

Securities Finance

Market Activity Review Q1 2025

Matt Chessum, Director
Securities Finance

Jan Treuren, Senior Director,
Product, Cboe Europe

April 17, 2025



Housekeeping Notes

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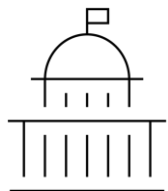
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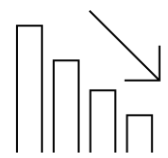
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Q1 2025

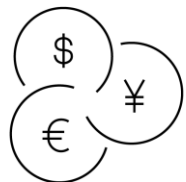
Market conditions deteriorate throughout the quarter as a new reality takes hold



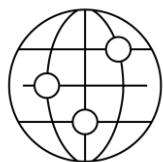
Donald Trump enacts his plan to Make America Great Again



Stock markets finish the quarter lower as trade tensions escalate



Central Banks took varied approaches to support economic growth



Geopolitical tensions continue to impact financial markets



Securities lending revenues increase 5% YoY during Q1 as volatility grows

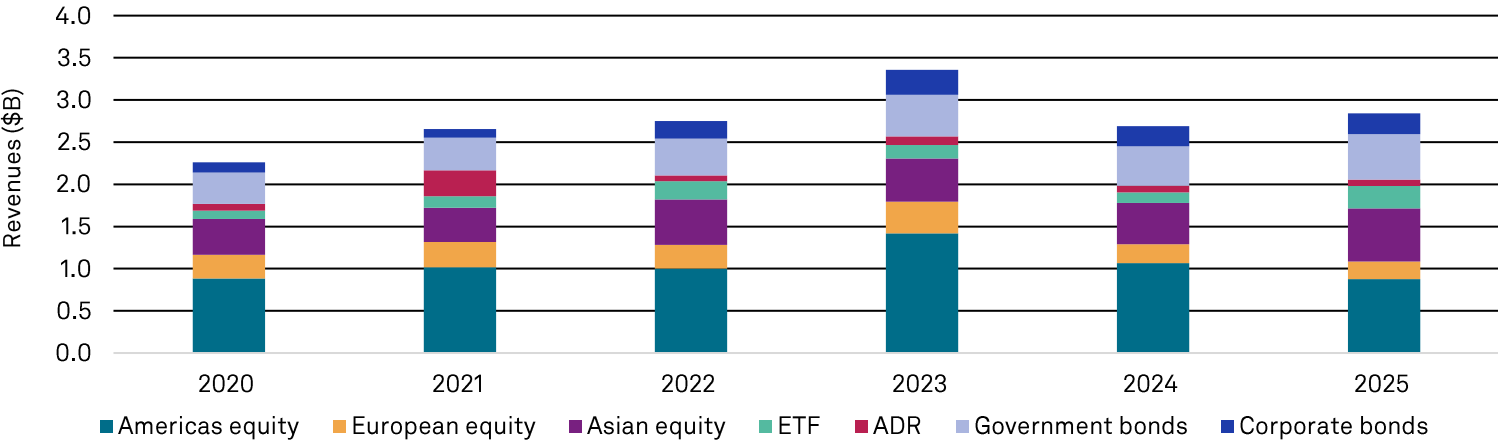
Market revenues – Q1 2025

| 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 | \$2,892 | 5% | \$2,892 | \$2,889 | 12% | 0.40% | -5% | \$41,453 | 15% | 5.5% | 0% |
| All Equity | \$2,089 | 3% | \$2,089 | \$1,250 | 10% | 0.67% | -5% | \$31,453 | 17% | 2.9% | -2% |
| Americas Equity | \$876 | -18% | \$876 | \$666 | 5% | 0.53% | -21% | \$23,608 | 20% | 2.3% | -8% |
| Asia Equity | \$630 | 29% | \$630 | \$244 | 9% | 1.03% | 19% | \$2,914 | 8% | 5.4% | 10% |
| EMEA Equity | \$207 | -8% | \$207 | \$185 | 18% | 0.44% | -20% | \$3,890 | 7% | 3.7% | 10% |
| ADR | \$77 | -3% | \$77 | \$32 | 3% | 0.95% | -5% | \$277 | 13% | 8.9% | -2% |
| ETP | \$267 | 109% | \$267 | \$116 | 29% | 0.92% | 63% | \$646 | 25% | 9.5% | 1% |
| Government Bond | \$538 | 15% | \$538 | \$1,262 | 13% | 0.17% | 3% | \$4,853 | 9% | 20.9% | 3% |
| Corporate Bond | \$246 | 3% | \$246 | \$352 | 22% | 0.28% | -15% | \$4,748 | 7% | 6.3% | 13% |

Note: Includes only transactions with positive fees

Source: S&P Global Market Intelligence Securities Finance

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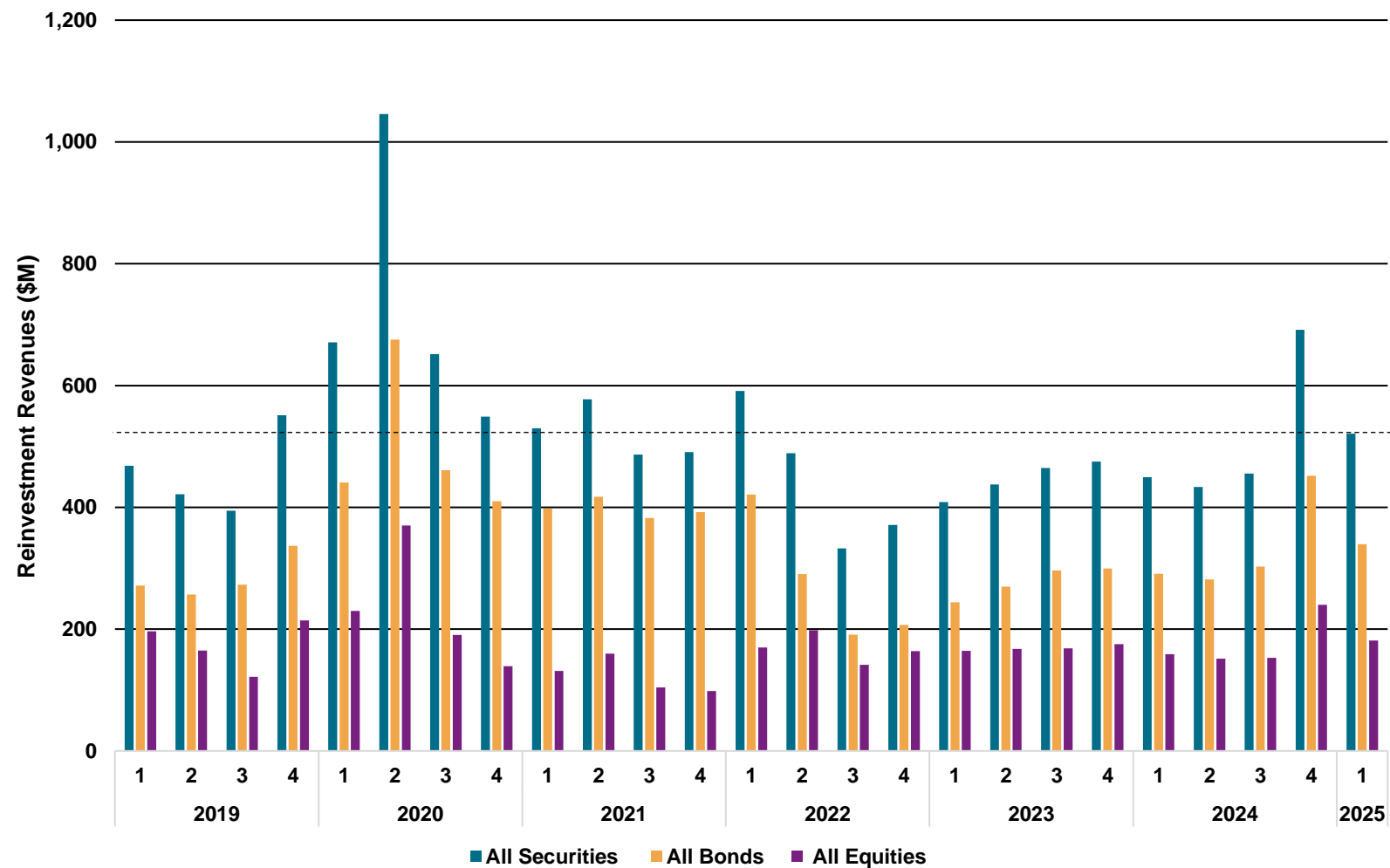


