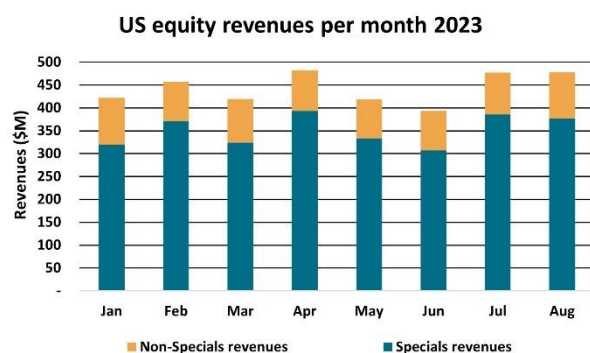


US equities, the hero of the securities finance markets during 2023.

US equities continue to provide numerous opportunities for both borrowers and lenders across the securities finance markets.

The US economy has experienced a very eventful eighteen months. It has undergone everything from banking collapses, AI mania, an unexpected equity market rally, a potential US debt ceiling cliff edge and a predicted, but never materialized recession. Luckily, for both lenders and borrowers, market conditions have been ripe for securities lending activity, especially in the US.

Over the first half of 2023, the lending of US equities generated an impressive \$2.592B (Q1 \$1.298B, Q2 \$1.294B). This represents an increase YoY of 28% (H1 2022 \$2.029B).



The momentum provided by the aforementioned market events cultivated an exceptionally healthy specials market in the US (at S&P Global Market intelligence, the specials market is defined by the lending of a security at a fee greater than 500bps). US equity specials generated \$2.812B in revenues over the course of the first eight months of the year. To put this in context, this represents a 24% increase on 2022. Over the eight-month period, an average of 78% of all monthly revenues were generated by specials, accounting for 3.2% (average) of all balances. For lenders of these assets, as long as any recall risk is effectively managed, this market has been very good at producing exceptionally strong risk adjusted returns.

During the H1 period, all of the top ten highest generating equities (across all regions) were US listed assets. AMC outpaced all of the other names, generating in excess of \$450M alone. AMC generated more than the next four highest revenue generating names combined over the H1 period (Beyond Meat BYND \$126.63M, Lucid Group Inc LCID \$116.71M, Upstart Holdings Inc UPST \$93.38M, Gamestop Corp GME \$76.96M). US equities have dominated the top revenue earning tables for many quarters.

As markets continue to climb in the region and valuations reach levels not seen for many months, it is likely that this will continue going forward. The strength of the stock market coupled with higher valuations has also provided fertile ground for the reemergence of initial public offerings (IPOs) with the largest IPO of 2023 so far taking place in September (ARM Holdings). An increase in corporate

activity is already driving volumes in the securities lending markets higher as investors look to source liquidity and exploit any pricing differentials that may be generated from a change in corporate structures. The most recent [spin off of Kenvue \(KVUE\) shares by Johnson and Johnson](#) generated over \$100M in revenues for securities lenders. As a result, Kenvue is currently the eighth highest revenue generating loan of the year so far.

Top five equity borrows Jan to Aug 2023 - Ranked by Securities Lending revenues

Ticker	Name	SL Revenue (\$M)	Market	Sector	SEDOL
AMC	Amc Entertainment Holdings Inc	651.43	US Equity (Others)	North America Media and Entertainment	BN4G703
BYND	Beyond Meat Inc	155.36	US Equity (RUSSELL 2000)	North America Food, Beverage & Tobacco	BJ1FDK7
NKLA	Nikola Corp	125.04	US Equity (RUSSELL 2000)	North America Capital Goods	BMBM6H7
SIRI	Sirius Xm Holdings Inc	119.04	US Equity (Others)	North America Media and Entertainment	BGLDK10
LCID	Lucid Group Inc	117.34	US Equity (Others)	North America Automobiles & Components	BP0TR77

Source : S&P Global Market Intelligence Securities Finance

© 2023 S&P Global Market Intelligence

With interest rates now expected to stay higher for longer, the government shut down affecting the production and dissemination of economic data, a move to T+1 for equity markets and the introduction of SEC 10C-1 in the near future, equity markets are set to experience a renewed period of volatility in the final months of the year which may well benefit lenders further.

To understand more about the opportunities for US equity markets within securities finance, please join us at our upcoming **Securities Finance Forum** at **1345 6th Avenue, New York, NY 10105** on **November 9th, 2023**, between **1:00pm – 7:00pm** where we have numerous market leaders scheduled to discuss the past present and future of the securities lending markets.

To register and to see the agenda please click [HERE](#).

We look forward to seeing you there.

Copyright © 2023 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved. No content, including by framing or similar means, may be reproduced or distributed without the prior written permission of S&P Global Market Intelligence or its affiliates. The content is provided on an “as is” basis.

About S&P Global Market Intelligence S&P Global Market Intelligence integrates financial and industry data, research, and news into tools that help track performance, generate alpha, identify investment ideas, understand competitive and industry dynamics, perform valuation, and assess risk.