the ValueExchange

Securities Finance in APAC

Sponsored by

FIS

Contents

1. Securities Finance
The APAC Regional Perspective

What are the most important things you need to know about securities lending in Asia?

As the Asian securities lending markets continue to evolve and strengthen, this ValueExchange & FIS report provides an overview of the structural, regulatory, and technological evolution within the Securities Borrowing and Lending (SBL) landscape across the Asia-Pacific (APAC) region.

Based on practitioner interviews, global industry statistics, and technical regulatory standards, this report is designed to provide a complete perspective on the regional nuances that continue to shape institutional liquidity — particularly in the context of the extensive market fragmentation that characterises the Asia-Pacific region.

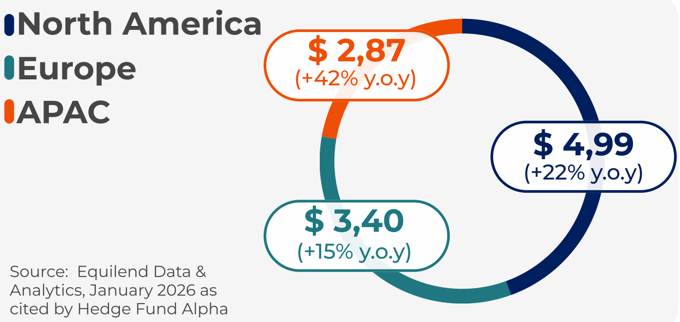
> **"Securities lending in APAC is no longer merely a technical fail-cover; it is the primary plumbing for pure financing.**
>
> APAC Head of Financing Services, Leading Global Corporate and Investment Bank - Securities Services Division

2. Equities Borrowing and Lending in Asia-Pacific

A changing mission statement

Asia-Pacific's securities lending markets are amongst the largest and most liquid on earth, generating over USD 2.8 billion in lending revenues in 2025 (compared with USD 5 billion in North America)[1].

Lender-to-Broker Equity Revenue by Region (in billions of USD)



Source: Equilend Data & Analytics, January 2026 as cited by Hedge Fund Alpha

Yet unlike any other region, the Asia-Pacific securities financing market is a highly diverse and multidimensional environment, spanning a myriad of 14 local regulatory environments and market practices. Driven by a unique mix of local and global investors, with active participation by retail, wealth, family office and institutional investors, securities lending is both widespread and core to APAC's markets.

Historically, the significant majority of Securities Borrowing and Lending (SBL) market activity has been driven by the need for a "fails coverage" mechanism that can ensure that the gears of settlement continue to turn when a trade fails to deliver in a strict settlement discipline environment. Given the very limited tolerance of failing trades across most APAC markets, SBL has come to assume a vital role in bridging global long-short strategies and local risk tolerances.

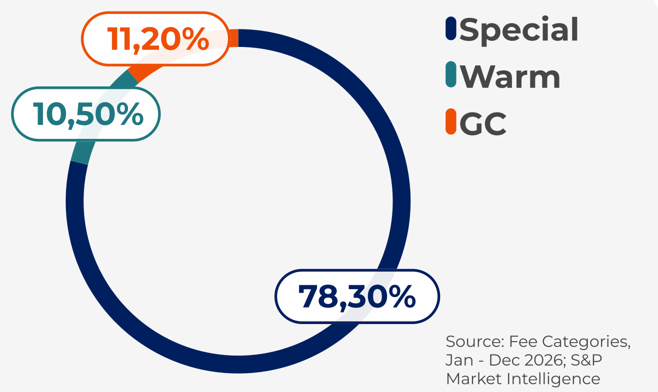
Yet, the region is witnessing a profound structural shift.

In the current regime, only around 10-15% of regional volumes are driven by such technical remediation. Whilst fails coverage lending continues to play a major role in APAC markets, the region's lending and borrowing activity has grown to encompass much more than just risk management.

Today, 85-90% of APAC activity is based on "opportunity borrowing" where securities are lent to provide cover for the bearish or arbitrage activities that provide essential liquidity and pricing to markets.

Across the 14 Asia-Pacific markets where SBL is allowed today, there is an enormous variance in operating models, but to a large extent this variance is bridged by global dealing platforms. Market liquidity in APAC follows an "80/20" operational split. Approximately 80% of General Collateral (GC) trades are now automated via global platforms, while the remaining 20%—the "specials" and "warm" stocks—require manual, bilateral negotiation. This manual segment is where the majority of the region's USD 2.8 billion in lender revenue is generated and where the cost of liquidity (and regional variance) is most acutely felt.