Q1 revenues
of \$2.9B

Revenues
grow 5% YoY

Average
balances
grow 12%
YoY

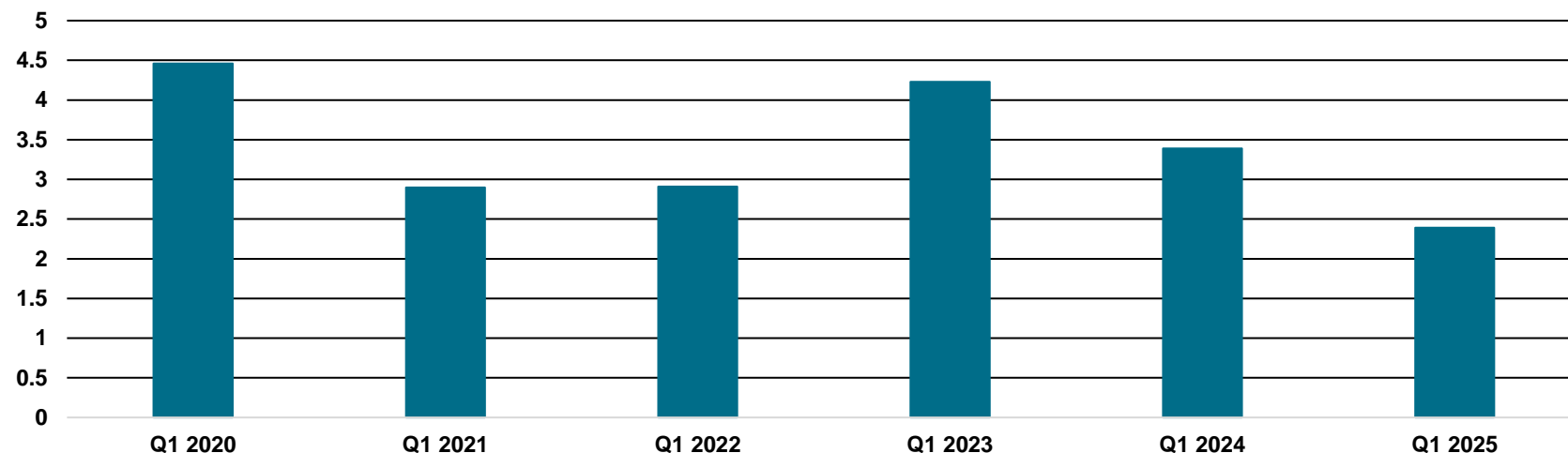
Market revenues – Reinvestment returns



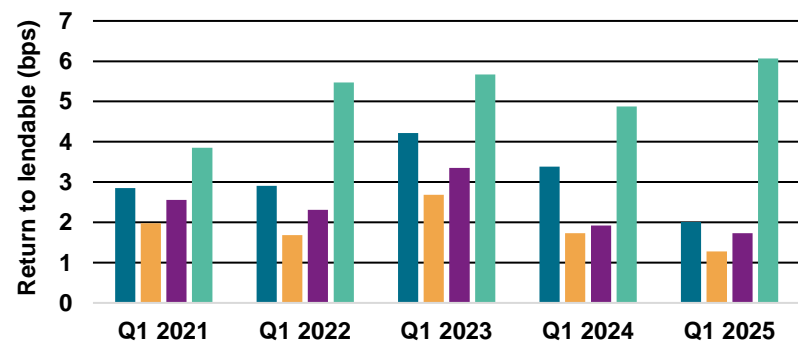
Quarterly cash reinvestment returns decline as Fed pauses

Market revenues – Lenders return to lendable

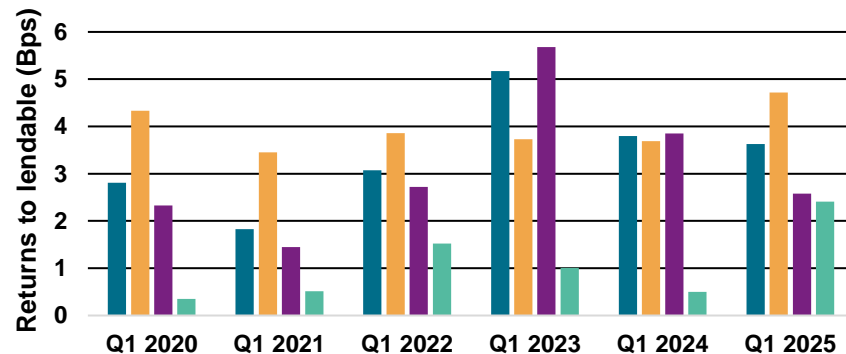
All Securities



All equities



All Bonds



■ All equities ■ Americas equities ■ European equities ■ Asian equities

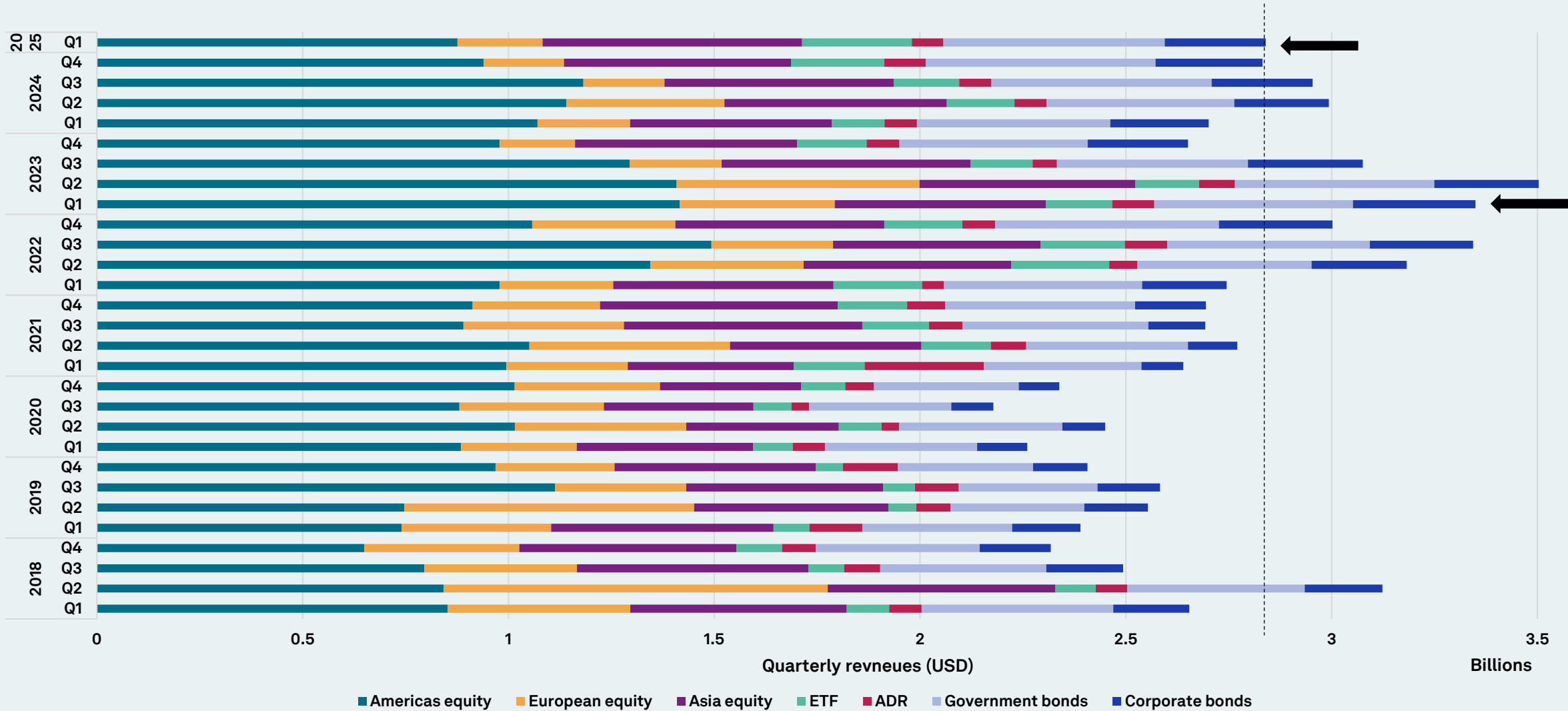
■ All Bonds ■ Government Bonds ■ Corporate Bonds ■ Emerging Bonds

