

ISSUE XI

# THE PURPLE

The background of the cover is a complex, abstract painting. It features a dense arrangement of colors, including deep blues, vibrant reds, bright yellows, and various shades of green and purple. The brushstrokes are visible and expressive, creating a sense of movement and depth. The overall composition is non-representational, focusing on color and form.

EquiLend  
Data & Analytics  
2022 Review



# SECURITIES FINANCE 2022 REVENUE

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Jan 1 to Dec 31, 2022

**GLOBAL \$9,893,408,470**

**+7% YOY**

**AMERICAS  
\$5,775,904,400**

**+10% YOY**

**EMEA  
\$2,184,756,050**

**+6% YOY**

**ASIA PACIFIC  
\$1,932,748,020**

**-2% YOY**

Figures represent lender to broker activity only.



Happy New Year, and welcome to the 11th issue of The Purple! 2022 was another banner revenue year for the securities lending community as the market generated nearly \$10 billion in gross revenue for beneficial owners. In this edition, we provide a detailed overview of 2022 market conditions focusing on the key trends and drivers of revenue.

At EquiLend, our approach to data and analytics has evolved and grown significantly. In 2022, we formed our new Data and Analytics Solutions division focused on bringing new and actionable insights to the securities finance community and beyond. Read about our approach in "Reinventing Data & Analytics".

Finally, we could not publish year in review without congratulating Women in Securities Finance on the group's 5th anniversary in 2022 and on the amazing growth and success of the organization! The leaders, members and supporters of WISF had the opportunity to celebrate the group's success by ringing bells at three of the world's largest exchanges. We look forward to standing alongside WISF in the years to come.

#### **Nancy Allen**

Head of Data & Analytics Solutions, EquiLend  
[nancy.allen@equilend.com](mailto:nancy.allen@equilend.com)

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# AMERICAS

Figures displayed represent lender to broker activity only from Jan. 1 to Dec. 31, 2022. Deltas represent year on year change. All currency values are in USD and fees in bps.

## LENDABLE

\$18.25 Trillion -6.3%

## ON LOAN

\$1.70 Trillion -5.8%

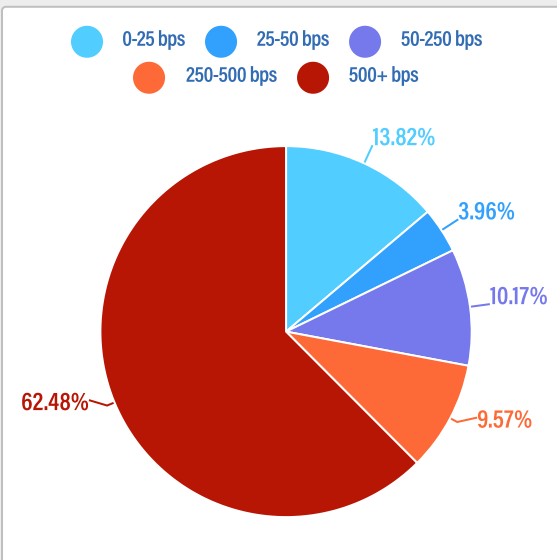
## REVENUE

\$5.78 Billion +10.0%

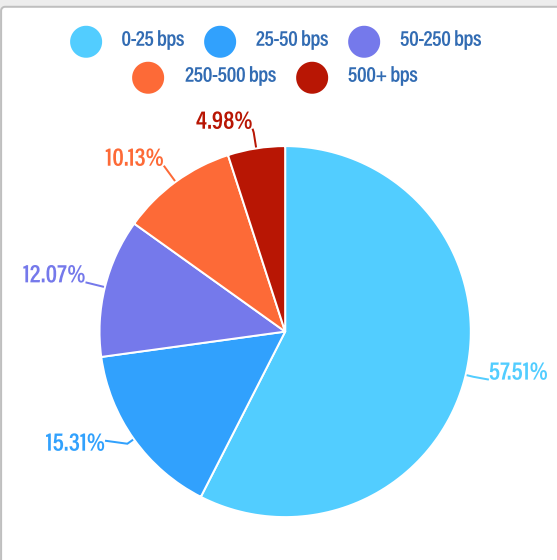
## FEES

33.37 bps +14.4%

### Equity Revenue By Fee Band



### Fixed Income Revenue By Fee Band



### Top Equity Earners

	Security	Revenue (USD)
	LUCID GROUP INC COM CL A	216,435,467
	GAMESTOP CORPORATION COM	208,710,592
	BEYOND MEAT INC COM	145,955,908
	SIRIUS XM HOLDINGS INC COM	101,977,402
	CASSAVA SCIENCES INC COM	95,998,006
	AMC ENTERTAINMENT HOLDINGS	88,968,120
	DUTCH BROS INC COM CLASS A	77,750,201
	UPSTART HLDGS INC COM	75,147,496
	MICROSTRATEGY COM CLASS A	69,349,003
	VISA INC COM STK	60,447,799