Securities Lending Contribution



Source: Fee Categories, Jan - Dec 2026; S&P Market Intelligence

[1] https://hedgefundalpha.com/news/global-securities-lending-revenue-hits-15b-2025/#:~:text=Asia%2DPacific%20(APAC)%20equity,over%202024%20to%20%242.87%20billion.

In the daily course of trading, this risk often then results in "artificial scarcity" or "technical premiums" — essentially elevated pricing or a high-alpha environment, where regional differences create both challenges and opportunities for yield.

Although the international prime brokers and institutional intermediaries who provide the region's "plumbing" tend to centralise their operations and often offer APAC as a unified service, they must bridge different local rules to support the operational efficiency of their customers.

This jurisdictional heterogeneity is further and increasingly complicated by the macro-financial backdrop of global capital requirements.

As regulators tighten bank capital standards and progress in the implementation of Basel standards, the cost of maintaining high-quality liquid assets (HQLA) on balance sheets has increased globally.

In APAC, this has manifested as a "demand-driven" engine. Unlike other markets, where lenders often engage in a "supply-push" model, effectively trying to find a home for idle inventory to scrape a few basis points of yield, the APAC market is often more tactical.

Borrowing specials is often initiated to facilitate specific high-conviction directional bets or to navigate the "time zone trap" for those using securities lending for financing. The latter is a uniquely regional friction: the twelve-hour gap between an APAC trade and its funding in London or New York encourages participants to use open-ended loans when pledging stocks, as substitution, if allowed at all, can be quite complex. However, this practice introduces a "sudden-death" risk in the form of recalls or repricing. In a warm market, where supply is tight, a recall for a fund redemption or a mis-managed voting event can have severe adverse consequences, forcing the borrower to fail to return or to "buy in" (or be bought in) positions at disadvantageous prices in local markets which, in times of stress, can become very illiquid. In some cases, the buy-in proves impossible and the settlement is made in cash at out-of-market rates. This volatility is compounded by the fact that APAC's long pools are predominantly supplied by institutional investors, given that in most cases depository account structures do not allow the co-mingling of the inventory across asset owners, in contrast to the retail-heavy long pools of the United States, thereby putting further pressure on illiquid stocks.

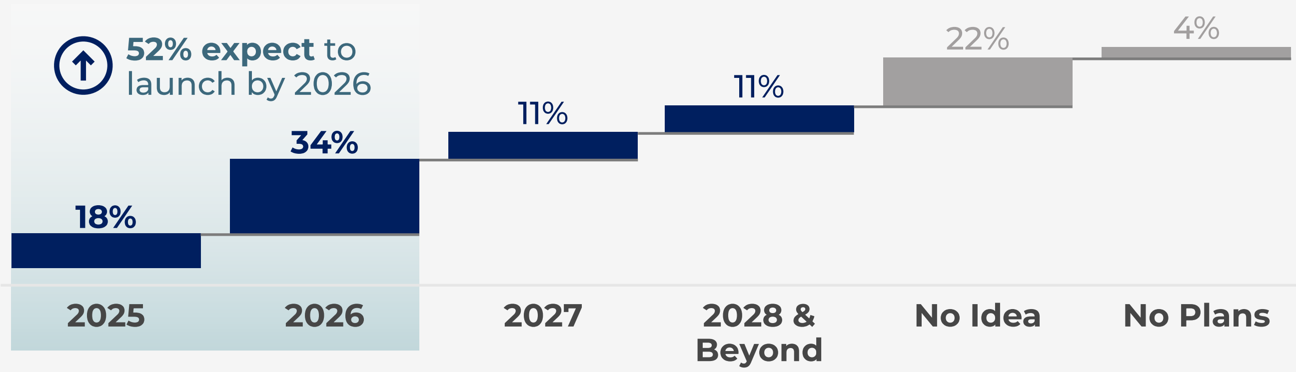
Increasing pressures on the horizon

Looking ahead, the region's diverse and already-strained model looks set to face a new challenge before 2030: the transition to T+1 settlement cycles.

Following North America's move to T+1 in 2024, early industry fear of a systemic "funding gap" in Asia have not been realised. Leading practitioners note that the industry is moving away from traditional "blind" lending pools toward a model of "Directed Lending", enabling beneficial owners, borrowers, and agents to interact more transparently and ensure that major lenders can retain greater control over their assets while maximising the "scarcity premium" of their holdings.