All securities
2.39bps

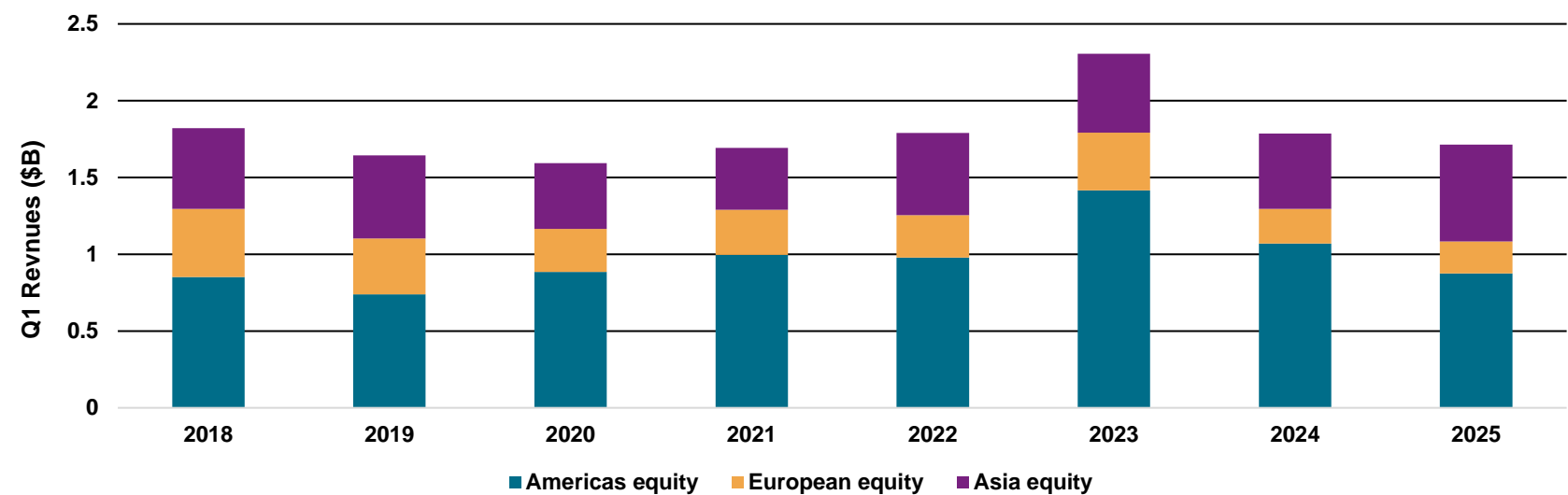
All equity
2bps

Fixed income
3.6bps

Quarterly revenues by asset class

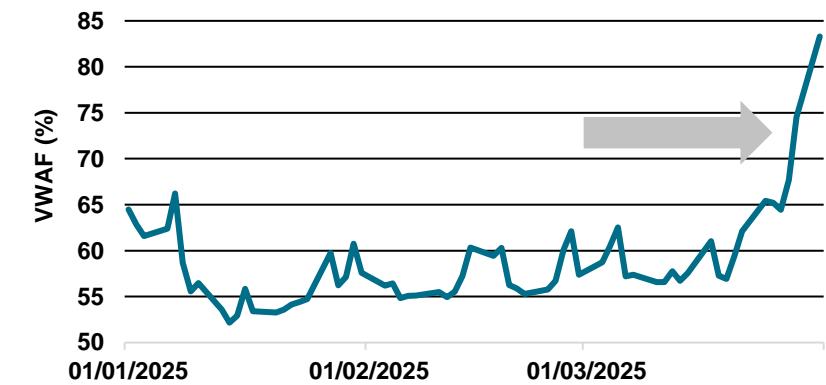


Equities – Revenues, VWAF and Balances

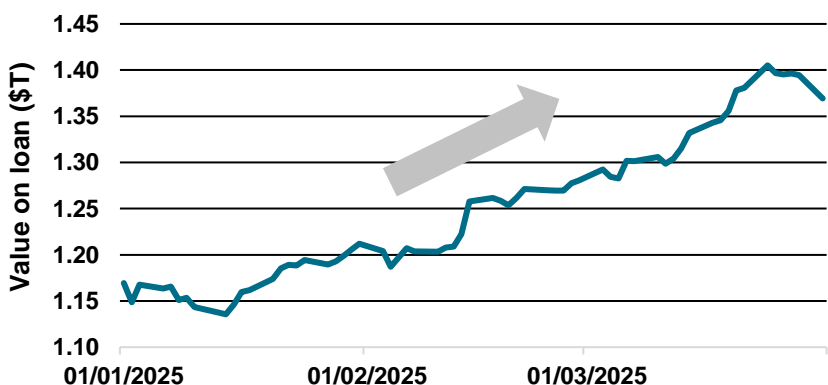


Q1 equity revenues increased 3% YoY as VWAF spikes towards quarter end

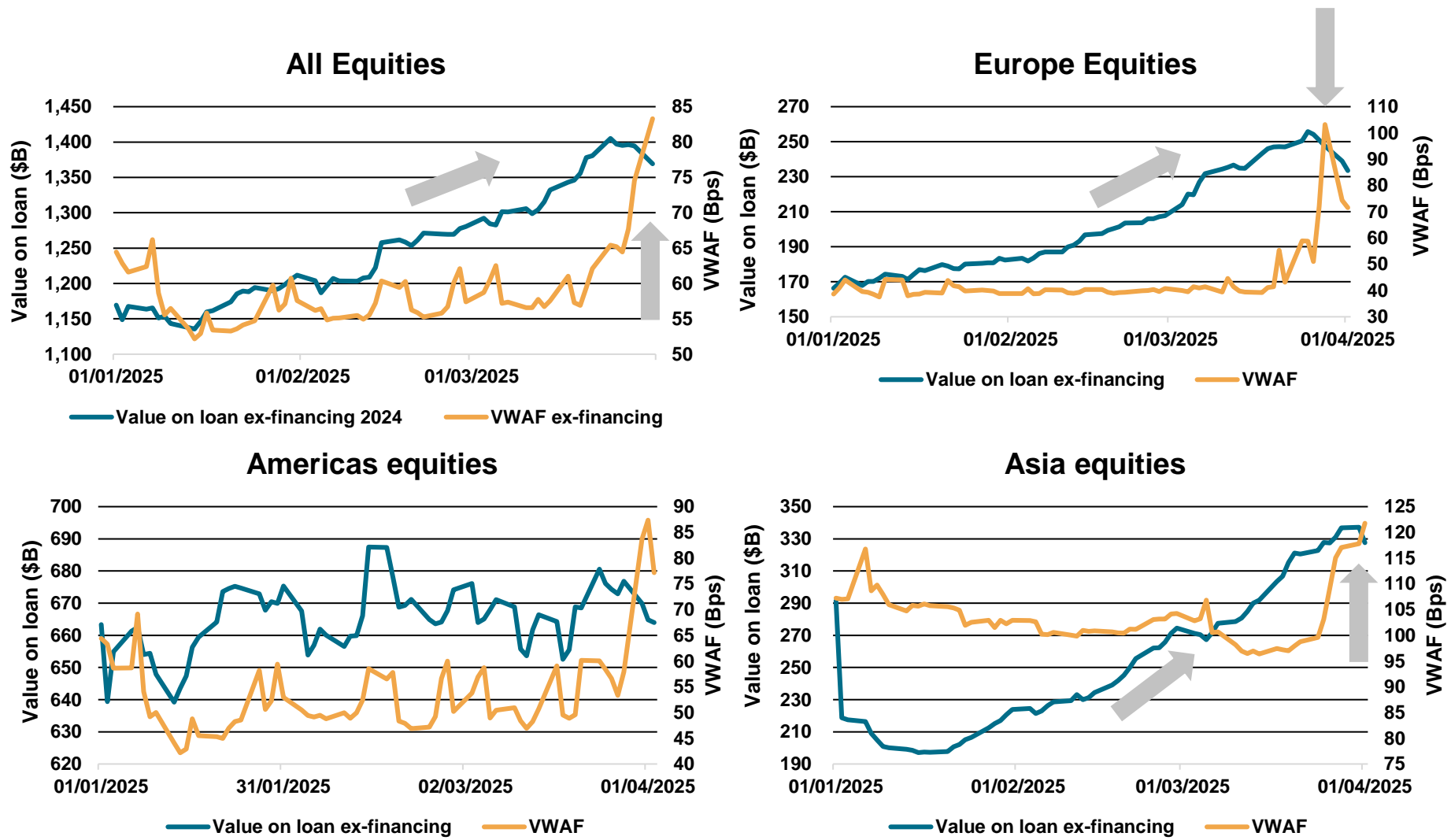
VWAF ex-financing



Value on loan ex-financing



Equities - Average fees and balances



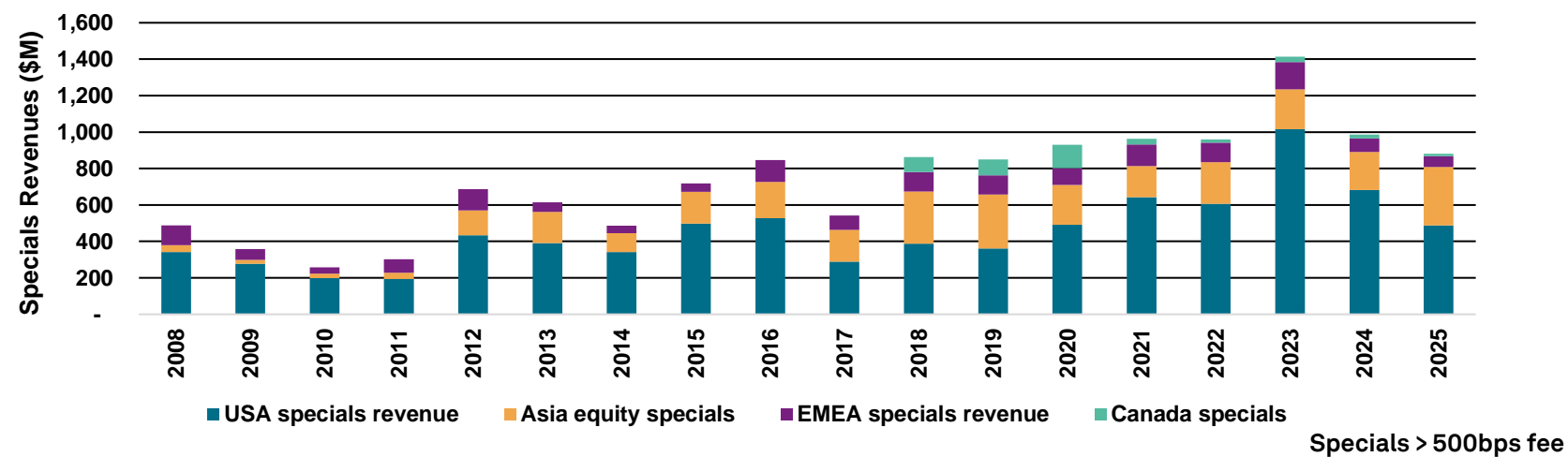
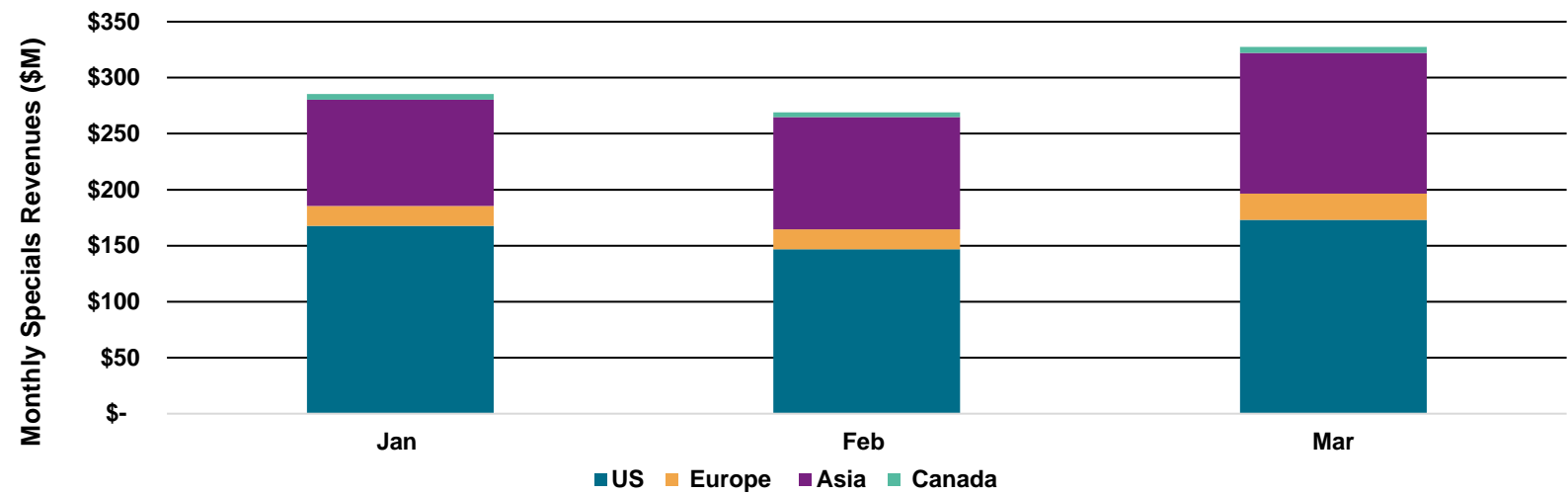
All equities 67bps

Americas equities 53bps

EMEA equities 44bps

APAC equities 103bps

Q1 equity specials revenues by region

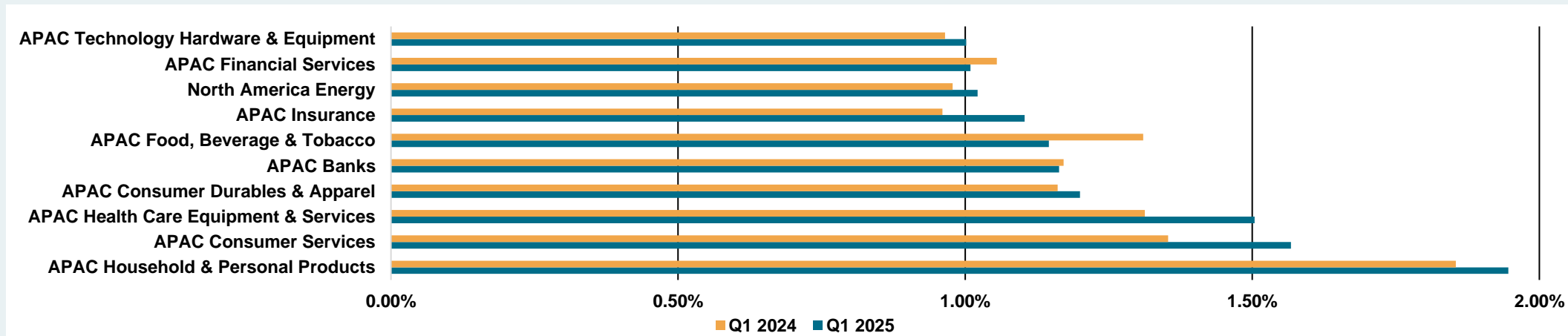


Specials revenues of \$881M generated during Q1

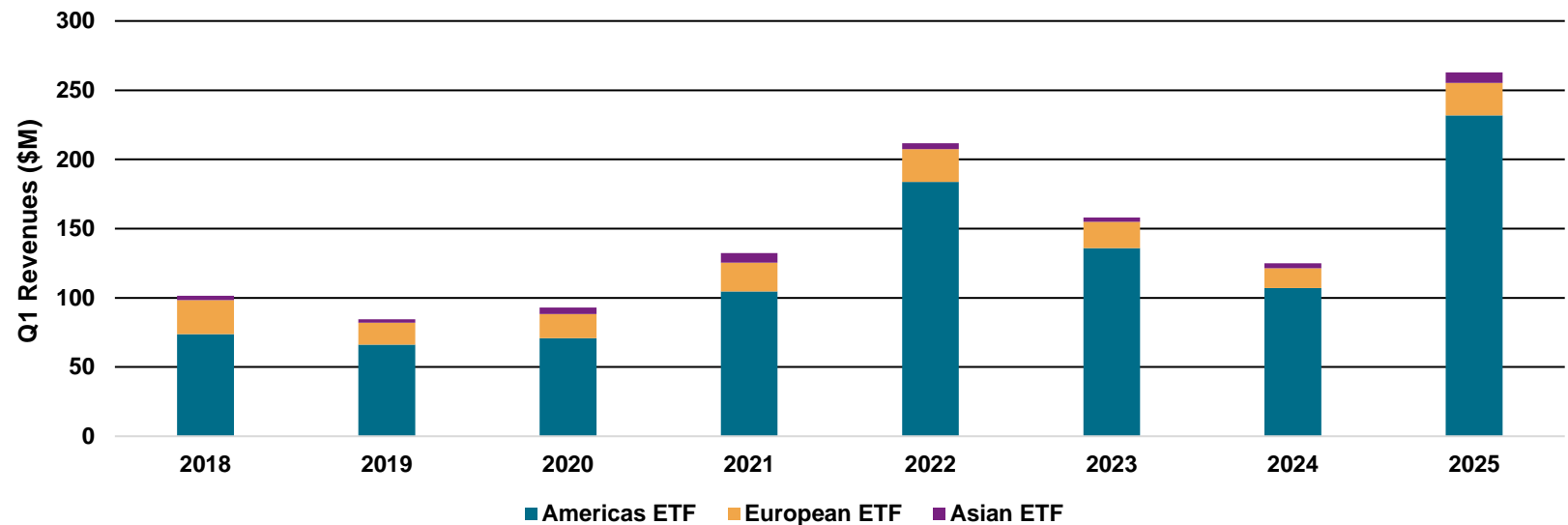
Equities – Top revenue generators and most shorted sectors of Q1 2025

| Stock Name | Ticker | Sector | Country | Q1 Revenues (\$M) |
|-----------------------------|--------|--|---------|-------------------|
| Endeavor Group Holdings Inc | EDR | North America Media and Entertainment | US | \$44.6 |
| Quantum Computing Inc | QUBT | North America Software & Services | US | \$28.9 |
| Nano Nuclear Energy Inc | NNE | North America Capital Goods | US | \$20.2 |
| Plug Power Inc | PLUG | North America Capital Goods | US | \$18.5 |
| Beyond Meat Inc | BYND | North America Food, Beverage & Tobacco | US | \$13.2 |
| Sealsq Corp | LAESV | NULL | US | \$12.3 |
| Enbridge Inc | ENB | North America Energy | CA | \$12.0 |
| Visa Inc | V | North America Financial Services | US | \$11.5 |
| Rigetti Computing Inc | RGTI | North America Semiconductors | US | \$11.1 |
| Arqit Quantum Inc | ARQQ | North America Software & Services | US | \$10.6 |