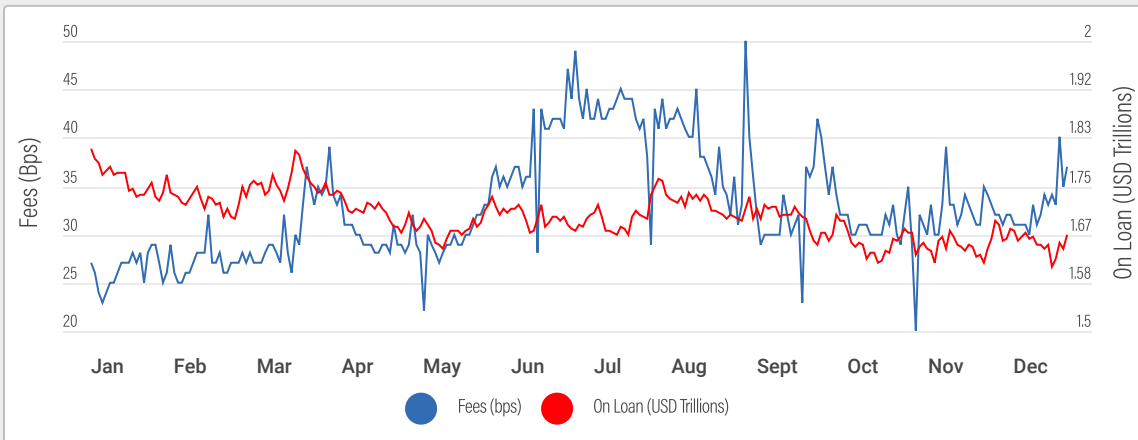
### Top Corporate Debt Earners

	Security	Revenue (USD)
	WOLVE 9% 15/11/26	8,138,851
	BKNG 0.75% 01/05/25	7,549,557
	MPH A 5.75% 01/11/28	5,747,301
	MCHP 0.125% 15/11/24	5,279,725
	DEXCM 0.25% 15/11/25	4,944,706
	AAL 3.75% 01/03/25	4,934,582
	AXL 5% 01/10/29	3,888,912
	SCIH 6.625% 01/05/29	3,464,343
	USSTL 6.875% 01/03/29	3,206,033
	CPE 8% 01/08/28	3,192,371

# AMERICAS

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## On Loan Vs Fees



## Top Sectors By Revenue

Consumer Discretionary	Information Technology	Health Care	Industrials	Financials	Communication Services
\$1.04B	\$476.55M	\$450.90M	\$426.26M	\$399.08M	\$366.78M
\$89.93B	\$133.22M	\$62.66B	\$63.21B	\$70.78B	\$41.04B
115.27 bps	35.40 bps	71.61 bps	67.39 bps	57.75 bps	89.36 bps
Revenue (USD)	Loan Value (USD)	Fees (bps)			

## Market Breakdown

EQUITY	Market	Lendable	Delta	On Loan	Delta	Fees	Delta	Revenue	Delta
	UNITED STATES	\$12.15T	-3.9%	\$617.89B	-5.2%	65.02	12.2%	\$4.03B	6.9%
	CANADA	\$737.95B	-1.8%	\$54.61B	14.4%	60.49	-1.1%	\$316.81M	12.5%
	LATIN AMERICA	\$39.31B	4.2%	\$1.60B	26.7%	91.74	5.0%	\$14.59M	31.8%

FIXED INCOME	Market	Lendable	Delta	On Loan	Delta	Fees	Delta	Revenue	Delta
	UNITED STATES	\$4.32T	-10.5%	\$863.24B	-9.0%	12.56	22.0%	\$1.19B	21.3%
	CANADA	\$843.31B	-10.8%	\$147.57B	8.4%	11.75	5.4%	\$174.23M	14.1%
	LATIN AMERICA	\$161.24B	-41.5%	\$13.31B	-25.4%	34.53	19.3%	\$46.21M	-11.1%

