



Choosing the right securities lending solution

A comprehensive guide



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Securities lending is a key revenue generator for retail-facing financial institutions. While the value of the opportunity is clear, the challenge lies in choosing a solution that is the right fit for your organization, and sets you up for long-term success.

In this guide, we explore what to consider when choosing a securities lending partner. From aligning with your strategic goals to meeting operational demands. We cover key capabilities such as customizable rules-based controls, full front-to-back automation, API-first integration, tools that drive strong client opt-in from day one, built-in regulatory reporting, and a success-based model with no setup or licensing fees.

Choosing the right securities lending solution means looking beyond just returns. It's about finding a partner that can adapt to your evolving needs and offer strategic value. In today's market, institutions need a solution provider who understands their growth objectives and can deliver the flexibility, transparency, and support necessary to maximize both current and future opportunities.

Sam Tuliebitz

Head of Business Development



Exploring or reassessing your securities lending solution

Whether launching for the first time or re-evaluating an existing program, today's environment calls for a smarter approach. Rising costs, evolving regulations, and market expansion bring new challenges—and opportunities. If your institution faces any of the following, it may be time for a more effective solution:



Rising costs and operational overhead

In-house securities lending programs often bring escalating costs—from regulatory reporting fees to vendor expenses—and require dedicated staff to manage operations. A provider with built-in automation and support can reduce this burden, streamline operations, and free up internal resources.



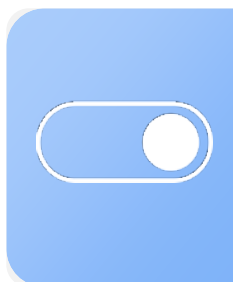
Adapting to new regulations

Global regulatory developments, such as SEC Rule 10-c1a in the US, require up-to-date, compliant solutions that minimize risk and streamline reporting. Institutions need flexible, future-proof systems that can adapt seamlessly to evolving regulatory requirements.



Expanding to new regions and serving diverse clients

Entering new markets introduces operational and regulatory hurdles. A flexible solution tailored to diverse client needs can overcome these challenges—unlocking revenue potential across your broader asset base.



Driving client opt-in

Without strong opt-in performance, even the most advanced securities lending program underdelivers. Fast and wide client adoption directly impacts topline revenue, competitiveness, and client satisfaction, but some struggle to convert accounts into active lenders. The right provider will offer the necessary tools for a smarter, more targeted approach.



Essential questions for selecting your lending solution

Selecting the right solution goes beyond ticking boxes. It's about asking the key questions that ensure the solution aligns seamlessly with your institution's goals, operations, and long-term vision.

"The complexity of today's securities lending environment calls for advanced technology and seamless processes. Our platform is designed to eliminate operational overhead, so clients can focus on growth rather than managing the program. We're here to handle the heavy lifting."

Matt Barnett,
Head of Operations

Speed to market

Key questions

- How quickly can your program be up and running?
- What is the required IT build or integration timeline?
- Does the solution integrate with existing systems, or require extensive development?
- Does the provider offer API connectivity?

Why it matters

Fast, seamless integration with existing technology and transaction flows minimizes costs, accelerates time to revenue, and ensures compatibility with your existing systems. An efficient lending solution should not impact your primary business. Flexible technology and connectivity ensures smooth execution of your business goals.



Tech & operational efficiency

Key questions

- Is the provider truly digital, offering end-to-end connectivity, automation, real-time data, and minimal manual processes?
- Is the company continually investing in technology to stay at the forefront?
- What is the headcount required to run and oversee the program?

Why it matters

A robust technology infrastructure enables automation, real-time data access, and straight-through processing, facilitating low-cost operations and transparency. Ensure your provider's technology supports end-to-end connectivity, seamlessly connecting your assets directly to demand, to enhance operational efficiency and reduce manual intervention.



Strong borrower network

Key questions

- Does the provider have established relationships with a high-quality network of top-tier borrowers?
- Can you select which borrowers to work with, ensuring full control and transparency over your lending program?
- How does the provider manage and mitigate borrower and collateral risk to protect your assets?

Why it matters

A strong borrower network ensures access to reliable, creditworthy borrowers, reducing risk and enhancing revenue opportunities. Full control over borrower selection and exposure provides transparency and aligns the program with your institution's risk tolerance and strategic goals.

“While others take years to reach 18–25% opt-in, our clients do it in weeks with our tech. We can facilitate securities lending programs for tens of millions of underlying accounts, and optimize them at scale.”

Ben Smith, Head of Product



Flexible custody integration

Key questions

- Is the solution fully custody-agnostic, allowing seamless integration with various custodians?
- Can the solution support transitions to self-custody or self-clearing?