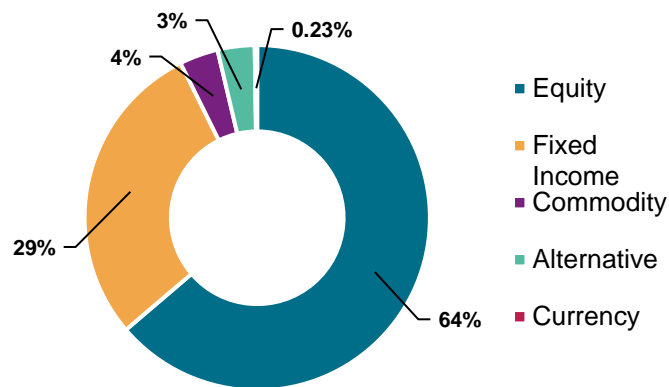
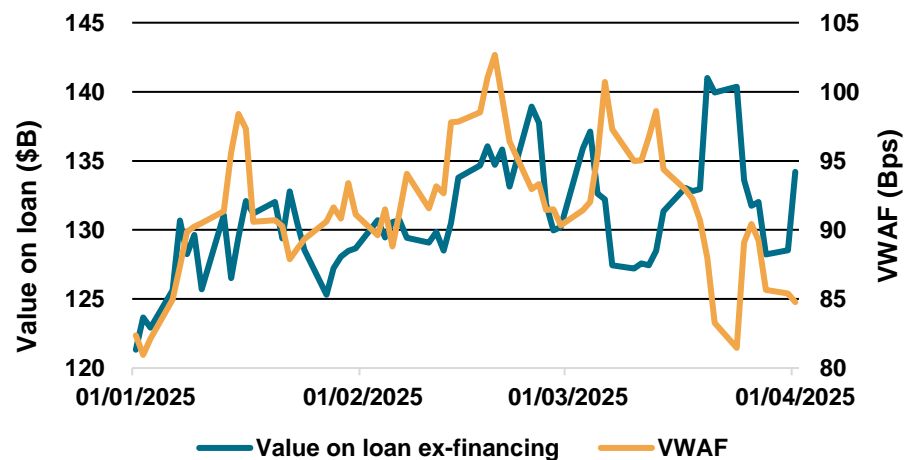
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ETF's Q1 2024



ETF revenues
explode during
Q1 growing by
35% YoY



ETF's – Top revenue generators

Top 5 Revenue Generating Equity ETFs

| ETF Name | Ticker | Investment type | Country | Revenue Generated (\$M) |
|---|--------|-----------------|---------|-------------------------|
| T Rex 2X Long MicroStrategy Daily Target | MSTU | Equity | US | \$21.6 |
| Defiance Daily Target 2X Long MicroStrategy | MSTX | Equity | US | \$13.1 |
| Direxion Daily Tesla Bull 2X | TSLL | Equity | US | \$8.6 |
| SPDR Gold Shares | GLD | Equity | US | \$8.0 |
| Ark Innovation | ARKK | Equity | US | \$7.9 |

Source: S&P Global Market Intelligence Securities Finance

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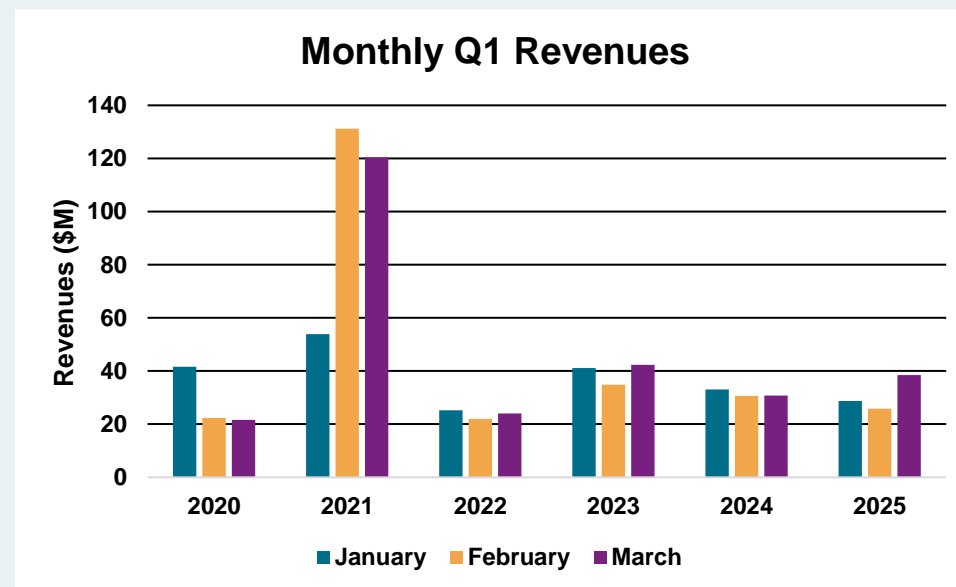
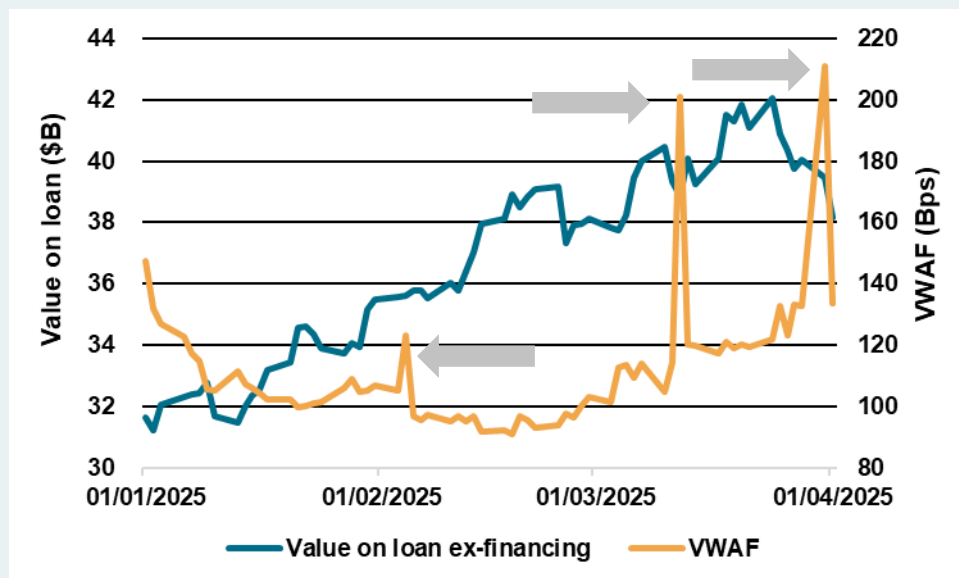
Top 5 Revenue Generating Fixed Income ETFs

| ETF Name | Ticker | Investment type | Country | Revenue Generated (\$M) |
|---|--------|-----------------|---------|-------------------------|
| iShares IBOX High Yield Bond | HYG | Fixed Income | US | \$21.6 |
| iShares JP Morgan USD Mts Bond | EMB | Fixed Income | US | \$6.0 |
| iShares IBOX Investment Grade | LQD | Fixed Income | US | \$5.9 |
| SPDR Bloomberg Barclays High Yield Bond | JNK | Fixed Income | US | \$3.4 |
| iShares National Muni Bond ETF | MUB | Fixed Income | US | \$3.1 |

