BNY MELLON TRUST INTERMEDIATED LENDING IN JAPAN

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Global regulations are requiring that broker-dealers hold higher values of high quality liquid assets on their balance sheets, and it is a regulation that is required in multiple jurisdictions around the world. BNY Mellon is working with our broker-dealer partners to help them access those pools of assets.

Market participants have been looking for a way to access locally held JGBs, which are Japanese Government Bonds for many years. BNY Mellon has worked with our clients, both on the borrow side and on the lending side to create a mechanism to help them access those domestically held JGBs.

We worked with our clients on both sides of the transaction, both the supply side and the demand side. Our broker-dealer partners helped introduce us to some of the holders of the JGBs and through our unique structure in Japan, which includes a trust bank, that allowed us to access and hold the JGBs to lend them to the broker-dealers, and in addition, our triparty collateral management system allowed us to hold the collateral appropriately.

Right now, the balances are about \$15-16 billion and that is growing. This solution helps BNY Mellon clients in a couple of different ways. The broker-dealers are accessing pools of assets that they can use in a number of different types of transactions; for some of their derivative collateral needs, as well as for their secured finance transactions.

For the lenders of the assets, they are earning fees off of static assets that would otherwise not be earning anything. This is an innovative solution that helps with the buy side and the sell side.



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