At an operational level, the transition to T+1 in APAC's own markets looks set to create new challenges. With the majority of brokers' lending activities managed from UK or US entities, time zone differences (specifically around end-of-day position reconciliations and calculations of short positions) look set to become more acute as core processes move into overnight. Many of the leading prime brokerages run their daily processing based on European hours, which means that short positions and lenders' sell orders are only visible at the end of the European day (i.e. early on T+1 morning in Hong Kong). Current processing cycles leave too short a time to process any required cover or recalls before T+1, especially given challenges in arranging (and often pre-collateralising) T+0 stock borrows. Without mitigating these risks, a transition to T+1 could result in more failed recalls and failed trades for investors, less willingness to lend and ultimately reduced investment returns.

% of respondents with plans to start using tokenised assets as collateral



Source: ValueExchange

In parallel with T+1 is the growing appetite for tokenisation in the securities lending and collateral arenas. With 52% of firms expecting to use tokenised collateral globally in 2026, the region's lenders and brokers will see new opportunities for increased collateral velocity and utilisation that could yield increased revenue. How this technology will be applied across APAC's markets is still to be seen. **In a recent survey, ValueExchange found that 55% of respondents in APAC expect to be ready to use tokenised assets as collateral.**

If Asia-Pacific's securities lending markets are both diverse and complex, then each leading market needs its own evaluation and explanation. In the following sections, we explain the specific characteristics of the region's three largest markets: Hong Kong, Australia and Japan.

3. Hong Kong
The Gateway and Regulated Hub

Hong Kong's position within the global financial architecture is unique, serving as the indispensable bridge between international capital and the markets of Mainland China. It lies at the top of the revenue table in the region, generating nearly USD 1 billion in revenue for 2025 — a remarkable 107% year-on-year growth.

Chinese regulations, restrictions on the convertibility of the Yuan and trading of onshore Chinese securities limit opportunities for securities finance. Hong Kong has become the preeminent hub for securities lending in the Asia-Pacific region, its relevance being driven both by its linkages to the mainland China market — accessed by the Stock Connect and Bond Connect programmes — and by the market for Hong Kong-listed shares.

Across both markets, Hong Kong is unusual in its need for every transaction to have a clear, documented legal intent — making operational precision a core requirement. This intent-based regulatory framework creates an environment where the gatekeeping role of the broker is paramount, as they must navigate the technical specificities of the Hong Kong Exchanges and Clearing (HKEx) while satisfying the transparency requirements of the Securities and Futures Commission (SFC). This is particularly important because naked short selling is illegal in Hong Kong.

Stamp duty: A daily operational challenge

The defining operational characteristic of the Hong Kong market is the treatment of stamp duty, a friction point that can erode the thin margins of a lending desk if not managed accurately. Under the Hong Kong regulations[2], a securities loan is only eligible for a tax exemption if it is classified as a genuine SBL. This classification is triggered by the application of an "L-tag" within HKEx's Central Clearing and Settlement System (CCASS). This "L-tag" is a digital signal to the Inland Revenue Department (IRD) that the borrower intends to return equivalent securities within a predetermined timeframe. A failure to apply this tag, even due to a middle-office synchronisation error, results in the transaction being treated as a true sale, triggering an immediate tax bill. Consequently, prime brokers operating in Hong Kong must invest heavily in efficiently tagging transactions to ensure that the high-volume flow of their lending desks remains tax-neutral. This digital enforcement reflects a broader trend where regulation is increasingly embedded directly into the market's technical infrastructure, making compliance a prerequisite for profitability.

[2] Securities and Futures (Securities Borrowing and Lending) Rules (Cap 571X)

Designated Securities: Stick to the list

Beyond the tax landscape, the Hong Kong market is characterised by the HKEx Designated Securities List. Unlike many markets where short selling is universally permitted subject to basic liquidity requirements, Hong Kong limits short selling to a specific list of securities that meet stringent market capitalisation and liquidity velocity thresholds. For a stock to be designated it must generally maintain a market capitalisation of at least HKD 3 billion (USD 385 million) and an aggregate turnover-to-market-cap ratio of no less than 60% over a rolling twelve-month period. This creates a bifurcated pricing model. For designated stocks, pricing is driven by market conviction and the interplay of supply and demand. However, for non-designated stocks—which can still be borrowed for technical reasons such as covering a settlement fail or fulfilling derivative obligations — the market frequently commands a technical premium. Lenders are aware that a borrower seeking a non-designated stock is often under pressure to resolve a fail to avoid regulatory censure from the SFC, allowing them to charge significantly higher fees than for a standard directional borrow. This system prevents the naked short-selling that can destabilise smaller caps while providing a lucrative niche for lenders who hold less-liquid inventory.

