GLMX geared up for growth

Glenn Havlicek, chief executive officer of GLMX, provides an update on the company's strengths and its strategy for growth in the global securities finance market.

GLMX began 2018 on a solid footing with a successful $20 million funding round led by Silicon Valley venture capital firm Sutter Hill Ventures as well as Otter Capital and Tippet Venture Partners.

The fact that these high-calibre investment companies support GLMX as a buy-side-to-dealer trading platform and share our vision of the securities finance market is testament to our work since officially launching in 2016.

I believe the secured finance markets are as ripe for innovation right now than they've ever been and probably as they ever will be

Glenn Havlicek

Put simply, our aim is to enhance the relationship between buy-side and sell-side counterparties and address the need for a more efficient repo trading infrastructure, particularly in light of increasing regulatory reporting requirements.

January's investment will help us expand operations, not just in the US (where GLMX recently received regulatory approval to become a FINRA-registered broker-dealer) but also into major European markets.

It will also allow us to bolster GLMX's engineering team following a record year in which the company's client base doubled.

We have increased weekly volumes by over 900% since the second quarter of 2017. GLMX has also doubled aggregate systems volumes since the beginning of 2018, surpassing $3 trillion.

As capital requirements and leverage ratios reduce the ability of banks to conduct repo market activity, thereby cutting the supply of much needed collateral, we are upgrading the way the buy and sell-side interact.

INNOVATION

I believe the secured finance markets are as ripe for innovation right now than they've ever been and probably as they ever will be.

Fixed income markets in general have been somewhat slow to adopt new technology but securities lending/repo have been perhaps the slowest.

Now, the players in this industry are witnessing efficiency across other global markets, such as equities and foreign exchange.

Repo and securities lending participants are now seeing a wider adoption of fintech services in a market that has been very slow to adopt the change in status quo.

Meanwhile, growing fintech hubs in areas like Asia (which has two of the world's largest bond markets in China and Japan) and across Europe (London, Frankfurt, Paris, Dublin) are thriving.

I regard GLMX's core strength as the adaptability of our technology offering and ability to cater to evolving client needs by offering an efficient way to connect with their counterparties, whether delivery-versus-payment, tri-party or CCP.

With the dealer-client relationship serving as the foundation of the securities finance market, GLMX's objective is to enhance existing flows and make the existing dealer-to-client repo market flows more efficient and less errorprone.

The beauty of this is that it allows clients to spend more time on value-added activities instead of focusing on revamping internal technology controls and operations.

We provide technology that supports the entire lifecycle of secured finance transactions, including straight-through processing, as well as data capture and analysis, and a more streamlined workflow for both buy and sellside customers.

As the needs of both the buy and sell-side evolve, GLMX's systems easily accommodate a wide array of interactions and connectivity.

GLMX delivers a more efficient means of connecting existing counterparties, without lessening the critical value the sell-side provides.

Our goal is not to replace dealers, but instead to create a more efficient model for the buy and sell-side communities to interact.

At GLMX, we're sticking to the notion that while the company is well ahead of the curve from a technology standpoint in the repo markets, it is still part of the solution, not the end solution.

EUROPE

Our European expansion plans coincide with regulatory initiatives in in the continent, particularly the Securities Financing Transactions Regulation (SFTR), which will have a major impact on securities lending and the associated technology.

Parts of SFTR are alive and kicking, but the most burdensome element, the reporting, is scheduled to be enacted across Europe in the mid-to-late stages of 2019.

When combined with Mifid II, SFTR pre- and post-trade reporting certainly demands a new level of data capture which, if available at all, currently relies on expensive and timeconsuming manual intervention.

GLMX has rolled out a fully redesigned, stateof-the-art solution that is specifically intended to streamline workflows between the buy and sell sides and to automate their trade reporting obligations.

Additionally, the shift away from Libor will also have an impact on how securities lending market participants adopt technology solutions over the next year, but we can certainly expect to see an uptick in "electronification".

Prior to founding GLMX, Glenn spent over two decades at JP Morgan Chase where he served as Managing Director responsible for Global Liquidity Management and as Chair of the Liquidity Risk Committee. His responsibilities within the Global Treasury Division included oversight of all debt issuance for JP Morgan Chase and its subsidiaries; development and implementation of the Bank's asset and liability management process; and establishment of the Bank's liquidity risk policies.

Source: Securities Finance America Guide 2018, page 24-25