Source: S&P Global Market Intelligence Securities Finance

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Depository Receipts

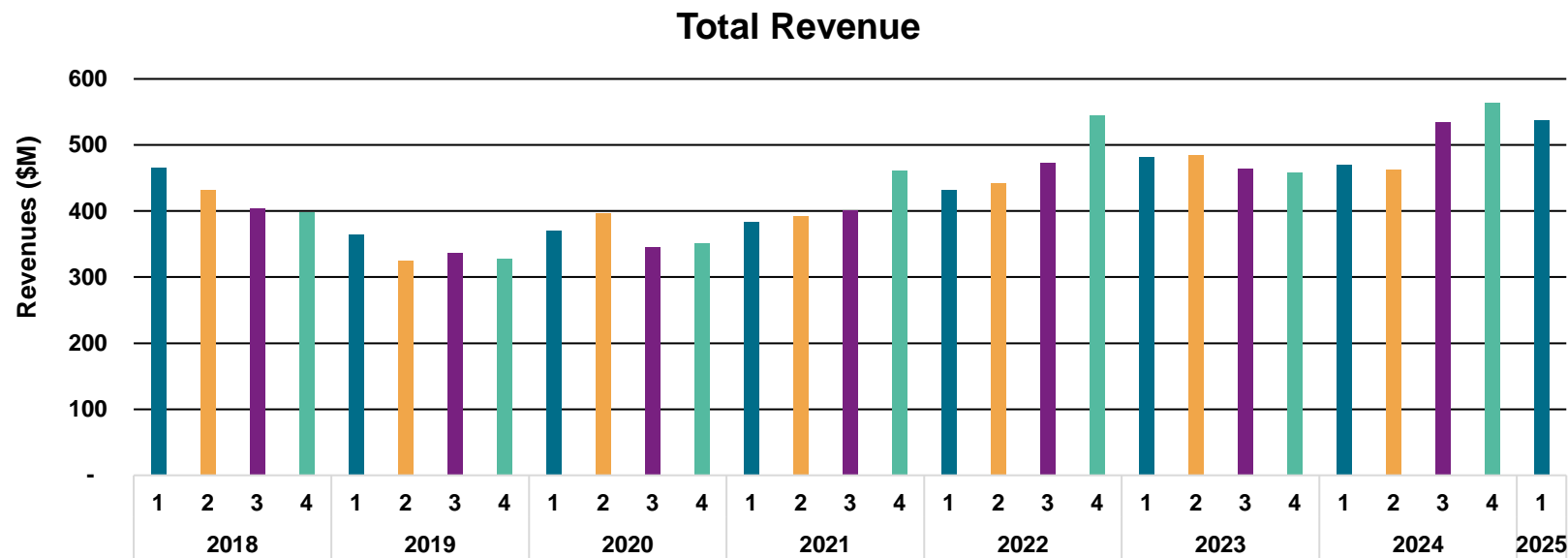


| Stock Name | Ticker | Sector | Origin | Q1 Revenues (\$M) |
|--|--------|--|--------|-------------------|
| Nio Ads Rep 1 Cl A Ord | NIO | North America Automobiles & Components | CN | \$5.2 |
| United Micro Electronics ADR Rep 5 Ord | UMC | North America Semiconductors & Semiconductor Equipment | TW | \$3.7 |
| Sociedad Quimica Adr Rep 1 Srs B Ord | SQM | North America Materials | ES | \$2.8 |
| Polestar Automotive Hld Cl A Ads | PSNY | North America Automobiles & Components | SE | \$2.7 |
| Azul ADR Rep 3 Pref | AZUL | North America Transportation | BR | \$2.3 |

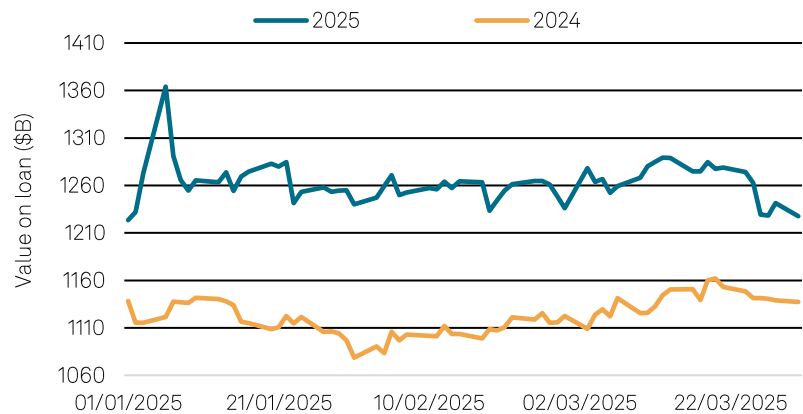
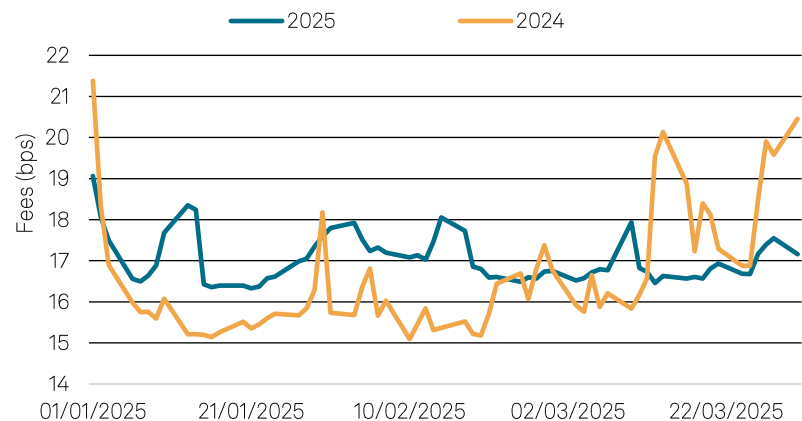
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Government bond revenues remain elevated



Corporate bonds post their strongest Q1 revenues for many years.



Government bonds – Top borrows

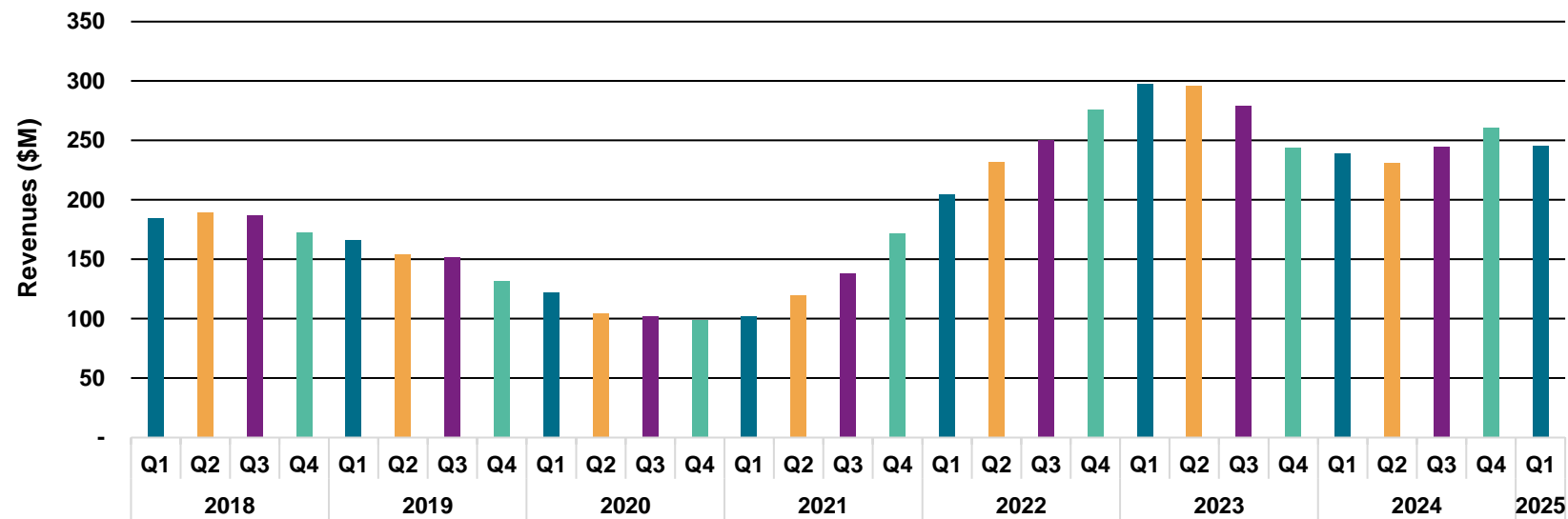
Top 10 Revenue Generating Government Bonds

| Top Earning Assets | CUSIP | Denomination | Country | Revenue Generated (\$M) |
|---|-----------|--------------|---------|-------------------------|
| United States Treasury (2% 15-Feb-2025) | 912828J27 | USD | US | \$4.7 |
| United States Treasury (4% 15-Feb-2034) | 91282CJZ5 | USD | US | \$3.6 |
| United States Treasury (3.5% 15-Feb-2033) | 91282CGM7 | USD | US | \$3.5 |
| United States Treasury (3.875% 15-Aug-2034) | 91282CLF6 | USD | US | \$3.4 |
| United States Treasury (3.375% 15-May-2033) | 91282CHC8 | USD | US | \$3.3 |
| United States Treasury (4.5% 15-Nov-2033) | 91282CJJ1 | USD | US | \$3.2 |
| Canada (Government) (0.5% 01-Dec-2030) | 135087L44 | CAD | CA | \$3.1 |
| United States Treasury (1.125% 15-Jan-2025) | 91282CDS7 | USD | US | \$3.0 |
| United Kingdom <u>Of</u> Great Britain And Northern Ireland (Government) (0.125% 30-Jan-2026) | G4527HRV5 | GBP | UK | \$2.9 |
| United States Treasury (4.625% 30-Apr-2029) | 91282CKP5 | USD | US | \$2.9 |