Reporting requirements

Transparency in Hong Kong is another area where the regulator has established high bars for compliance. Short-position reporting is mandatory for any position that exceeds 0.02% of a company's market capitalisation or a value of HKD 30 million (USD 3.8 million). While the threshold is clear, the operational burden of valuation remains a persistent challenge for global firms. The SFC requires that these positions be valued using the End-of-Day (EOD) closing price of the previous business day. This often conflicts with the End-of-Quarter (EOQ) or End-of-Year pricing standards required for European or US regulatory filings, forcing firms to maintain dual valuation tracks and engage in constant internal reconciliation. This manual overhead is a significant cost of doing business in the territory, though most practitioners accept it as the price for participating in this market.

Central clearing system

Finally, the price-setting mechanism of the Hong Kong equity lending market is supported by the Central Moneymarkets Unit (CMU, a central clearing and settlement system for debt securities) and its securities lending programme. While the equity market is highly market-driven, the CMU acts as a vital liquidity backstop for the fixed-income side, which in turn supports the equity ecosystem. High-quality debt securities are the primary collateral used to secure equity loans in Hong Kong. By ensuring that debt securities can be borrowed to meet intraday settlement needs, the Hong Kong Monetary Authority (HKMA) ensures the stability of the entire collateral chain. This nexus between the equity and debt markets is essential for maintaining the territory’s reputation as a resilient financial hub, even during periods of heightened market volatility. As the region moves toward closer integration with the Mainland, the sophistication of Hong Kong's SBL infrastructure will only become more critical in facilitating the flow of capital into and out of Mainland China. The territory's ability to maintain its rigorous regulatory standards while providing a seamless operational interface for global investors will be the key to its continued dominance as the plumbing of the Asian capital markets.

4. Japan
The Giant of APAC Liquidity

Japan stands as the heavyweight of the Asia-Pacific securities finance arena, with an average USD 126 billion lending balances out of the USD 1.6 trillion lendable inventory across 2025.

Its market is a study in dualistic complexity, bifurcated into two distinct segments that are not mirrored in the more singular market structures of London or New York. **The first is the Onshore (Taishaku) market, a domestic inter-dealer system dominated by Japan Securities Finance (JSF) and governed by local customs. The second is the Offshore (Free Market), where global prime brokers and international beneficial owners interact using the Global Master Securities Lending Agreement (GMSLA).**

Navigating these two worlds requires a deep understanding of Japanese regulatory rigidity and the unique technical infrastructure that supports one of the deepest pools of liquidity in the world. The Japanese market serves as a primary example of how a massive, mature domestic economy can successfully integrate with the global Free Market while maintaining its own sovereign market structures and stability mechanisms.

The Japanese regulatory environment, overseen by the Financial Services Agency (FSA), is characterised by strict "locate" rules that are significantly more transparent than their European counterparts. Under the Financial Instruments and Exchange Act (FIEA), naked short selling is strictly prohibited. Before a short sale order can be executed, the borrower must have a confirmed "locate": a documented assurance from a lender that the securities are available. Furthermore, public disclosure is mandatory for any short position that exceeds a 0.5% threshold. This level of transparency creates a situation where market participants have unparalleled visibility into potential overcrowding in specials, but it also increases the risk of herd behaviour. If a high-profile fund is forced to disclose a major cumulative short position in a Japanese blue-chip, it can serve as a signal to the rest of the market that supply is tightening, driving up borrowing fees and creating a self-fulfilling prophecy of scarcity that can lead to aggressive short squeezes. This transparency requires sophisticated market participants to balance their directional strategies against the risk of public disclosure.

Another of Japan's unique features in securities finance is the "Due Bill" system managed by the Japan Securities Clearing Corporation (JSCC). Corporate actions and dividends are historically the most significant causes of operational friction in securities lending. In the US and Europe, when a stock is lent over a record date, the parties must manually reconcile and claim "manufactured dividends" — a process prone to error and delay. Japan has automated this through its Rights Entitlement Transfer system. When a stock is out on loan, the JSCC automatically ensures that the lender receives the economic equivalent of the dividend on the pay date, effectively removing the need for bilateral claims. This level of automation is a primary reason why Japan can support large lending volumes with low fail rates, making it an operational benchmark for the rest of the APAC region. This efficiency allows Japanese institutional investors to engage in lending with a high degree of confidence, knowing that their entitlement rights are protected by a centralised, automated system.

