

# International Securities Lending Association (ISLA)

## SFTR Success Story



### About ISLA

ISLA is a leading trade association with a clear focus. Its goal is to represent the interests of the Securities Lending Industry and to support a safe and efficient framework by playing a pivotal role in promoting best practices and processes. ISLA boasts a geographically diverse membership of over 170 firms including institutional investors, asset managers, custodial banks, prime brokers and service providers, drawn from across Europe, Middle East and Africa. The members include securities lending market participants as well as regulators and policy makers.

### The engagement

Consolo were engaged to help ISLA, in conjunction with member firms of the securities lending industry to develop a streamlined and efficient process that would support the preparation and implementation of SFTR, the Securities Financing Transactions Regulations programme.

### The Securities Financing Transactions Regulations (SFTR)

SFTR is the European Union's regulatory response to the Financial Stability Board's (FSB) August 2013 policy proposals for greater transparency in the financial markets. This was a result of part of their broader review of Shadow Banking and related non-banking financing activity (Article 13 & 14) and finally trade and collateral reporting (Article 4) to Trade Repositories (TRs).

### A multifaceted and complex project

In September 2018, following a rigorous selection process, ISLA commissioned Consolo to work within the Association's Regulation and Market Practice group for an initial six month assignment to support its SFTR preparation and implementation activities. This was a multifaceted and complex project and Consolo were instrumental in the management of various working groups and work streams, which attracted some 250+ attendees from across the industry as well as fellow trade associations, tri-party agents and vendors. Richard Colvill, Consolo founder, and SFTR expert commented. "Naturally we were delighted to have been chosen and due to a long consultation period and an extended deadline, instigated by the regulators, our involvement in the overall SFTR project actually evolved into a 21 month engagement".

### A dynamic approach

ISLA has a flexible and very dynamic approach to resourcing and has a policy of using external consultants to provide specialist support for specific projects, as and when required. According to Andy Dyson, CEO at ISLA. "This was a time critical, high profile programme which needed a partner with in-depth knowledge and experience of this highly specialist area and who could hit the ground running. Consolo fitted the bill perfectly.

Not only had we worked with them in the past, but the founding partners have been very involved in various aspects of the Securities Lending industry for quite sometime”.

### **Operational process excellence**

As the SFTR regulation impacts the way in which trades are reported, it was also crucial that ISLA selected a team that understood how life-cycle events worked from trade inception to settlement. Andy continued “Consolo’s ability to demonstrate proven expertise in this area, underpinned by their commitment to operational process excellence were also key components of the overall selection criteria”.

### **Invaluable assets**

As part of the assignment, Consolo arranged and chaired a number of SFTR industry working groups. Depending upon the specific agendas of each session, ISLA staff attended in an advisory capacity and were provided with regular feedback on progress throughout the project. In addition to producing comprehensive output from each working group, the Consolo team also provided flexible roadmaps, strategic proposals and support for the sub-groups involved in the main project. The SFTR project also created a variety of invaluable assets which incorporated more than 200 items at individual regulatory field, lifecycle or received questions (FAQ), all of which were published on the ISLA website. This also included some 90 documents encompassing minutes, studies, consultation response, minimum requirements and helpful reference material.

### **A positive and highly collaborative experience**

“We were more than satisfied with the way in which Consolo approached the entire SFTR programme.” said Andy. “The combined team were highly collaborative, extremely knowledgeable and very quick to respond to queries from ISLA members and staff. Their agile project management style was very good and quickly gained support from the working group members. It was a very positive experience which provided us having a concise understanding of what needed to be accomplished, its status and assignment. ISLA’s previously limited use of project management tools has been significantly expanded as a result of the success of SFTR and the influence of Consolo’s overall approach and methodology”, he concluded.

### **ISLA SFTR Best Practice**

“This was a really exciting and sometimes challenging project, and we really enjoyed being an integral part of such a high profile industry initiative.”said Richard. “We are very grateful to ISLA for the opportunity and we are proud that the culmination of this work can be found in the ISLA SFTR Best Practice Handbook which provides specific content related to the input collected from the ISLA SFTR working groups”.

### **EMPOWERING CHANGE IN SECURITIES FINANCE**

If you would like further information or advice, then please contact Consolo

[info@consololtd.co.uk](mailto:info@consololtd.co.uk) | [www.consololtd.co.uk](http://www.consololtd.co.uk)