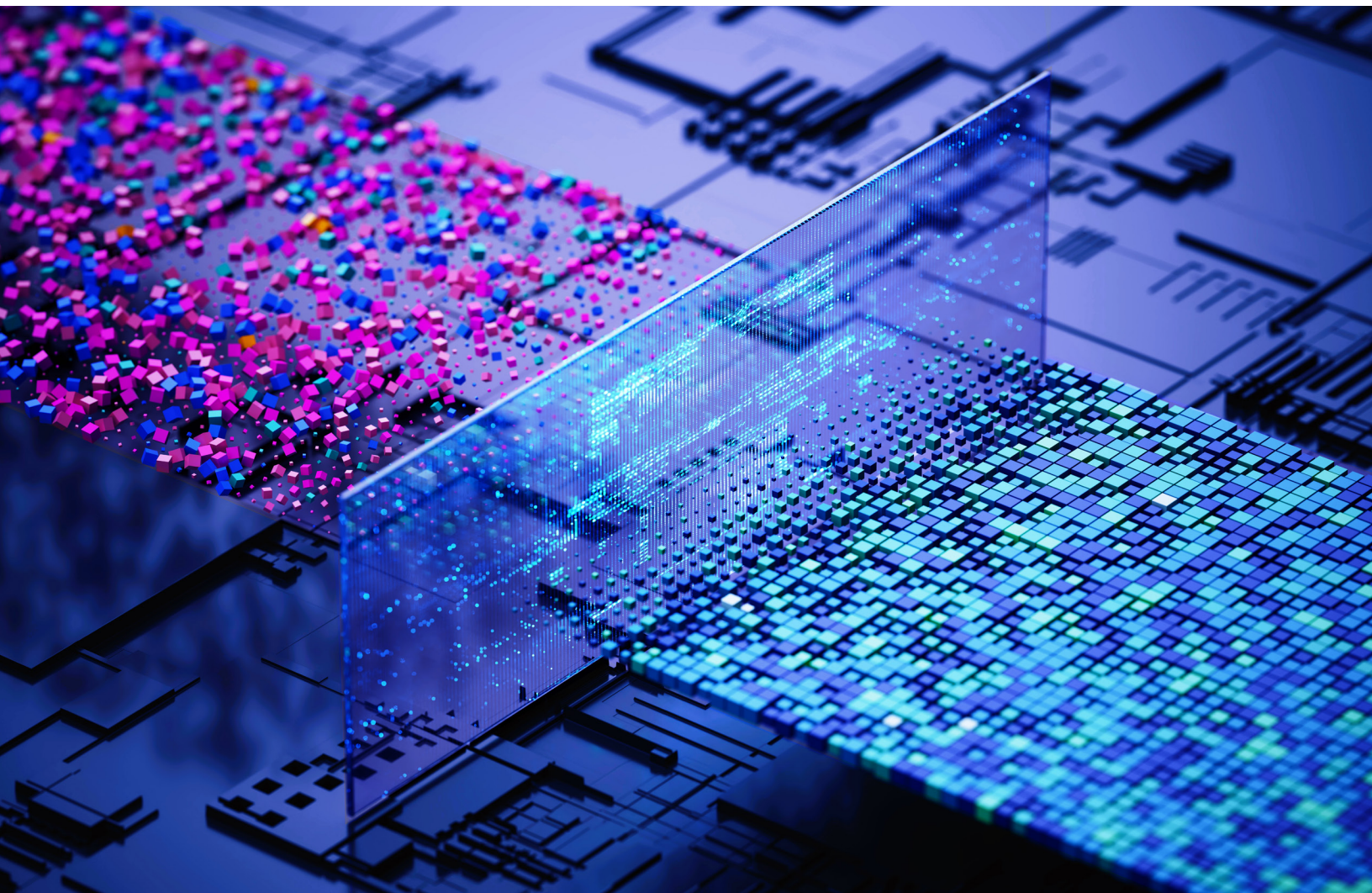




# Financing in a fragmented world

Why the future of securities finance depends on a unified ecosystem of agency lending, prime services, and repo

June 2026



# Introduction

**The global landscape for securities finance is shifting. For decades, the primary levers for generating returns and raising funding — agency lending, prime services, and repo — operated as distinct, parallel services.**

In a world of predictable rates and abundant liquidity, these silos were a minor inefficiency — frustrating but manageable.

That environment has fundamentally changed. We have entered an unpredictable era where increased competition and balance-sheet constraints require more sophisticated strategies that optimize alpha, improve collateral usage, while minimizing costs and operational frictions.

Fragmentation is no longer a minor inconvenience; it has the potential to limit a firm's access to liquidity, ability to manage risk and ultimately impact performance.