The collateral nexus in Japan is another defining feature of its market structure. In recent years, there has been a significant shift away from cash collateral toward non-cash collateral, specifically Japanese Government Bonds (JGBs). JGBs are essential to the Japanese financial system; they are highly liquid and can be easily rehypothecated in the repo market to generate cash. This creates a symbiotic relationship where the JGB repo rate directly influences the all-in cost of borrowing Japanese equities. For an international borrower, the cost of a trade is not merely the lending fee but the fee plus the opportunity cost of the JGBs pledged as collateral. This cross-asset discipline means that the Japanese securities lending desks work very closely with the fixed-income repo desks. The rehypothecation engine of JGBs provides the necessary fuel for the equity lending market, creating a deep and resilient liquidity pool that can weather significant market stress.

Finally, as Japan transitioned away from its long-standing regime of negative interest rates, the SBL market entered a new phase of evolution. Higher domestic rates increased the attractiveness of JGBs as collateral and have altered the directional strategies of global hedge funds. Practitioners note that the offshore market is increasingly looking to synchronise with onshore practices to gain better access to domestic liquidity pools.

Interestingly, ESG and governance considerations are beginning to impact Japanese lending, as institutional investors increasingly weigh the revenue benefits of lending against the need to retain voting rights for corporate governance purposes. Japan remains an early mover in the APAC region; its scale and technical sophistication mean that any shift in its securities financing landscape has ripple effects across the global financial system and influences the thinking of the region. The resilience of its dual-market structure remains able to protect domestic stability while enabling global participants to engage with its vibrant capital markets. The JSCC’s automation of dividends is a piece of financial engineering that on one hand solves reconciliation problems and on the other establishes a unique practice that must be incorporated into global workflows. It is possible that, as global markets move toward more digitised clearing systems, the Japanese model of centralised entitlement transfers becomes a blueprint for efficiency.

5. Australia
The Yield-Driven and Tax-Sensitive Market

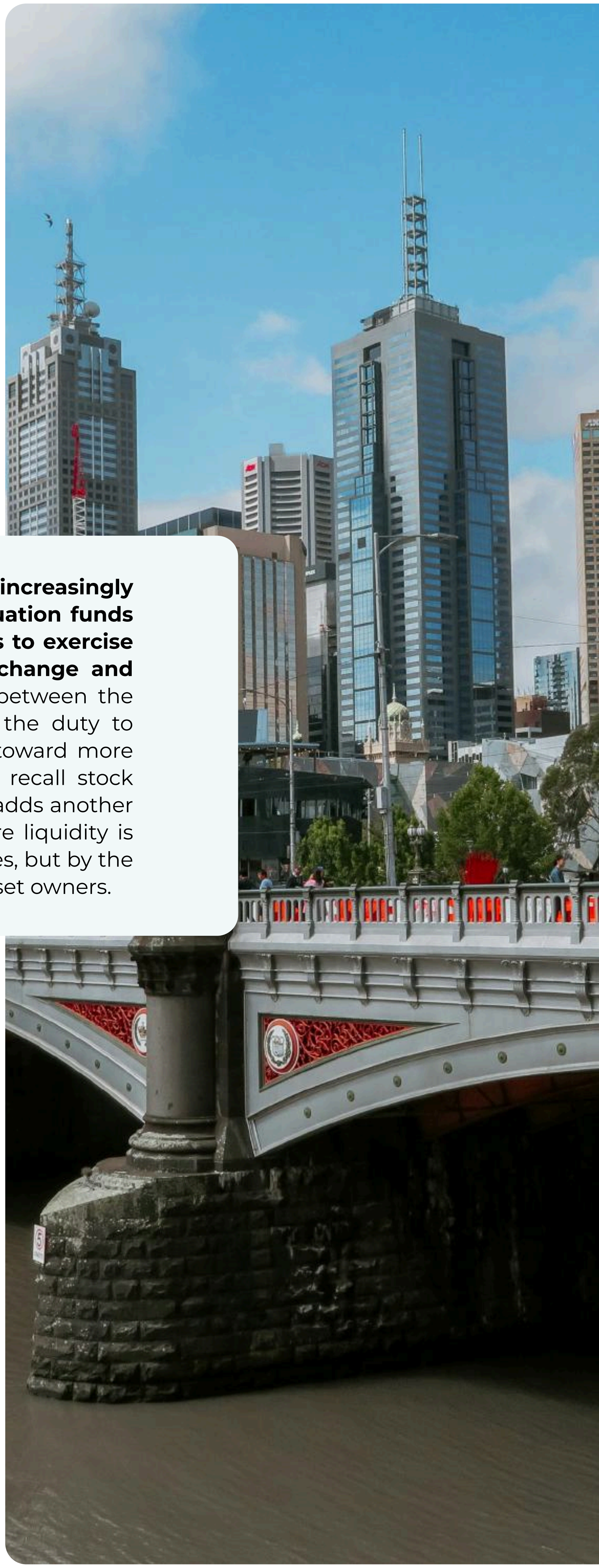
The Australian securities lending market has developed its local practices based on its historical market structure, unique tax architecture and the dominance of its massive superannuation funds sector. Unlike the scarcity-driven markets of Hong Kong or Japan, Australia is characterised by deep liquidity, a supply-heavy environment where lenders compete aggressively for yield. However, this liquidity is not uniform throughout the year; it is subject to intense seasonal volatility driven by the Dividend Imputation System. For Australian domestic investors, franking credits — tax credits for corporate tax already paid — can in some instances be more valuable than the cash dividend itself. This creates a market where credit capture is occasionally a major driver of lending activity, making the Australian SBL unique in being motivated by tax efficiency.