## LENDABLE

\$4.92 Trillion -19.5%

## ON LOAN

\$615.44 Billion -3.3%

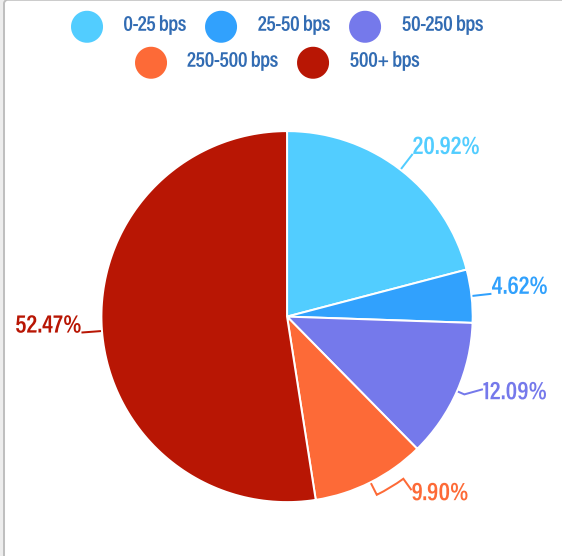
## REVENUE

\$2.18 Billion +5.7%

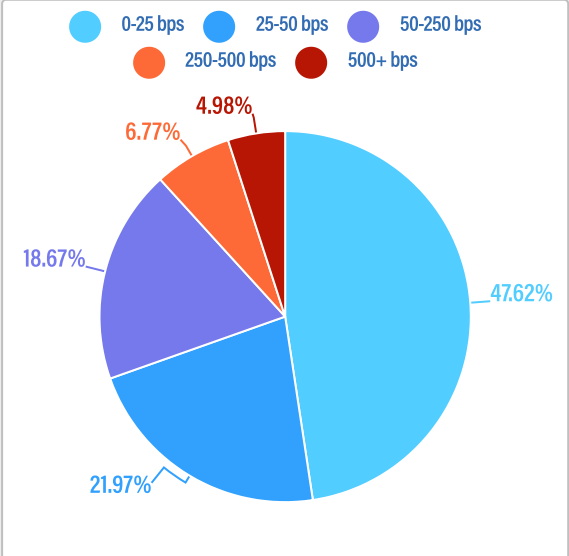
## FEES

35.49 bps +5.7%

### Equity Revenue By Fee Band



### Fixed Income Revenue By Fee Band



### Top Equity Earners

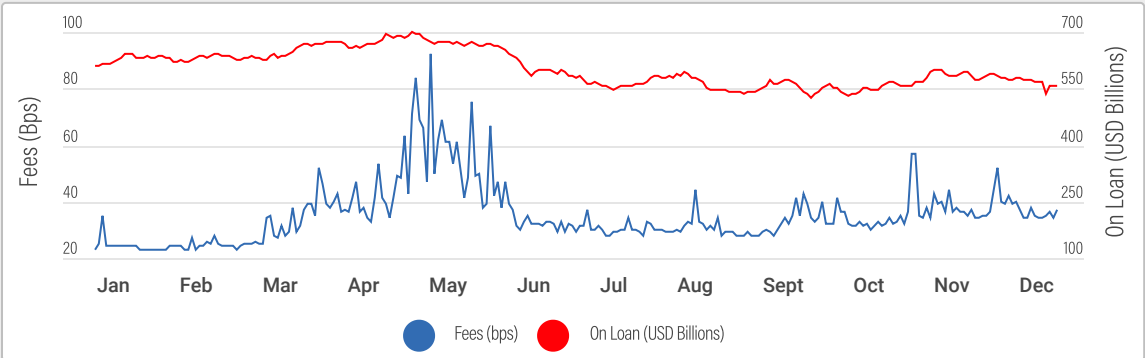
	Security	Revenue (USD)
	TOTALENERGIES SE	45,487,224
	VARTA AG NPV	36,340,377
	AXA SA	24,481,430
	MERCEDES-BENZ GROUP AG	20,955,015
	ASML HOLDING NV	19,862,686
	INT CONSOLIDATED AIRLINE	17,255,824
	BNP PARIBAS	17,012,018
	SAMHALLSBYGGNADSBOLAGET	16,646,512
	STADLER RAIL AG (REGD)	16,365,980
	EQUINOR ASA	15,361,195

