

# Fully pledged

BNY Mellon is expanding to support demand for fixed income trading in the Asia Pacific, say Howard Field and Paul Solway of BNY Mellon

This year marks the formal expansion of BNY Mellon's global fixed income offering with the addition of dedicated agency trading capabilities out of Hong Kong. The bank is actively committing resources to this capability with a Hong Kong trading desk already in place and operational support scheduled to be rolled out throughout the remainder of 2016.

By the end of the year, BNY Mellon will have a fully functional front-to-back model and be able to trade, support and settle fixed income securities lending trades in the Asia Pacific region. Why venture into fixed income at a time when other institutions are pulling back?

The Hong Kong desk's ability to structure term trades, for example, either via bullet or extendable, also helps to enhance a beneficial owner's fee earning potential. Borrowers and beneficial owners will now have local access to a global inventory, managed by trading desks operating from a unified technology infrastructure around the world.

Throughout the trading day, beginning in Asia and stretching across the globe to the Americas, our technology delivers information for our entire team to utilise in managing our lending book. Fixed income trading is certainly facing some headwinds in today's economic environment, but it's still a growing business in the Asia Pacific.

*The main reason is client focus—serving the needs of borrowers and beneficial owners*

**Howard Field**, Regional head of fixed income trading for EMEA and APAC, BNY Mellon



The main reason is client focus—serving the needs of borrowers and beneficial owners. Fixed income securities play a significant role with today's regulatory environment. Regulation is putting pressure on borrowers' balance sheets, creating the need to trade up the credit curve—from equities to fixed income and from fixed income into cash. Regulation is also requiring that collateral be posted against more types of transactions.

Therefore, both beneficial owners and borrowers can leverage our Hong Kong fixed income capabilities to source the required eligible collateral as they execute their investment strategies.

With our fixed income trading capabilities, borrowers can obtain in-time inventory offers and pricing and can borrow and execute the trade in region which helps create a more efficient and cost effective trading environment. For beneficial owners, more efficient trading can help increase volumes and drive more potential opportunities for enhancing revenue.

Borrowers in the Asia Pacific have since increased their demand for fixed income securities. At first, this demand was in the form of flow trading, the answering of day to day queries about bonds that the borrowers might need. Then demand moved on to more structured trading and eventually led to sizable financing deals.

How have our Asia Pacific borrowers and beneficial owners responded to our Hong Kong fixed income capability? The response has been positive. There has been a steady stream of trades and a growing book of business. Term trades are increasing in size and locking in revenues. The number of borrowers with which we trade locally in the Asia Pacific has also expanded. Overall, we can offer more assets in the region and the increase in balances and greater diversity of borrowers helps to create an even more robust agency lending programme for our clients. **SLT**

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**Paul Solway**, Regional head of securities finance, APAC, BNY Mellon