Another local practice which participants must incorporate is Australia's "365-day disposal rule." Under Australian tax law, a securities loan is treated as a tax-neutral event only if the shares are returned to the lender within twelve months. If a loan remains outstanding beyond this 365-day threshold, it is legally reclassified as a true sale. This, in turn, attracts capital gains tax for the lender, regardless of their original intent. To mitigate this risk, Australian practitioners engage in loan refreshing: shortly before the anniversary of a loan, if it is still outstanding, the borrower will return the stock to the lender and immediately re-borrow it. This process resets the clock for tax purposes. While largely automated, "refreshing" creates spikes in settlement data and requires a level of term-monitoring entirely absent in evergreen lending markets.

Fiscal policy impacts market practices in another unique way: franking credits. This practice, is most visible during the "recall frenzy" that occurs during the February and August dividend seasons. Because a manufactured dividend from a borrower does not carry the same tax-offsetting power as a franked dividend, Australian Super funds, who hold the vast majority of the country's equity inventory, will almost always recall their stock ahead of the record date to ensure they receive the credit directly. This mass recall causes a temporary but significant contraction in supply. Even the most liquid GC stocks can turn into specials overnight, with borrowing fees spiking during this period. Borrowers who must maintain their short positions are forced to either pay these scarcity premiums or roll their exposure into synthetic formats. This seasonal fee-spiking is a predictable feature of the Australian market that should be (but is not always) anticipated by global fund managers. It also underscores the power of the Superannuation pool, which, at over AUD 4.5 trillion (USD 3 trillion)[3], represents one of the largest concentrations of institutional capital in the world.

[3] As of September 2025

Australia is also a global leader in regulatory transparency and reporting standards. The Australian Prudential Regulation Authority (APRA) requires[4] Super funds to provide granular data on the market value of securities lent and the specific types of collateral received. Simultaneously, the Australian Securities and Investments Commission (ASIC) mandates short-position reporting for any position exceeding 0.01% of total shares on issue. These dual mandates, combined with the use of "L-tags" in the securities settlement system, CHESS, to maintain stamp duty exemptions provide Australian regulators with a clear view of systemic leverage and counterparty concentration. This level of oversight is highly useful for macro-prudential monitoring, allowing a near-real-time stress testing of the market.



As we look forward, the Australian market is increasingly focused on the "ESG-Lending Nexus." Superannuation funds are under growing pressure from their members to exercise their voting rights on issues such as climate change and executive compensation. This creates a tension between the fiduciary duty to generate lending revenue and the duty to engage in corporate governance. There is a shift toward more selective lending programmes, where funds may recall stock specifically to vote on certain ESG resolutions. This adds another layer of complexity to the Australian market, where liquidity is now governed not just by tax cycles and refresh rules, but by the evolving social mandates of the country's largest asset owners.

Australia remains a high-yield, high-transparency market, but one that requires a sophisticated understanding of the interplay between tax law, regulation, and social responsibility. The Australian "L-tag" and CHESS system has from inception had embedded compliance, signalling tax intent at the point of trade and removing the need for expensive audits. Furthermore, the APRA reporting standards provide a level of data granularity that allows for the monitoring of collateral quality in real time, ensuring that the system is not becoming overloaded with low-quality assets. Australia leads the way in integrating ESG considerations into the SBL market, proving that even yield-driven markets can be adapted to serve broader interests.