### Top Corporate Debt Earners







	Security	Revenue (USD)
	VIVIO 3% 08/08/2024	2,884,716
	TEVA 6.75% 01/03/2028	2,211,604
	HSBC 6.25% 5%-FRN T1	2,023,926
	UNIBAIL 2.125%	1,869,705
	BMPS 5.375% 2 18/01/28	1,853,718
	THYSS 2.5% 25/02/25 '3	1,768,748
	WEPA 2.875% 15/12/27	1,592,186
	UNIBAIL 2.875%	1,585,360
	ARCEL 4.25% 16/07/29	1,542,642
	ICA 0.5% 04/07/23	1,533,143



## On Loan Vs Fees



## Top Sectors By Revenue (USD)

Industrials	Financials	Consumer Discretionary	Health Care	Energy	Information Technology
					
\$275.76M	\$228.20M	\$146.14M	\$130.61M	\$105.02M	\$100.86M
\$35.49B	\$31.50B	\$29.25B	\$23.10B	\$17.61B	\$16.78B
78.56 bps	78.18 bps	50.84 bps	59.01 bps	63.08 bps	57.80 bps

Revenue (USD)    Loan Value (USD)    Fees (bps)

## Market Breakdown

EQUITY	Market	Lendable	Delta	On Loan	Delta	Fees	Delta	Revenue	Delta
	France	\$474.96B	-16.0%	\$54.70B	271%	53.31	-38.2%	\$273.71M	-20.0%
	Germany	\$324.77B	-25.1%	\$40.77B	45.4%	51.94	-24.4%	\$207.76M	7.7%
	Sweden	\$158.63B	-28.8%	\$16.86B	3.0%	109.63	5.9%	\$180.03M	13.2%
	United Kingdom	\$814.19B	-13.1%	\$28.14B	6.5%	49.36	-9.9%	\$142.17M	-3.9%
	Switzerland	\$399.61B	-17.2%	\$26.56B	-0.2%	50.79	25.6%	\$127.04M	23.4%

FIXED INCOME	Market	Lendable	Delta	On Loan	Delta	Fees	Delta	Revenue	Delta
	Germany	\$251.10B	-5.9%	\$89.10B	-10.3%	21.92	61.9%	\$197.72M	44.8%
	France	\$320.55B	-24.1%	\$86.28B	-13.9%	20.47	13.1%	\$180.62M	-1.2%
	United Kingdom	\$433.04B	-9.9%	\$84.38B	-5.3%	16.76	35.1%	\$170.35M	53.1%
	Italy	\$120.11B	-19.1%	\$26.51B	28.3%	15.31	33.1%	\$41.63M	73.9%
	Netherlands	\$111.31B	-46.7%	\$15.12B	-34.1%	19.66	12.4%	\$30.18M	-25.2%