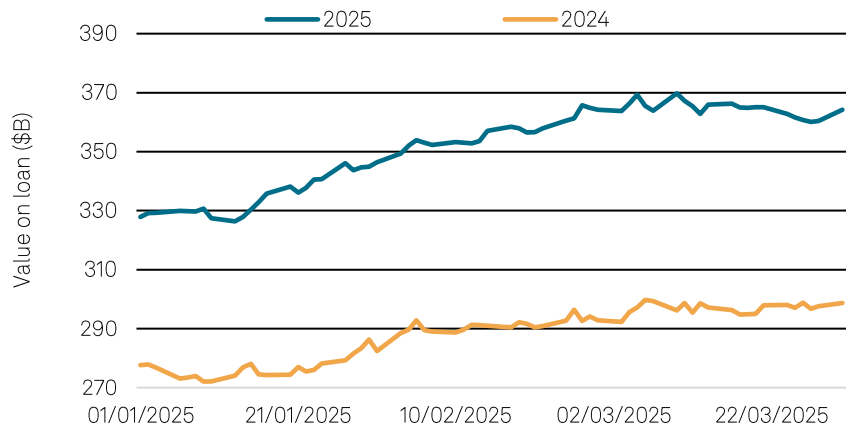
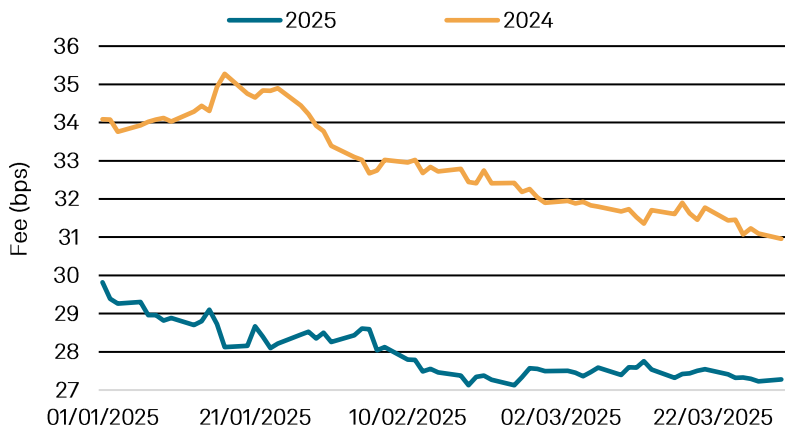
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Corporate bond revenues dip QoQ but grow YoY



Q1 revenues grow by 3% YoY but average fees continue to fall



Corporate Bonds – Top revenue generators

Top 10 Revenue Generating Corporate Bonds

| Top Earning Assets | CUSIP | Denomination | Asset Class | Revenue Generated (\$M) |
|---|-----------|--------------|--|-------------------------|
| MPT Operating Partnership LP (5% 15-Oct-2027) | 55342UAH7 | USD | N.I.G. Corp Bond (Fixed Rate) | \$3.6 |
| SES SA (2.875% Undated) | L8300GDM0 | EUR | N.I.G. Corp Bond (Floating Rate) | \$2.2 |
| Worldline Sa (4.125% 12-Sep-2028) | F9867TJC8 | EUR | I.G. Corp Bond (Fixed Rate) | \$2.0 |
| New Fortress Energy Inc (6.5% 30-Sep-2026) | 644393AB6 | USD | Priv. Placement Corp Bond (Fixed Rate) | \$1.9 |
| Concentrix Corp (6.6% 02-Aug-2028) | 20602DAB7 | USD | I.G. Corp Bond (Fixed Rate) | \$1.7 |
| New Fortress Energy Inc (8.75% 15-Mar-2029) | 644393AC4 | USD | Priv. Placement Corp Bond (Fixed Rate) | \$1.7 |
| Cable One Inc (4% 15-Nov-2030) | 12685JAC9 | USD | Priv. Placement Corp Bond (Fixed Rate) | \$1.4 |
| Hertz Corp (5% 01-Dec-2029) | 428040DB2 | USD | Priv. Placement Corp Bond (Fixed Rate) | \$1.4 |
| Dollar General Corp (5.45% 05-Jul-2033) | 256677AP0 | USD | I.G. Corp Bond (Fixed Rate) | \$1.0 |
| Avis Budget Car Rental LLC (8% 15-Feb-2031) | 053773BH9 | USD | Priv. Placement Corp Bond (Fixed Rate) | \$1.0 |

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Trump 2.1 and the new world order

While volatility is good, uncertainty is bad

- During the Q4 webinar we predicted that “Securities lending revenues will benefit from the ongoing uncertainty and potential volatility”.
- Prolonged periods of uncertainty are bad for markets as investors sit on the sidelines.
- Exchange traded funds are likely to see a sustained period of activity.
- Asian equities will remain in focus.
- Corporate bond spreads are likely to widen as volatility remains elevated.
- Demand for HQLA will remain robust as borrowers seek greater collateral flexibility and longer trade durations.



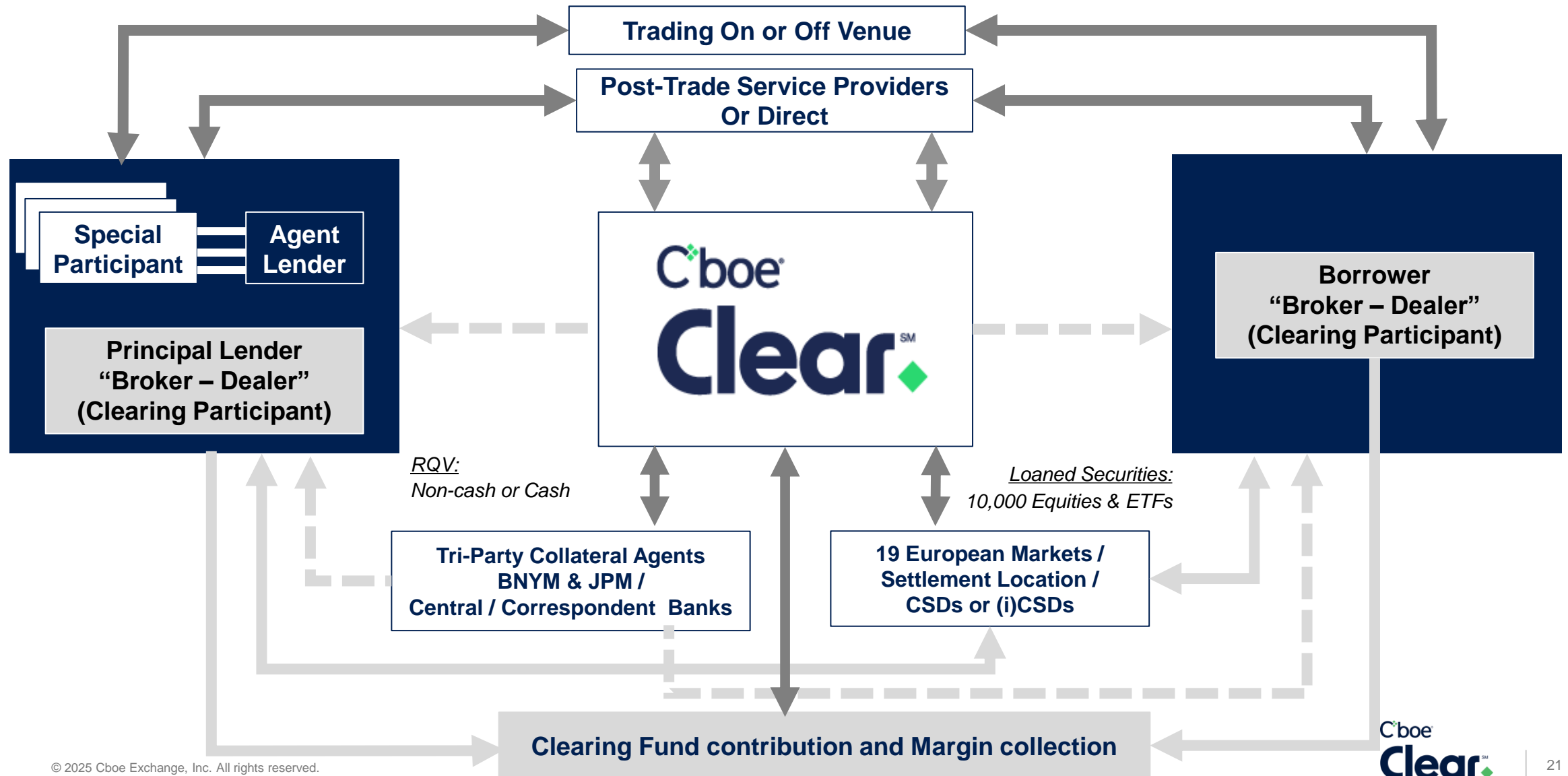
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Jan Treuren