Why it matters

A custody-agnostic solution offers the flexibility to work with multiple custodians or switch without disruption, ensuring your program adapts to evolving operational needs. This is especially valuable for institutions managing multiple custodians or transitioning to self-clearing models.



Customization, flexibility & full control

Key questions

- Does the provider allow full control and customization of your securities lending program, down to the underlying client and security level?
- Can you control specific lending terms, such as which securities are available for lending and at what percentages, with full transparency in reporting?
- Can you tailor program parameters—such as trading limits and return thresholds—to meet specific client needs, regions, or regulatory requirements?

Why it matters

While your provider optimizes the day-to-day performance of your program, long-term success is best achieved when you have real-time control over key parameters—such as lending limits, return thresholds, and borrower exposure. A digitally enabled provider should provide the tools and connectivity to empower this level of control, ensuring your program remains flexible, transparent, and aligned with evolving regulations and diverse client needs.



Portfolio insights and revenue potential

Key questions

- Does the provider offer tools to analyze your portfolio and identify recurring revenue opportunities?
- Are they able to justify their revenue estimates?
- How does the provider support sustainable, long-term revenue growth through data-driven insights?

Why it matters

Ongoing portfolio analysis and data transparency enable more accurate forecasting and adaptive strategies, helping institutions align expectations while uncovering new revenue opportunities. This approach reduces risks tied to static projections, builds trust and supports continuous program optimization.



Simple fee structure

Key questions

- Does your provider align their interests to your program's overall success?
- Does the provider offer a success-based model without fixed fees, license costs, or upgrade charges?
- Are there any additional setup, support, or vendor fees required to run the program?
- How many additional service providers or vendors will you need to integrate with the solution?

Why it matters

A simple, success-based fee structure ensures your provider's incentives align with yours, minimizing upfront costs. Reducing reliance on multiple vendors further streamlines operations and keeps overall program expenses manageable.



Regulatory compliance

Key questions

- Does the solution comply with current regulatory standards in the jurisdictions where you operate or plan to launch?
- Is the solution ready to meet evolving requirements, such as SEC Rule 10-c1a or other upcoming regulations?
- Are reporting tools compliant with key standards (e.g. SFTR)?
- Are reports available in real-time?
- Are reports customizable down to the underlying account and single security level?

Why it matters

Retail facing financial institutions often operate in a more complex and diverse regulatory environment. Adhering to regulatory requirements is essential to mitigating risk and ensuring operational integrity. A provider with the expertise and experience to navigate both current and future regulations not only ensures compliance and simplifies reporting, but also enables you to prioritize transparency and act in the best interests of your clients.



Retail lending expertise

Key questions

- Does the provider already service clients similar to you?
- Does the provider have a proven track record in securities lending for retail investors?
- What safeguards does the provider offer to protect end-client assets?
- How does the provider support education and communication for retail clients?

Why it matters

While securities lending is a well-established practice, many solutions are tailored to the needs of traditional 'institutional' clients. Retail lending presents unique opportunities and challenges – to ensure that your program matches your requirements and objectives, your chosen provider should be familiar with these nuances.



Dedicated, high-touch service & end-to-end support

Key questions

- What level of onboarding and ongoing support does the provider offer?
- Will you have a dedicated customer success manager to guide your program?
- How does the provider ensure your program is set up correctly?
- Does the provider offer tailored education and training to ensure your team and clients fully understand the program and its benefits?
- What data and insights are provided to enhance performance and maximize revenue?
- Do they provide a regulatory reporting suite?
- What strategies and tools does the provider offer to drive client opt-in and engagement?

Why it matters

A true end-to-end partner provides more than a solution—they deliver comprehensive support at every stage, from designing a compliant program to driving client opt-ins, supporting marketing efforts, and assisting with customer onboarding. High opt-in rates are essential to unlocking meaningful returns, especially in retail-focused programs where tailored development is needed to effectively engage end customers. With proactive insights, hands-on expertise, and a commitment to long-term success, the right provider ensures your program delivers sustainable revenue growth.



The value of the right partnership

Retail-facing financial institutions are uniquely positioned to leverage the potential of securities lending, but success depends on selecting the right solution partner. A true partnership and a solution that aligns with your goals, delivers flexibility, and prioritizes data-driven insights can transform your program into a lasting source of value and growth.



The securities lending ecosystem is increasingly moving towards greater transparency and inclusivity, empowering institutions to generate new revenue with more control and visibility. Today's financial institutions are seeking solutions that are not only efficient but also designed to meet the demands of a modern, highly regulated market.

Boaz Yaari, CEO



Sharegain in numbers

10

Custodians

9

Top tier prime brokers

27

Markets

3

Global offices

120

Dedicated securities finance professionals

Source: Sharegain, November 2024



Sharegain

The revenue engine for wealth managers

sharegain.com

With securities lending, as with other investment activities, your capital may be at risk.

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