# ASIA PACIFIC

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## LENDABLE

\$2.79 Trillion -15.8%

## ON LOAN

\$226.30 Billion +5.8%

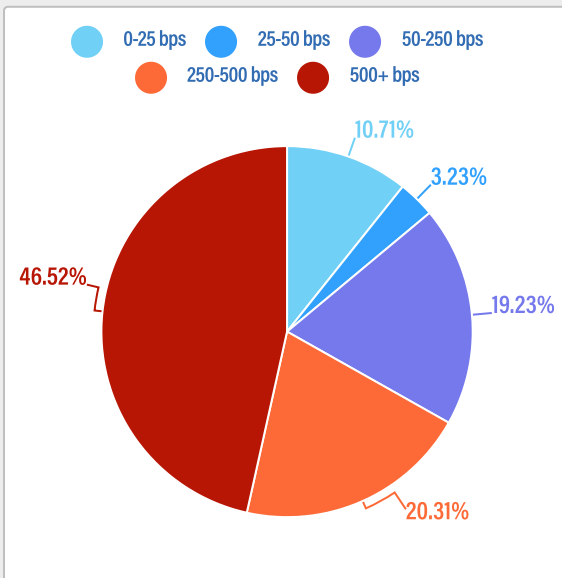
## REVENUE

\$1.93 Billion -1.6%

## FEES

85.05 bps -7.2%

### Equity Revenue By Fee Band

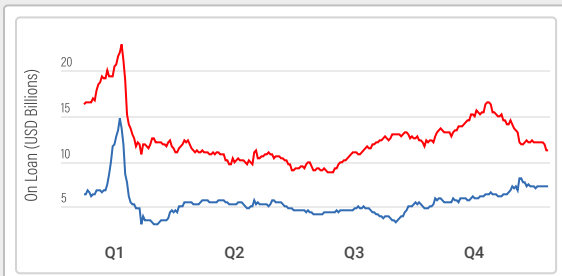


### Top Equity Earners

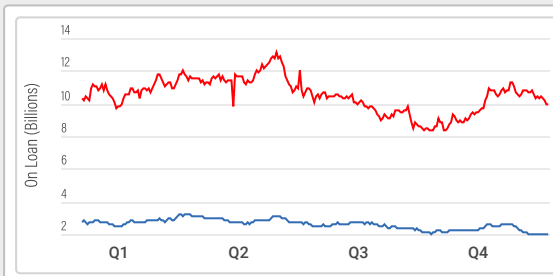
	Security	Revenue (USD)
	LG ENERGY SOLUTION LTD	20,958,116
	KAKAOBANK CORP	17,136,192
	KRAFTON INC	16,769,203
	LAKE RESOURCES NL NPV	16,230,000
	WIWYNN CORPORATION	15,792,903
	UNITED MICRO ELECTRONICS	15,079,141
	NOVATEK MICROELECTRONICS	14,321,038
	NAN YA PRINTED CIRCUIT BOARD CORP	14,177,502
	TIANNENG POWER INTERNATIONAL LTD	13,505,784
	BRAINCHIP HOLDINGS NPV	13,422,865

### Offshore Vs Onshore Loan Balance

#### Australia



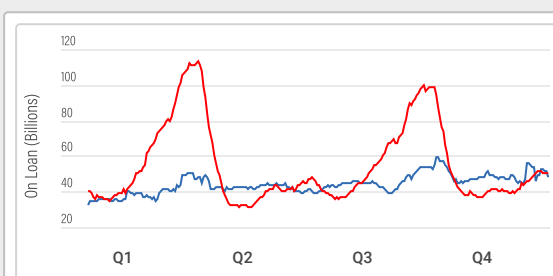
#### Korea



#### Taiwan



#### Japan

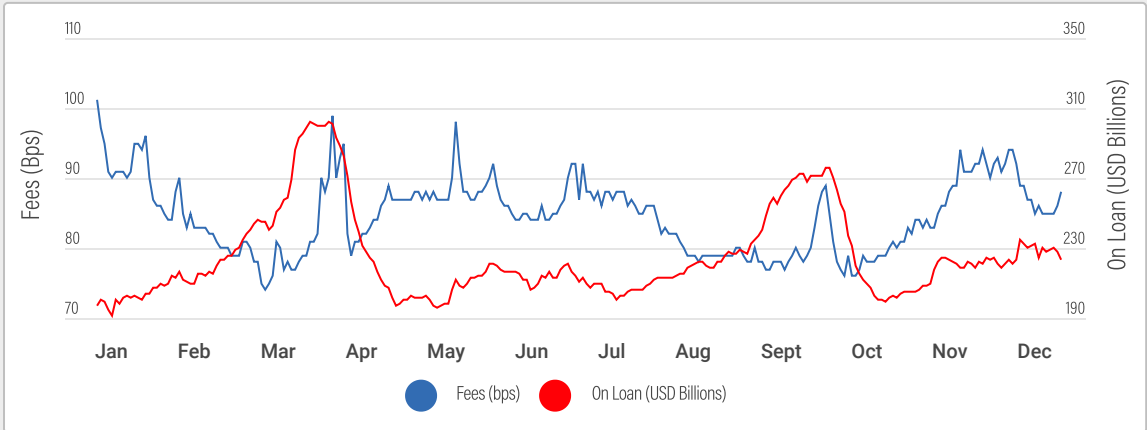










# ASIA PACIFIC

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## On Loan Vs Fees



## Top Sectors By Revenue (USD)

Information Technology	Industrials	Consumer Discretionary	Health Care	Materials	Financials
					