[4] Reporting Standard SRS 700.0

6. References

- **APRA.** "Reporting Standard SRS 700.0: Securities in Possession and Under Control." *Federal Register of Legislation*, 2013, www.legislation.gov.au/F2013L00969/latest/text.
- **APRA.** “APRA releases superannuation statistics for September 2025.” *Media Releases,* 2025, https://www.apra.gov.au/news-and-publications/apra-releases-superannuation-statistics-for-september-2025.
- **ASIC.** "Short Position Reporting (INFO 98)." *ASIC Information Sheets*, 2024, www.asic.gov.au/regulatory-resources/markets/short-selling/.
- **Barclays.** "Securities Lending and Repo Market in Japan." *Tokyo University Financial Strategy Forum*, Dec. 2021, www.carf.e.u-tokyo.ac.jp/wp/wp-content/uploads/2021/12/fs-forum15-material.pdf.
- **BNP Paribas.** "The Japanese Securities Lending Market: A Practitioners Guide." *BNP Paribas Global Markets*, Oct. 2022, globalmarkets.cib.bnpparibas/app/uploads/sites/4/2022/10/esa-5-0-japan-002.pdf.
- **EquiLend.** "DataLend Market Reports 2023-2024." *EquiLend*, 2024, equilend.com/datalend/.
- **ESMA.** "SFTR Reporting." *European Securities and Markets Authority*, 2024, www.esma.europa.eu/data-reporting/sftr-reporting.
- **FINRA.** "Implementing the SEC's Securities Lending Reporting Requirements." *FINRA.org*, 2025, www.finra.org/media-center/blog/implementing-sec-securities-lending-reporting-requirements.
- **FSA Japan.** "FAQ on the Financial Instruments and Exchange Act: Short Selling." *Financial Services Agency*, 2024, www.fsa.go.jp/en/laws_regulations/faq_on_fiea/section06.html.
- **HKEx.** "Schedule 11: Designated Securities for Short Selling." *HKEx Rulebook*, 2024, www.hkex.com.hk/-/media/HKEX-Market/Services/Rules-and-Forms-and-Fees/Rules/SEHK/Securities/Rules/Sch_6_eng.pdf.
- **HKMA.** "CMU Securities Lending Program." *HKMA Quarterly Bulletin*, 1997, www.hkma.gov.hk/media/eng/publication-and-research/quarterly-bulletin/qb9711/fa05.pdf.
- **HKSAR Government.** "Cap 571X Securities and Futures (Securities Borrowing and Lending) Rules." *Hong Kong e-Legislation*, 2024, www.elegislation.gov.hk/hk/cap571X!en.pdf.
- **Inland Revenue Department.** "SOIPN No. 2: Stamp Duty on Transactions in Specified Securities." *IRD Hong Kong*, 2021, www.ird.gov.hk/eng/pdf/soipn02.pdf.
- **JPX.** "Rules on Due Bills and Entitlement Transfer." *Japan Securities Clearing Corporation*, Jan. 2021, www.jpx.co.jp/jscc/en/rule/cimhll00000001nb-att/100_RulesonDueBills_2021.01.18.pdf.
- **PASLA.** "APAC Securities Lending User Guide 2024." *Pan Asia Securities Lending Association*, 2024, www.paslaonline.com/downloads/APAC_UserGuide_2024_Final_475.pdf.
- **SFC.** "Consultation Paper on Securities Borrowing and Lending Rules." *SFC Hong Kong*, 2024, www.sfc.hk/sfc/doc/EN/legislation/securities/subsidiary/sec-borrowing-consultandrules-eng.pdf.

- **S&P Global.** “The Snapshot, December, Q4, H2, and Full Year 2025.” *S&P Global Market Intelligence*, 2026, https://www.spglobal.com/market-intelligence/en/news-insights/research/2026/01/securities-finance-december-q4-h2-and-full-year-snapshot-2025.

- **S&P Global.** “Securities Lending Returns in MSCI AC Asia Pacific Ex Japan.” *S&P Global Market Intelligence*, 2026, https://www.spglobal.com/content/dam/spglobal/mi/en/documents/products/MI_0126_MSCI-AC-Asia-Pacific-Ex-Japan-SLRTL-Dec-2025.pdf.

- **ValueExchange.** "DLT in the Real World 2025." *The ValueExchange*, 2025, thevalueexchange.foleon.com/2025/dlt-in-the-real-world-2025/.

- **ValueExchange.** "T+1 in Asia Pacific: Finding a Common Line." *The ValueExchange*, Sept. 2025, thevx.io/wp-content/uploads/2025/09/The-VX_T1-in-Asia-Pacific_Finding-a-Common-Line_September-2025-1.pdf.

