



Adapt to thrive

Clearstream's global head of GSF sales and relationships, Pascal Morosini, explains what the Clearstream GSF Summit will offer attendees this year

[This year is the twentieth Clearstream Global Securities Finance Summit. How are you marking the occasion?](#)

As it's the twentieth event, we're going to shape the agenda a bit differently to celebrate the anniversary. The first session, 'Milestones and Memories', will highlight some key points from when the summit first started and will recall the beginning of the repo market. We want to look at the golden years of booming activity between 2000 and 2007, before the sub-prime crisis, as well as what has happened since. In this opening session, I will be welcoming nine industry experts to talk about these different periods. It will be interesting to hear about market experiences in the words of people who worked back then. We are not publishing the names of these panellists, but they're all people who have been in the securities finance industry for a long time

[What else can the delegates expect from this year's agenda?](#)

We aim to give a deeper analysis into what is to come for those in the securities finance industry. At Clearstream, we do not rule out that there

could be a disruptive time ahead as we are facing big changes to our current environment while still absorbing the aftershocks of the last crash.

Following our opening session, we have a European regulator who will discuss all the regulatory changes that have occurred in 2015 and that will hopefully lead to a discussion about their effectiveness. Of course, much of the agenda reflects the context of the regulatory timeline that our industry faces in 2016 and we will pose a question around whether we have achieved our goals with regard to regulation, or whether we need to go further.

We will also show what the entire Deutsche Börse Group can offer the industry through the many entities and business areas it now has under its umbrella. Representatives of 360T, which the group recently acquired, Eurex Repo and Eurex Clearing will join Clearstream staff on stage to explain how we are much stronger together.

Technology is another major driver of the changes happening now and, going forward, it will continue to impact the way we

do things. Therefore, it's appropriate that we will have our first ever session on how technology is affecting the securities finance business specifically. New innovations, such as blockchain, are good examples of the disruptive technology that we must explore because it will affect how we have traditionally conducted our business.

New technological developments require that we constantly review our model—although it has been very robust so far, including through the financial crisis. But resting on our laurels isn't enough.

There will also be an opportunity for the panellists to discuss how a depressed repo market will operate in the future and outline their predictions on where the market is headed.

Is there anything you're personally interested in being discussed at this year's conference?

I'm eager to hear how my colleagues think the securities finance industry is going to evolve because, as I mentioned, the level of disruption we have to deal with is only increasing. In particular, the industry is facing a number of qualitative easing initiatives being implemented by central banks throughout the world and these are having an enormous impact on global securities finance markets.

I would also like to see an end to the ongoing debate on the collateral cliff, or shortage, that has concerned some people in our sector, because I do not see this as a problem for the market.

The European Market Infrastructure Regulation for uncleared over-the-counter derivatives comes into force in September 2016 and I believe there will be enough liquidity in the system to support it.

On top of this, there are more people than ever before who, if the price is right, are now prepared to unlock the potential of the collateral they have been sitting on. And, of course, I will be very interested to see how our securities finance industry will develop in order to provide the services the financial industry needs.

Will there be an opportunity to discuss how Europe fits into a wider picture of the global securities finance market?

Yes, our markets are interlinked and many of our customers work for companies in multiple jurisdictions, so we are always conscious of the global scope of the securities finance market.

On the second day we have an economist who will be speaking in depth on the interlinked nature of the markets and that will allow us to touch upon other regions.

Additionally, we will again be running the same format of conference in Hong Kong and Singapore in April with an Asian focus so that allows us to leverage the agenda of our summit in Luxembourg.

What do you mean by disruptive technology and regulation?

We must all continue to develop and adapt for our industry to remain profitable. We do not have the luxury any more to continue with the same recipe of doing the same transactions with the same counterparties.

Many trades have lost their value and we need to re-evaluate which counterparties we are working with. For example, if we need to adapt from trading with banks to corporates, then we have to figure that out and make the necessary changes soon.

Regulation is disruptive because people experience it every day as part of their business and it means that they can't do certain transactions with traditional counterparties any longer. But if they are creative they may be able to transact in a similar way with new counterparties.

Technology is also disruptive because, more than ever, we are confronted with an industry that has to embrace new tech in order to remain competitive. In short, it's disrupting the normal day-to-day business.

However, it can only bring a lot of disruption if the industry doesn't adapt to it. Now is the time for the securities finance industry to consider whether we can realistically resist the likes of blockchain. Instead, should we master it?

It should not become a source of fear because it's not necessarily a bad thing, but many people will certainly have to make changes. In some cases, the core of our products may be able to stay the same but we will have to change who we market them to and who we work with to make them viable.

I see a bright future for our industry if we can tackle the challenges of the current market. **SLT**

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