\$516.28M	\$260.60M	\$224.02M	\$177.05M	\$162.51M	\$125.69M
\$30.49B	\$32.14B	\$29.79B	\$12.99B	\$16.07B	\$19.77B
169.43 bps	81.02 bps	75.17 bps	136.15 bps	101.40 bps	64.14 bps

Revenue (USD)    Loan Value (USD)    Fees (bps)

## Market Breakdown

EQUITY	Market	Lendable	Delta	On Loan	Delta	Fees	Delta	Revenue	Delta
	Taiwan	\$99.15B	-21.1%	\$17.01B	-4.5%	288.04	6.2%	\$489.74M	0.9%
	Japan	\$1.09T	-18.8%	\$101.10B	7.6%	44.96	-14.1%	\$454.58M	-7.8%
	Hong Kong	\$545.08B	-22.9%	\$28.14B	-25.5%	116.19	11.6%	\$326.42M	-16.9%
	Korea, Republic of	\$164.29B	-19.4%	\$13.20B	23.1%	200.21	-16.4%	\$264.04M	2.4%
	Australia	\$423.17B	-1.4%	\$18.56B	1.3%	85.64	52.8%	\$158.27M	54.0%
	Thailand	\$28.86B	-0.9%	\$1.69B	-26.7%	349.78	-5.5%	\$59.27M	-30.9%
	Malaysia	\$10.81B	-14.0%	\$433.08M	-46.2%	433.77	-46.3%	\$18.42M	-71.7%
	Singapore	\$54.91B	1.0%	\$2.09B	23.9%	81.58	-48.8%	\$17.08M	-37.0%

# Reinventing Data & Analytics

**Cameron Cole**

Data &amp; Analytics Product Specialist

2022 was a big year for EquiLend's data offerings. Building on the success of the DataLend platform, the new Data & Analytics Solutions division was launched to bring together all of EquiLend's data and analytics services to create unprecedented and unique insights. Throughout 2022, the Data & Analytics team brought new tools and metrics to our clients to help them better manage their lending programs and provide more transparency to the broader market.

Demand for EquiLend Real-Time Data accelerated, offering clients access to live global securities finance data updated throughout the trading day. As a result, EquiLend continues to release enhancements to the service, most recently adding reported time to each transaction. Leveraging activity data from our trading platform, NGT, and our Post-Trade Solutions suite, our real-time data set allows clients to stay informed on the latest trades as they happen and enables users to view, filter and track trades across asset types, regions and sectors. EquiLend also made the real-time data set available through its API, giving firms another access point to intraday data. The DataLend API offers a fast and flexible solution for clients to access EquiLend data and can be tailored to a firm's proprietary system.

2022 also saw the creation of the DataLend Liquidity Score (DLLS), available across 23,000 corporate bonds. The DLLS is a proprietary score measuring the difficulty to borrow a particular security and is designed to support lenders in their corporate bond trading, as well as assist borrowers in assessing trading opportunities and structures. The score ranges from 1, for liquid assets, to 5, for illiquid securities, factoring in variables such as utilization, shares outstanding, lender concentration and fee.





DataLend's Excel Add-In continues to be a popular tool for clients, allowing users familiar with Excel to take advantage of the application's native functionality. In 2022, EquiLend continued to add to its Excel Add-In by introducing research capabilities, allowing users to move beyond single security usage and pull larger data sets of results using filters (region, country and asset type). Users can also tailor their data pulls to suit their needs by selecting the relevant output fields and saving configurations as templates for easy refreshing.

### **To come in 2023...**

Overall, the launch of EquiLend Data & Analytics Solutions illustrates our continued consultative approach and commitment to providing clients with the most comprehensive data suite for the securities finance market.

EquiLend continues to recognize the need to bolster its data offering with new and alternative data points in 2023. Integrating innovative and relevant metrics will expand our data offering beyond traditional securities lending data, enhancing the user experience across all EquiLend solutions, helping users to make more informed and efficient trading decisions.

As EquiLend continues to enhance its data offering, the need for further robust technological solutions becomes crucial. As a result, EquiLend will also continue to invest in API solutions throughout 2023 and enhance our user-friendly interfaces for a more flexible and customizable experience.



# Being a Woman in Securities Finance

**Rebecca Branca reflects on the positives of being a graduate, a new joiner and a woman in the securities finance market as she is first introduced to the Women in Securities Finance organization.**

**Rebecca Branca**

Data & Analytics Product Specialist

The Women In Securities Finance (WISF) organization marked its 5th anniversary in 2022 by ringing the bell at the New York, Toronto and London Stock Exchanges, a momentous milestone and an important signal for any woman considering a career in the securities finance industry.

