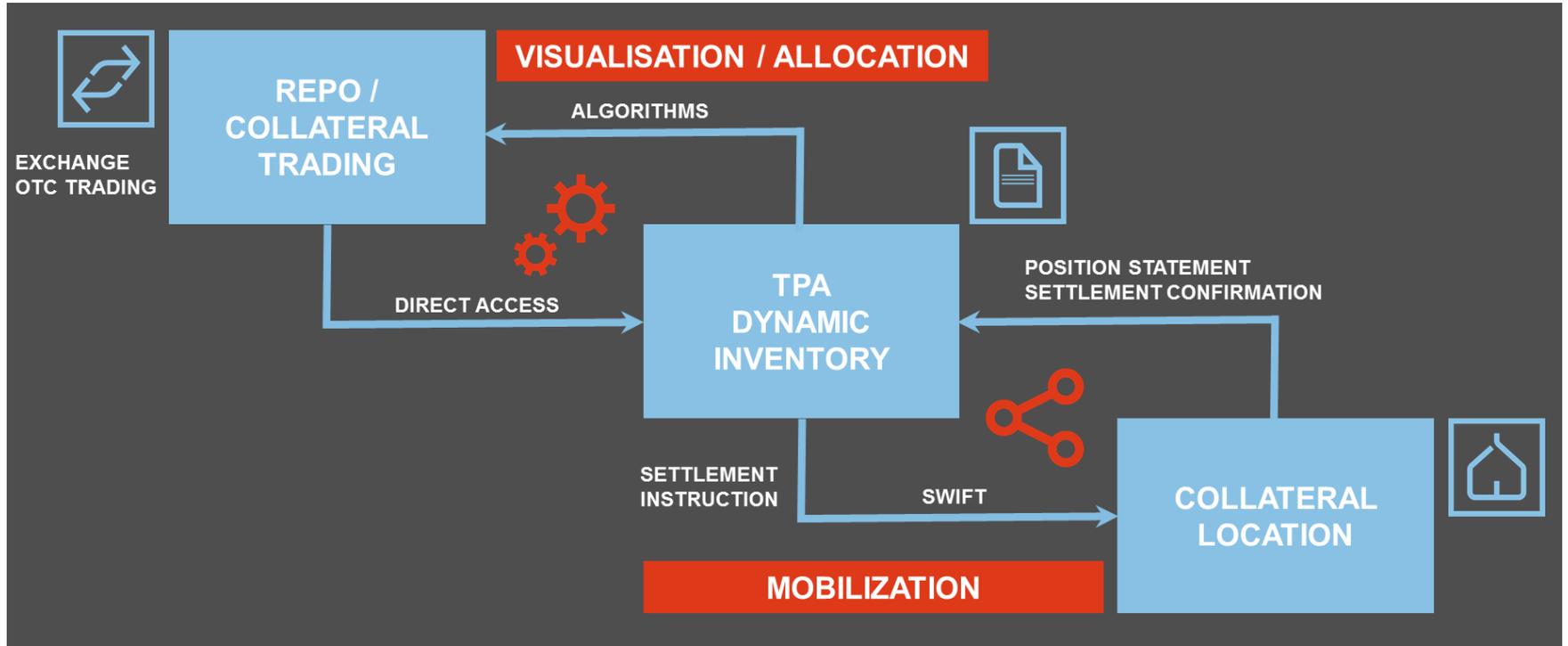
The pressure on costs seem to bring momentum into the discussion, the centralized and regulated nature are important.

