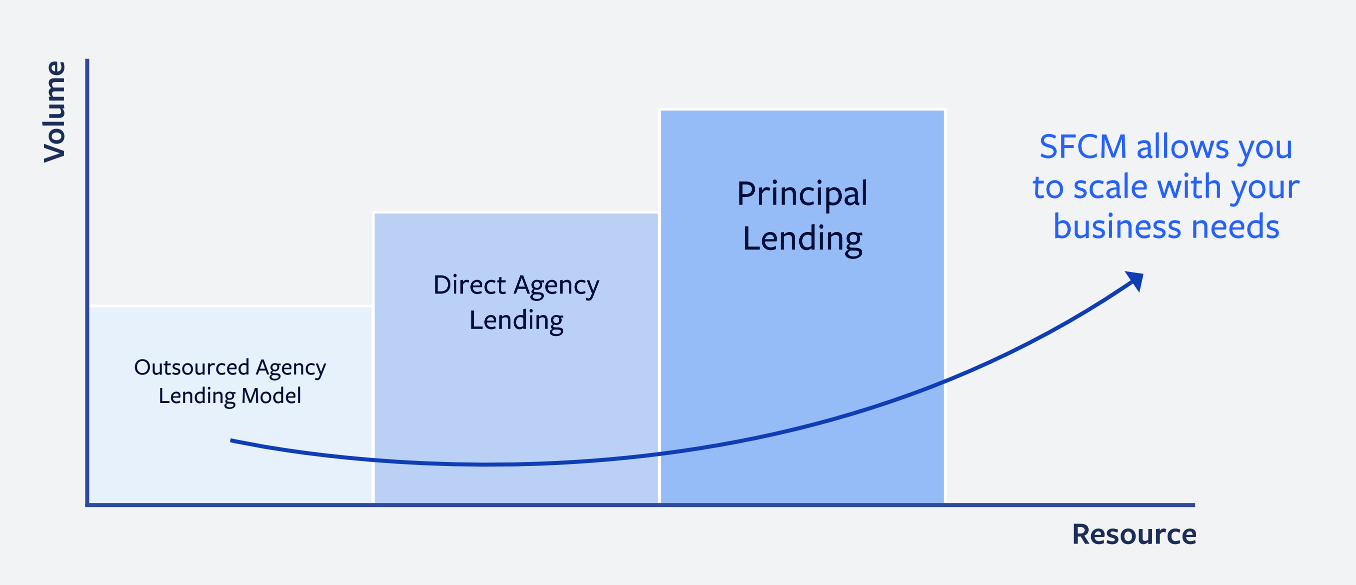
Broadridge®

Ready for Next

Understanding your Securities Borrowing and Lending (SBL) business

Business Model (SBL)	Description	Client Profile	How Broadridge will support you
Outsourced Agency Lending Model	This model provides lendable inventory to external agent lenders such as BNP Paribas, JP Morgan, Citi to manage the day-to-day SBL trading activities. External agent lenders will send trade feeds back during the day. This model generates profit by unlocking the value of your clients' inventory while providing additional yield to your custody clients.	1. Have identified inventories among the retail and institutional clients and received contractual consent to lend out their positions. 2. Have identified lendable inventories from their institutional client portfolios or retail clients' margin accounts, which allow the custodian bank to lend out their positions. 3. Don't have business relationships with street counterparties (borrowers/prime brokers). 4. Don't have the business expertise and operational resources to negotiate legal agreements with counterparties or manage SBL trading and collateral management activities themselves.	We provide a trade aggregation engine to distribute the lending revenue to the retail and institutional clients in a fair, automated and STP process via fully-paid-lending (FPL) model.
Direct Agency Lending	In Direct Agency Lending, clients' investment positions are lent to street counterparties by leveraging GMSLA agreements through matched loans. This approach manages mark-to-market (MtM) exposures between clients and counterparties, ensuring the maintenance of sufficient collateral for secure transactions. A revenue split ratio is applied to pass on lending revenue to the underlying clients, optimizing their financial returns and ensuring equitable sharing of profits.	1. Have identified inventories among the retail and institutional client base and received contractual consent to lend out their positions. 2. Have the business expertise and operational resources to negotiate legal agreements with counterparties and manage SBL trading and collateral management activities in-house. 3. Have in-house SWIFT infrastructure to instruct custodian banks for cash payments and securities movements. 4. Does not take credit risk exposure against the borrower; this exposure is assumed by the clients who provide inventory. 5. Actively monitors MtM collateral margins at both the counterparty and client levels.	We provide a front-to-back securities finance and collateral management platform to manage trading activities and support post-trade operations incl. collateral management, corporate action processing as well as credit limit, P&L calculation and billing management. Our solution is designed to cater to both agency and principal workflows to support a wide range of business needs among our clients community.
Principal Lending	In Principal Lending, positions from clients are borrowed into the firm's own principal books and then lent out to street counterparties, using GMSLA agreements through matched or unmatched loans. Trading desks have the flexibility to borrow positions externally from street brokers to fulfill specific demands. This model generates profit from the spread between the cost of sourcing inventory and the lending rate charged to street counterparties.	1. Have sourced inventories from retail and institutional clients and borrowed their positions into a pooled SBL inventory (e.g., a prime book). 2. Have the business expertise and operational resources to negotiate legal agreements with counterparties and manage SBL trading and collateral management activities in-house. 3. Have in-house SWIFT infrastructure to instruct custodian banks for cash payments and securities movements. 4. Takes direct credit risk exposure against the borrower and actively monitors MtM collateral margins.	

Which business model works best for you?



Outsourced Agency Lending Model

If you don't have the business expertise and operational resources to negotiate legal agreements with counterparties or manage securities-based lending (SBL) trading and collateral management activities yourself, the Outsourced Agency Lending Model might be suitable for you.

Direct Agency Lending

If you want to lend investment positions directly to street counterparties and have existing GMSLA agreements, operational infrastructure, and the ability to manage credit risk and collateral in-house, Direct Agency Lending is the suitable choice, enabling you to manage SBL activities directly and optimize yield for your clients.

Principal Lending

If you have the business expertise to source inventory, borrow client positions into your own books, manage both sourcing and lending, and profit from the spread between inventory sourcing cost and street lending rates—all while handling credit risk—Principal Lending is the most appropriate model for your needs.

Broadridge Financial Solutions (NYSE: BR), a global Fintech leader with over $6 billion in revenues, provides the critical infrastructure that powers investing, corporate governance, and communications to enable better financial lives. We deliver technology-driven solutions that drive business transformation for banks, broker-dealers, asset and wealth managers and public companies. Broadridge's infrastructure serves as a global communications hub enabling corporate governance by linking thousands of public companies and mutual funds to tens of millions of individual and institutional investors around the world. Our technology and operations platforms underpin the daily trading of more than $10 trillion of equities, fixed income and other securities globally. A certified Great Place to Work®, Broadridge is part of the S&P 500® Index, employing over 14,000 associates in 21 countries. For more information about us, please visit broadridge.com.

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