



# Agency Securities Lending

**Lending securities in your portfolio can prove a valuable source of incremental revenue. As the world's largest agent lender, BNY Mellon connects you to a broad community of creditworthy borrowers, providing you with additional income while we service all aspects of the loan.**

## What is Securities Lending?

A securities lending transaction is a temporary loan of securities between a lender (known as a beneficial owner) and an approved borrower. The loan is typically short-term and secured with collateral, either cash or high-quality securities, such as government bonds.

This transaction is commonly facilitated by an agent lender, such as BNY Mellon, acting on behalf of the beneficial owner.

## Why Should I Lend My Securities?

Assets sitting in your investment portfolio may have incremental revenue potential beyond dividend/coupon payments and price appreciation. By lending out those assets you can unlock that potential by collecting fee income from a borrower that wishes to temporarily obtain securities you own. When you work with us as your agent lender, we administer all day-to-day elements of the loan.

## What Securities Can I Lend?

### Lendable Securities

- Global Equities
- Corporate Bonds
- Government Securities
- Supranational Debt

### Non-Lendable Securities

- Municipal Bonds
- Commercial Paper & Money Market Instruments
- Comingled Funds & Other Line Items
- Real Estate
- Alternative Investments

## What Collateral Can I Receive?

### Acceptable Cash Collateral

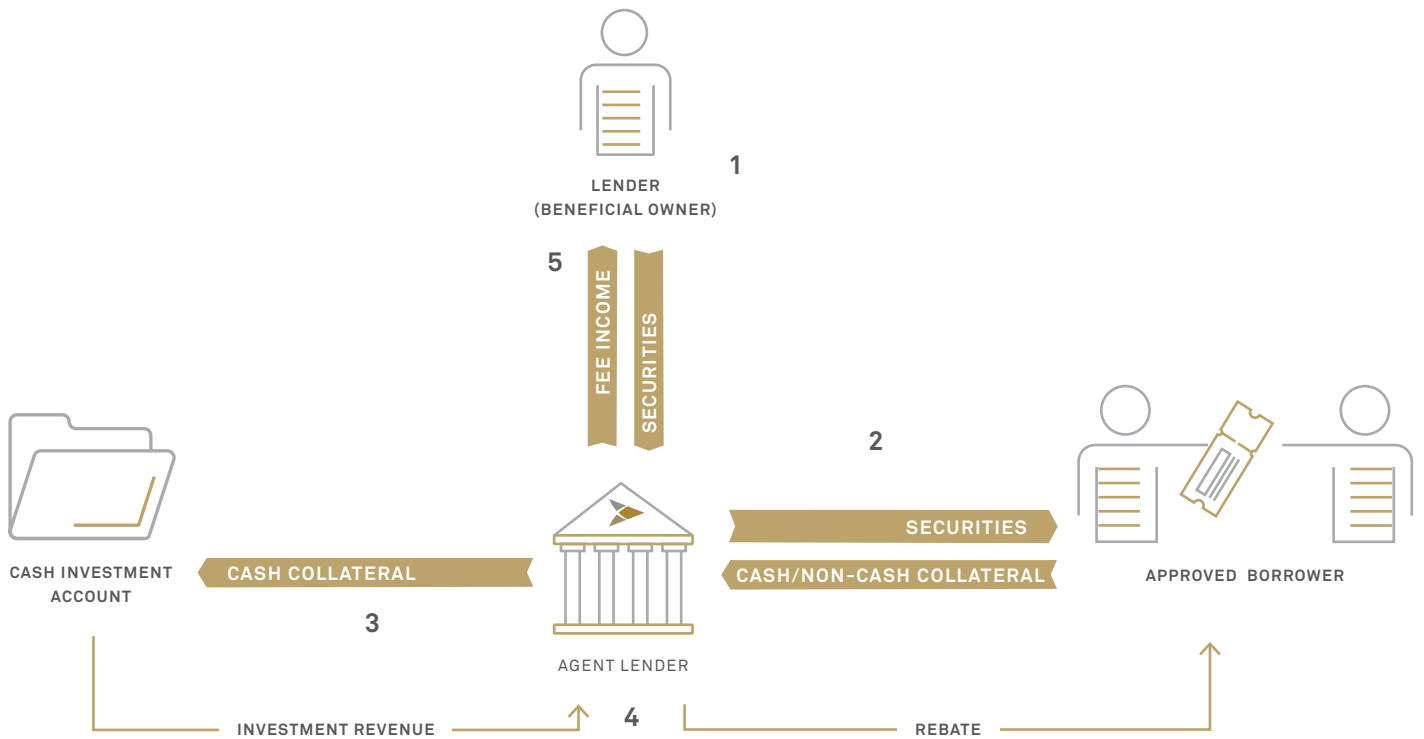
- US dollar
- Euro
- British pound
- Yen
- Canadian dollar
- Australian dollar