SIX in the Collateral Space

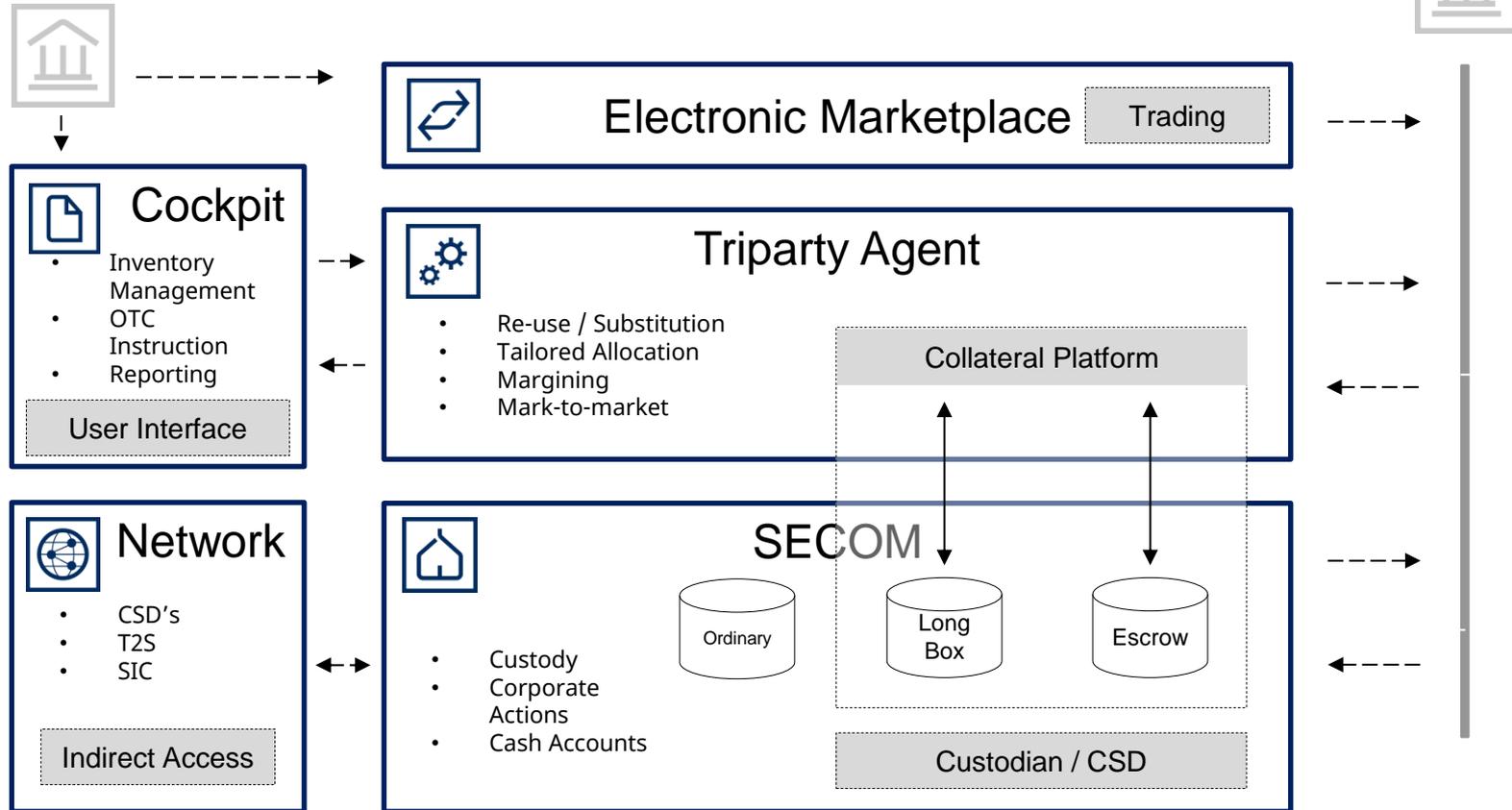
SIX always invested in an innovative future of repo, collateral management and securities finance. SIX wants to provide real and sustainable value for participants.