I began my own securities finance career in 2021, as part of EquiLend's Business Rotational Analyst program, directly from my undergraduate studies where I majored in Finance and Business Analytics. As I started my first rotation with the company, it was clear that EquiLend was an inclusive and diverse environment where I would feel comfortable prospering in my career as a woman. The women I encountered were strong, articulate and identifiable role models in the company and across securities finance. The positive influence of having senior women available to me and their leadership, highlighted the significance of having direct representation of female leadership.

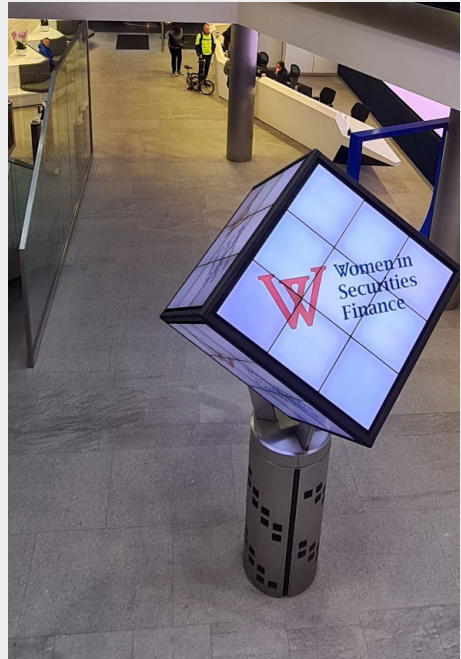
I knew that being one of the only women in a meeting at times would be unavoidable; however, I was fortunate to have women within the company who I looked up to and could turn to for support. My first rotation was with the Data & Analytics team where I worked under a female senior manager who taught me the importance of believing in your work as well as building a strong network, especially as a woman. Within EquiLend, she has been a vital role model for me, but she has also introduced me to an equally important band of women outside the company: the WISF community.

Last June 2022, EquiLend hosted the first in-person WISF event since the beginning of the pandemic. It quickly became clear to me that WISF champions women in the securities finance industry, providing a network of support, opportunity and mentorship. At the event, the speakers were asked to consider their triumphs and adversities in the industry. Hearing their voices, I realized the necessity of believing in my abilities, speaking up, asking questions and seeking female mentors whenever possible.



I appreciated the opportunity to hear from these women as they imparted their knowledge and experience to young women like me who are just starting our careers.

With an additional six months of experience under my belt (a whopping 30% of my career!), and a permanent position with the Data and Analytics team, I attended my second WISF event for the 5th anniversary celebration, the bell ringing at the NYSE. I'm so thankful for the mentorship I have gained from the diverse community of colleagues across EquiLend and for my introduction to WISF. I'm excited for more opportunities to progress my career with EquiLend and expand my network within the securities finance industry.





# An In-Depth Look at 2022: A Near-Record Year for Securities Lending Revenue

## Performance Wrap Up

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**Alec Rhodes**, Data & Analytics Product Specialist

**Doug Thomson**, Business Rotational Analyst

With the last chapter of 2022 now written, volatility is beginning to feel like one of the only things investors can count on in an age of seemingly continuous market turbulence. While capital markets faced a backdrop of economic uncertainty in 2022, the securities finance industry generated \$9.89 billion in revenue for lenders, a 7% year-over-year increase and just shy of the post-crisis high recorded in 2018.

Regionally, North America and EMEA had 10% and 6% year-on-year revenue increases largely due to fixed income performance. In Asia, a market that is proportionally skewed toward equities, revenue was down 2%.

At the asset class level, interest rate fluctuations created a robust bond market, resulting in a 25% year-over-year increase in lending revenue due to higher fees across the board. Corporate debt was the biggest driver, with an 83% revenue increase, while U.S. Treasurys and UK gilts helped generate an additional 10% in the sovereign lending market.

Equity performance was more mixed but ultimately made modest revenue gains of 2% with fees ticking up compared to 2021. In North America, revenue rose 7% on the back of an 11% increase in fees. Conversely, revenue was down in Asia and EMEA by 7% and 2%, respectively.