### Acceptable Non-Cash Collateral

- Sovereign Debt
- Global Equities
- Investment Grade Corporate Bonds
- Specific Supranational Debt
- Specific Equity Index Baskets



## How Does Agency Securities Lending Work?



1. As a beneficial owner, you onboard with BNY Mellon as a member in our Agency Securities Lending Program. You stipulate the securities in your portfolio you are willing to lend out and identify the types of borrowers to whom you are willing to lend.
2. As your agent lender, we share your inventory of lendable securities with our community of approved borrowers. A borrower instructs us that they wish to borrow a lendable asset, posting cash collateral or non-cash collateral against the loan in excess of 100% of the market value of the borrowed securities.
3. We invest cash collateral in short-term money market instruments for the duration of the loan. When posted collateral consists of securities, a fee is negotiated for the loan that is then shared between the beneficial owner and the agent lender.
4. When cash collateral is pledged, a rebate on the posted collateral may be paid to the borrower. The rest of the revenue is shared between the beneficial owner and the agent lender based on a pre-negotiated split.
5. The revenue from the loan is credited back to your account. At the conclusion of the loan, the borrowed securities are returned to your portfolio.



## The Benefits of Securities Lending

### Earn incremental yield

Gain additional alpha through lending your securities.

### Continue to collect securities income

Lenders continue to receive dividend and coupon payments on borrowed assets during the term of the loan.

### Overcollateralization

Borrowers provide collateral equal to 102% of the market value for same currency loans and 105% for cross-currency loans. Collateral adequacy is maintained by daily mark-to-market monitoring and margin calls.

### Control over borrowers

Choose the borrowers to whom you wish to lend, from approving each individual loan to collecting a fee for providing exclusive access to a particular borrower.

### Control over loan terms

Specify which securities you wish to lend, from lending only “specials” with potential for higher revenue, to setting price parameters for loans according to demand for assets.

### Control over collateral

Determine which cash or non-cash assets you are willing to accept as collateral.

### Provide liquidity to the marketplace

Increase market liquidity by enabling borrowers to avoid settlement failures, support hedging strategies, capitalize on M&A activity or facilitate other corporate event opportunities.

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## Why Lend Securities with BNY Mellon?

### Largest Agent Lending Program in the Industry

We have over \$4 trillion in lendable securities available within our lending program and \$430 billion out on loan<sup>1</sup>.

### Financial Strength

Our status as a trusted counterparty reflects the strength of our balance sheet and our overall liquidity and capital positions. We rank among financial firms with the highest credit rating globally.

### Global Presence

We have significant on-the-ground securities lending operations in Toronto, New York, Pittsburgh, London and Hong Kong.

### Experienced Team

Our integrated business is underpinned by a specialized team of more than 300 securities finance professionals dedicated to trading, product development, client management, technology and cash collateral investment.

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For more details about how you can earn supplemental yield through participating in BNY Mellon’s securities lending program, please email: [BNYMSecuritiesFinance@bnymellon.com](mailto:BNYMSecuritiesFinance@bnymellon.com)

<sup>1</sup> As of March 31, 2020