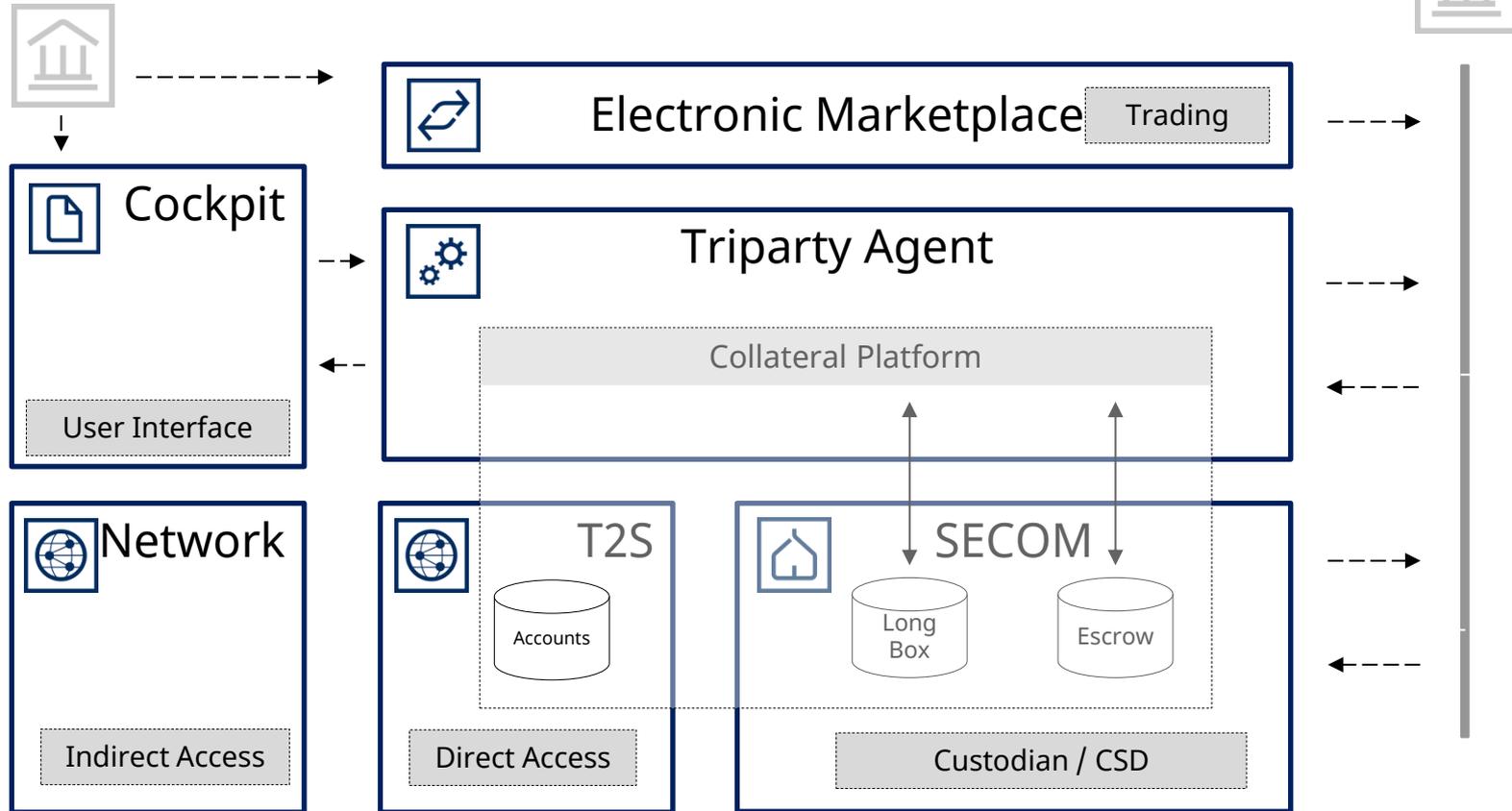
The New Vision



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)

Author

Raphael Heuberger
Head Business Development, Securities Finance

SIX Securities & Exchanges
Hardturmstrasse 201
CH-8021 Zürich
T +41 58 399 2190
repointodesk@six-group.com

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