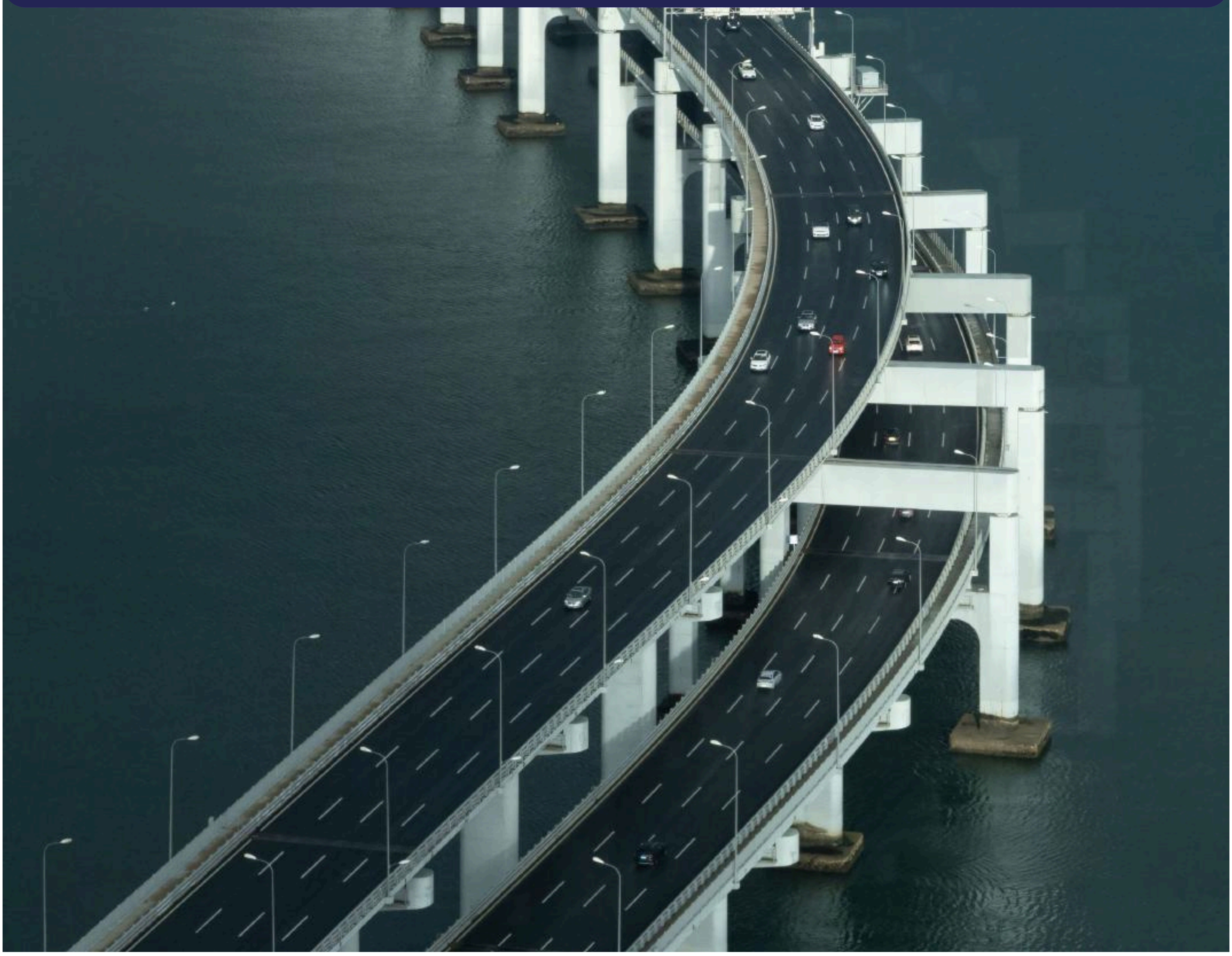
This report is sponsored by FIS

About FIS

FIS is a financial technology company providing solutions to financial institutions and businesses. We unlock financial technology to the world across the money lifecycle underpinning the world's financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients to confidently run, grow, and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses of all sizes adapt to meet the needs of their customers by harnessing where reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index.

To learn more, visit www.FISglobal.com

Follow FIS on



This report has been prepared by The VX (Canada) Ltd and draws on a range of statistical and qualitative inputs.

Quantitative analysis of cost structures and fees in Europe have been added to interviews of leading market practitioners who are either live or are soon to be live using a centralised platform for European settlements. The information is provided for information purposes only.

All findings contained herein have been compiled from sources believed to be reliable, but, although all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading, we make no representation that it is accurate or complete and it should not be relied upon as such. All opinions and estimates included herein constitute our judgment as at the date of this report and are subject to change without notice.

Unless we provide express prior written consent, no part of this report should be reproduced or distributed. We do not accept any liability if this report is used for an alternative purpose from which it is intended, nor to any third party in respect of this report.

This document must not be considered as an offer to sell or a solicitation of an offer to buy any product, security or service.

the ValueExchange

Sponsored by

FIS