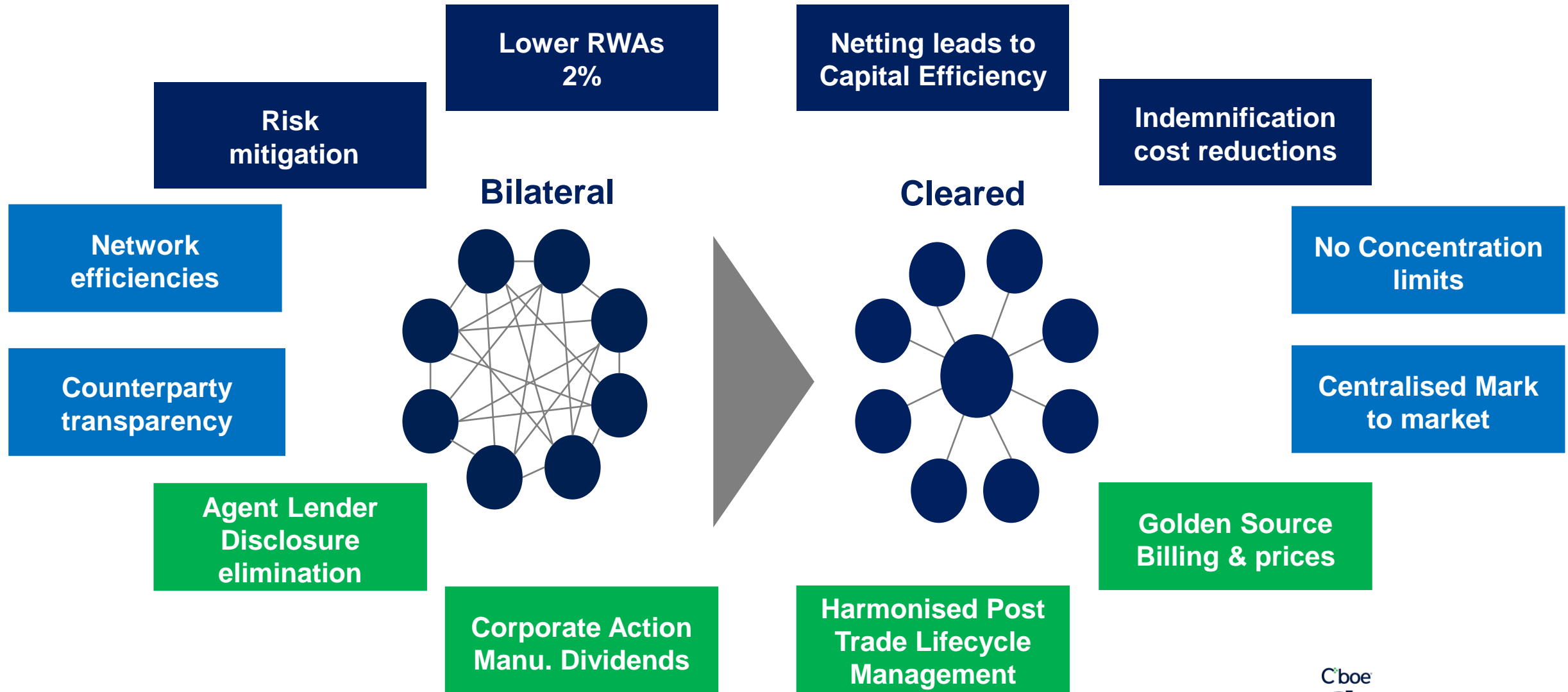
Senior Product Manager Cboe Clear

Jan Truren has over 29 years' experience in the custody, clearing and in the settlement industry. He started his career at ING Bank Securities Services within the Paying Agency and Custody department , followed by a 12-year career at Deutsche Bank Amsterdam, where he had various management roles in client services, sales, operations, product management and his last function as Country Head of Direct Securities Services for Netherlands, Belgium, France, Portugal and Dubai. Jan then moved to EMCF where he was responsible for Business Development and Strategy, and following the combination with EuroCCP became Head of Product & Change Management. In 2021, Jan became Head of Operations at Cboe Clear Europe NV (formerly known as EuroCCP), where he was responsible for settlements, derivatives, collateral, corporate actions and change management. In 2023, Jan became Business Owner of the Securities Financing Transaction clearing initiative as Senior Director Product.

SFT Clearing Parties

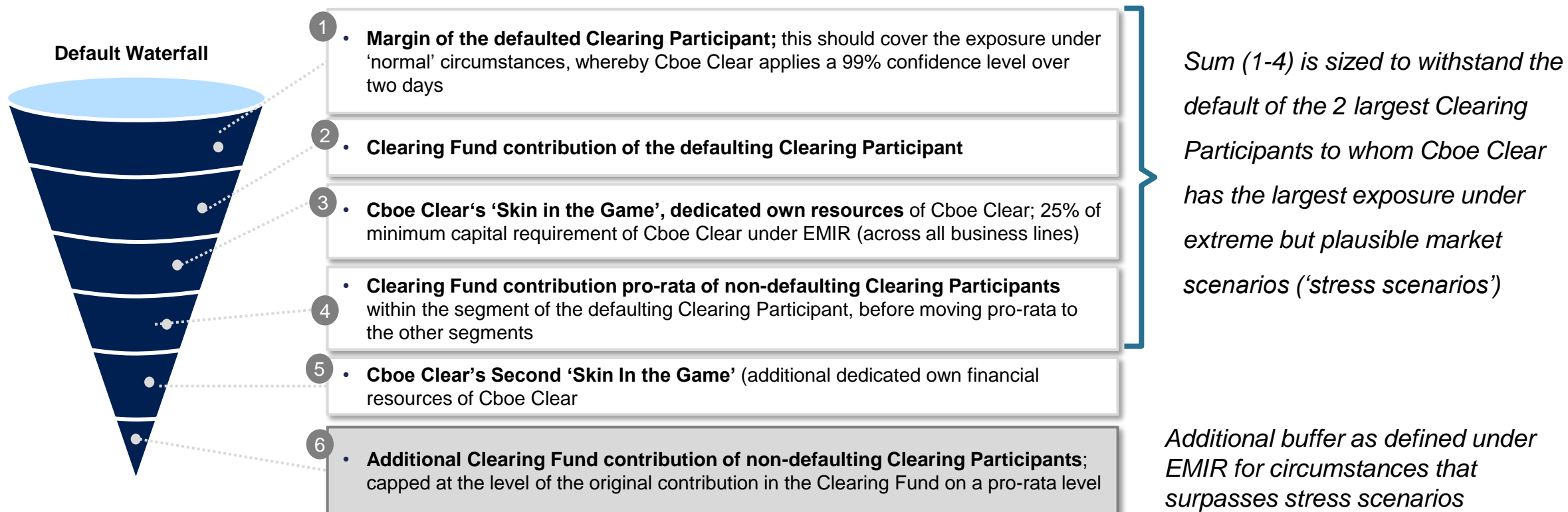


SFT Clearing: Capital, Risk and Operational benefits



Risk Management / Default Fund framework

- Cboe faces market risk in case a Borrower or Lender defaults¹ due to the failure of a party to deliver under a mark-to-market call plus the liquidation risk
- Cboe Clear operates a single Clearing Fund comprising of two distinct segments: 1) Cash Equity + SFT, 2) Equity Derivatives



¹ Special Participants do not have any financial obligations towards Cboe Clear under an SFT position, which means that Special Participants do not lead to any market risk for Cboe Clear.

Regulatory & Legal Framework SFT Clearing

Regulatory Framework

EMIR

CCP Recovery and
Resolution

MiFID II / MiFIR

Basel / CRD IV / CRR

SFTR

CSDR

Cboe's Legal Framework

Clearing Rule book

Clearing Rule Book with
70 pages in total

3 chapters:

1. General section
2. Equities and Derivatives
3. SFT Clearing (13 pages)

Regulations

Specific to SFT Clearing:

- Clearing Participant application
- Corporate Actions
- Default Handling
- Fees and penalties
- Lifecycle events
- RQV
- Settlement & Buy-in
- Trade Acceptance

Contractual Framework

Legal agreements:

- Borrowers (existing clients)
- Agent Lenders: Fee Letter
- Special Participant Agreement

Operational agreements:

- TPCA contract extensions
- Platforms Authorisation Form
- Settlement Authorisation Forms
- Direct Debit/Credit Forms
- Static Data documentation

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Please send all questions to.....

Matt.Chessum@spglobal.com

Thank you for your participation

Americas- Sales

P. +1 877 863 1306

E. market.intelligence@spglobal.com

EMEA- Sales

P. +44 20 7176 1234

E. market.intelligence@spglobal.com

APAC- Sales

P. +852 2533 3565

E. market.intelligence@spglobal.com

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