**Taryn Siglain**

Global Head of Financing  
and Portfolio Solutions,  
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## The balance sheet as a strategic asset

These market shifts are driving a fundamental change in how investors operate. Increasingly, we are seeing the rapid professionalization of internal “buy-side treasury” functions, with sophisticated managers treating their balance sheets as a strategic asset rather than as a passive byproduct of investment activity.

Their goal is to proactively optimize collateral and minimize the cost of carry, ensuring every asset is put to its best use. However, a significant gap has emerged: investment strategies have evolved, while infrastructure has struggled to keep pace. Firms are now attempting to run complex, multi-layered strategies — long/short mandates, basis trades, and derivative exposures — using tools that are siloed and outdated.

The cost of this disconnect is real. When prospective clients engage us for financing solutions, we often see them struggling with timely, high-quality (yet fragmented) data, trapped collateral and manual workarounds. They are often managing a collection of disparate trades that are structured inefficiently and fail to meet their holistic financing needs. This can lead to a “square peg, round hole” approach, with investors relying on familiar financing tools rather than the most effective ones aligned to their investment objectives.

## The vision for a new ecosystem

At State Street, we recognized that solving this challenge required more than just a collection of high-performing products — it required a different architecture. While many providers offer a suite of financing tools under a single brand, those tools often remain strategically and operationally disconnected, forcing clients to integrate them manually.

Our approach intentionally breaks down these silos. By bringing together our Agency Lending, Prime Services, and Secured Financing (Repo) businesses under a single ecosystem, we enable a model where the solution is driven by the client’s liquidity needs rather than internal product structures.

The true value of this ecosystem is realized when all three financing options work in concert. Typically, a client may approach a provider for a single need, such as an agency lending program. In our model, that initial interaction is often just the starting point for a deeper advisory relationship.

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## Holistic thinking

State Street's unified approach is designed to deliver access to stable liquidity and is uniquely anchored in our role as a global custodian. By enabling clients to maximize the value of their assets, we create a clear competitive advantage. Whether through core custody relationships — where we directly safeguard assets — or through targeted third-party custody services, our end-to-end, custody-based financing solutions streamline operations and provide increased transparency.

This model is not limited to traditional institutional investors. It is increasingly relevant for private wealth investors, who continue to expand their allocation to alternative and semi liquid strategies.

As wealth investors adopt more sophisticated long/short, and other income-enhancing strategies, they face similar financing, collateral, and liquidity challenges as institutional managers — often without the same infrastructure to support them. Our integrated ecosystem helps wealth managers scale increasingly complex investment strategies with greater efficiency, transparency, and control.

## Role of data: Eliminating the blind spot

Of course, even the most seamless ecosystem is only as effective as the data powering it. For many firms, the primary barrier to efficiency is a “data blind spot,” where holdings, lending activity, and financing liabilities remain fragmented across separate systems.

State Street's Financing Hub was designed to solve this challenge. Serving as the centralized digital gateway to the entire financing ecosystem, it provides a real-time, consolidated view of a client's global inventory, across custody, agency lending, repo, and prime services on a single dashboard. Our Financing Hub platform enables our clients to see:

- What assets are available
- What is currently pledged
- Where optimization opportunities exist

Advanced “what-if” simulations further allow clients to model margin requirements and trade impacts prior to trade execution. This approach combines the sophistication of a fintech analytics suite with the simplicity of a single relationship and contract with State Street.

## The power of a unified financing model

Recently, a large asset owner partnered with us to fund new investment mandates without disrupting their existing portfolios. Rather than treating this as a series of isolated product requests, we took a holistic advisory-led approach. We began by analyzing their total “sources and uses” of collateral to identify where assets were being underutilized. This deep dive into their strategic objectives allowed us to build a more efficient financing structure.

For example, we established “self-borrowing” capabilities, allowing the client to source positions for an externally managed long-short strategy directly from their own agency lending supply. We further expanded the client’s options by introducing a flexible source of contingent financing. This allowed them to pledge long assets held in their custody account as collateral to source US Treasuries, which were then used to access the deep liquidity of our centrally cleared repo book.

By connecting these once-separate activities, we provided the fund with a reliable and scalable source of cash.

This holistic approach allowed the client to transform what were previously static holdings into a dynamic source of funding, gaining the liquidity needed to pursue new investment mandates without increasing their operational risk.

## The liquidity edge

In a fragmented world, access to liquidity is paramount. As market complexity grows, the ability to transform static positions to an optimized, agile balance sheet has become a key driver of performance.

State Street’s integrated approach is built to enable this shift. By connecting Agency Lending, Prime Services, and Secured Financing businesses within a single ecosystem, we empower our clients to move beyond legacy silos toward a more resilient, high-performing future.

**This holistic approach allowed the client to transform what were previously static holdings into a dynamic source of funding, gaining the liquidity needed to pursue new investment mandates without increasing their operational risk.**

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