Increased average fees can be interpreted as a “specials” driven market and observing the quintile of fee bands tracked by DataLend appears to back up that view. Revenues in “Hot” securities (101-300bps) and “Special” securities (301+ bps) made up 56% of overall revenue, up from 54% last year. Conversely, the “Super GC” (0-25bps) and “GC” (26-50) fee bands accounted for 30% of total revenue, down from 33% year-over-year.

### **“Meme” stocks continue to stay relevant, among top revenue drivers**

U.S. “meme” stocks, names where retail activity drove lofty price rallies in 2020 and 2021 only to precipitously fall in 2022, were among the top revenue generators for lenders in 2022. In descending order, the top five earners were electric vehicle manufacturer Lucid Group (LCID), video game retailer GameStop Corporation (GME), food producer Beyond Meat Inc. (BYND), broadcasting company Sirius XM Holdings (SIRI) and pharmaceutical company Cassava Sciences Inc. (SAVA). The top three are routinely identified as meme stocks.

Ranging in revenue from \$216.4 million to \$96 million per security, these five stocks collectively generated over six times as much revenue in the lending market in 2022 as the year prior. All are in very high borrow demand with a Short Interest Indicator greater than 20, meaning that over 20% of the publicly available float is out on loan. This implies that investors continue to believe the value of these securities will depreciate, for varying reasons.

Additionally, nine of the top 10 performing securities in 2022 were U.S. common shares, with iShares iBoxx \$ High Yield Corporate Bond ETF—which tracks high-yield U.S. corporate bonds—the one exception in the mix. Other top-earning securities include movie theater company AMC Entertainment, coffee chain Dutch Brothers Inc, AI lending platform Upstart Holdings and business intelligence company MicroStrategy.

### **Corporate debt shines as investors react to interest rate fluctuations**

Stating the obvious, inflation shock and subsequent central bank interest rate movements dominated financial press front pages in 2022. And while fiscal pundits are most certainly more focused on the S&P 500’s worst performance since the 2008 crisis, these policy decisions have significant implications in the world of securities finance.

As short demand in a security is a primary driver behind the cost to borrow, it is not particularly surprising that nine of the top 10 earning corporate debt securities came from high-yield bonds in 2022. Corporate debt had a record year; the top 10 earners had fees 54% higher than the 2021 average, and U.S. corporate debt revenue doubled year over year. Highlighting the increased demand for this asset class, EquiLend’s multi-asset securities finance trading platform, NGT, recorded 18% growth in corporate debt trading volumes over 2021.



One likely driver of the rise in high-yield debt lending is the growing default rate in the U.S. and Europe. Fitch Ratings assessed the 2022 high-yield corporate bond default rate at 1.3% (as of November), up from 0.5% in 2021. The agency further projects this rate to climb to between 2.5% to 3.5% in 2023 and 3.0% to 4.0% in 2024. Fitch further asserts that the demand for distressed debt will continue to grow as firms face challenges accessing liquidity in a projected economic recession.

### Shorts questioning the floor of the equity market

With the major U.S. equity indices firmly in the red for 2022, there has been much debate over the characterization of both the U.S. and global economies. Most commentary on the subject seems to agree that a global recession is on the immediate horizon, if not already underway. Despite this near consensus, much ink has been spilled debating the projected depth of the contraction and how long it will take before long investors can expect positive returns.

Despite the broader selloff, the securities lending marketing performed well, with revenue up 7% in U.S. equities. Similarly, U.S. equity trade volumes rose 8% on EquiLend's NGT trading platform. Unsurprisingly, names from some of hardest-hit sectors including electric vehicles and cryptocurrency-related securities were among the most active stocks in the lending market.

One of the few areas where securities lending deviated from broader market behavior was in the energy sector. According to MarketWatch, energy was the top-performing S&P 500 sector, reaping a 59% price increase and the only sector to make gains in 2022. Energy was also the equity sector to experience the biggest proportional lending revenue improvement in 2022 with global year-over-year gains of 50%. This perhaps suggests that short investors are expecting a market correction on energy securities in 2023.

Investors will continue to watch with a keen eye to see what trends have the greatest impact on the securities lending market in 2023. While economic and geopolitical tensions will undoubtedly present continued challenges, the securities finance market remains robust as burgeoning technologies, greater transparency and improved data availability provide opportunities for market participants.





# THE PURPLE

