



# Intro to Prime Brokerage



## Session Roadmap



**What a  
Prime  
Broker is**



**How they  
differ from  
other types  
of brokers**



**Prime Brokerage**

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**What a  
Prime  
Broker is**



**How they  
differ from  
other types  
of brokers**



**The trading  
and  
settlement  
ecosystem**

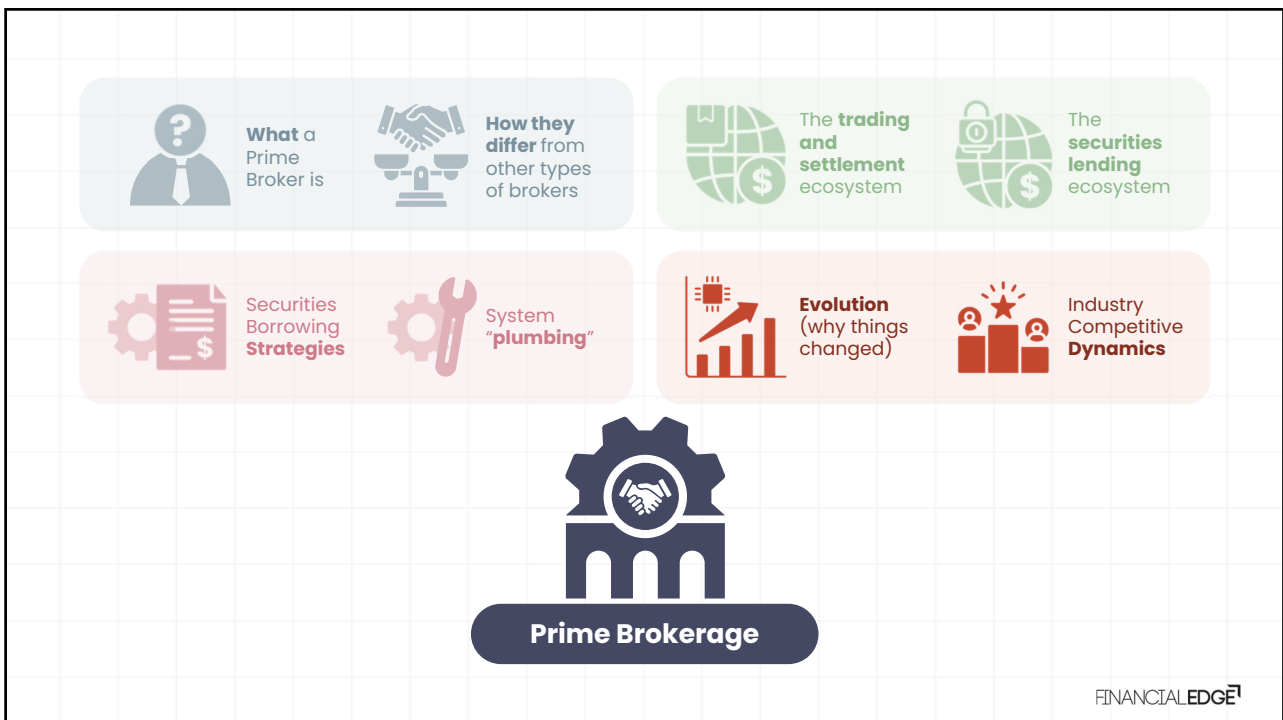
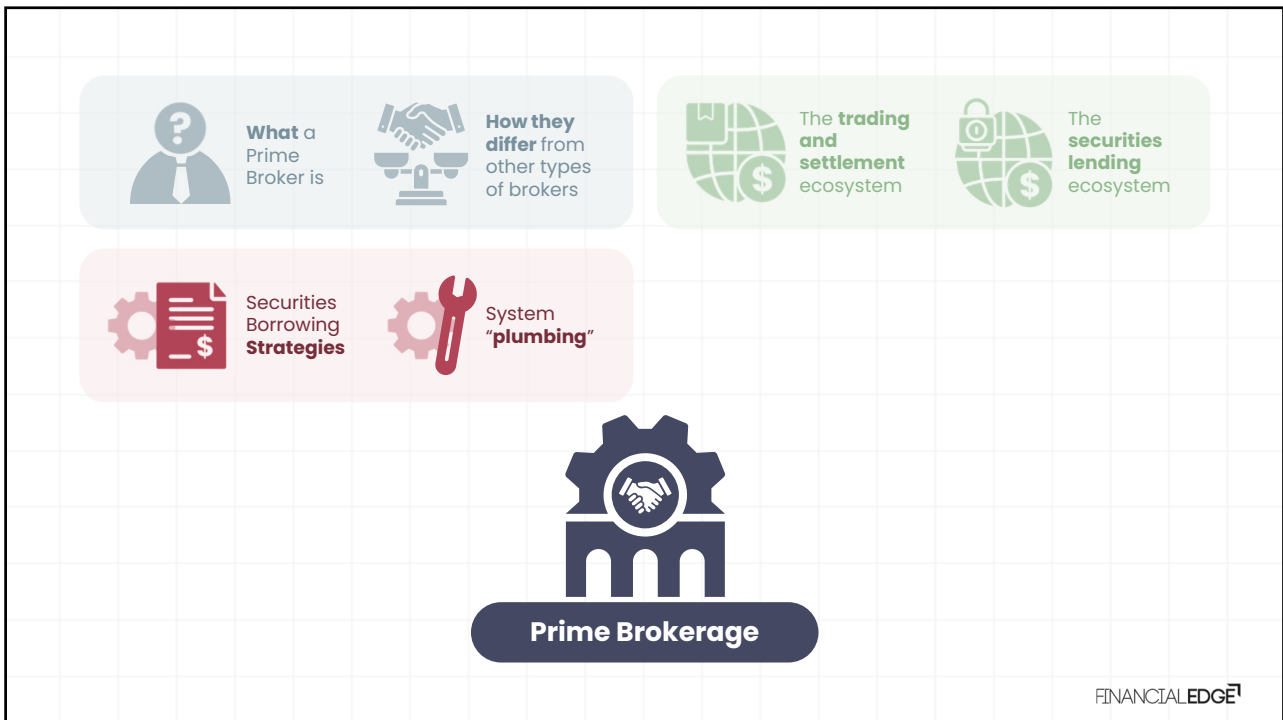


**The  
securities  
lending  
ecosystem**

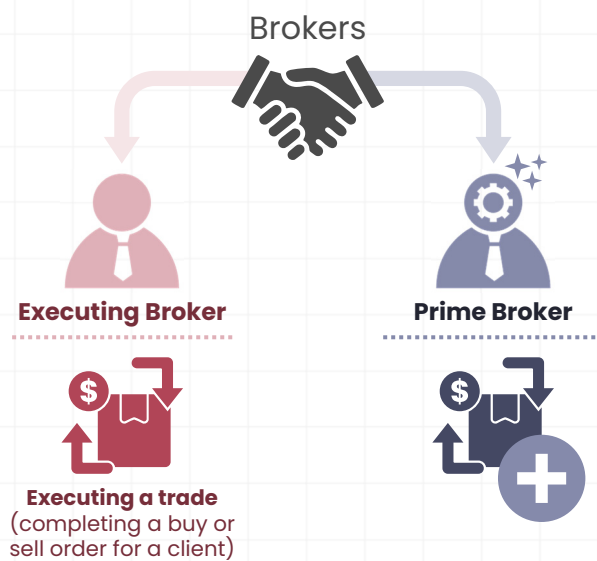


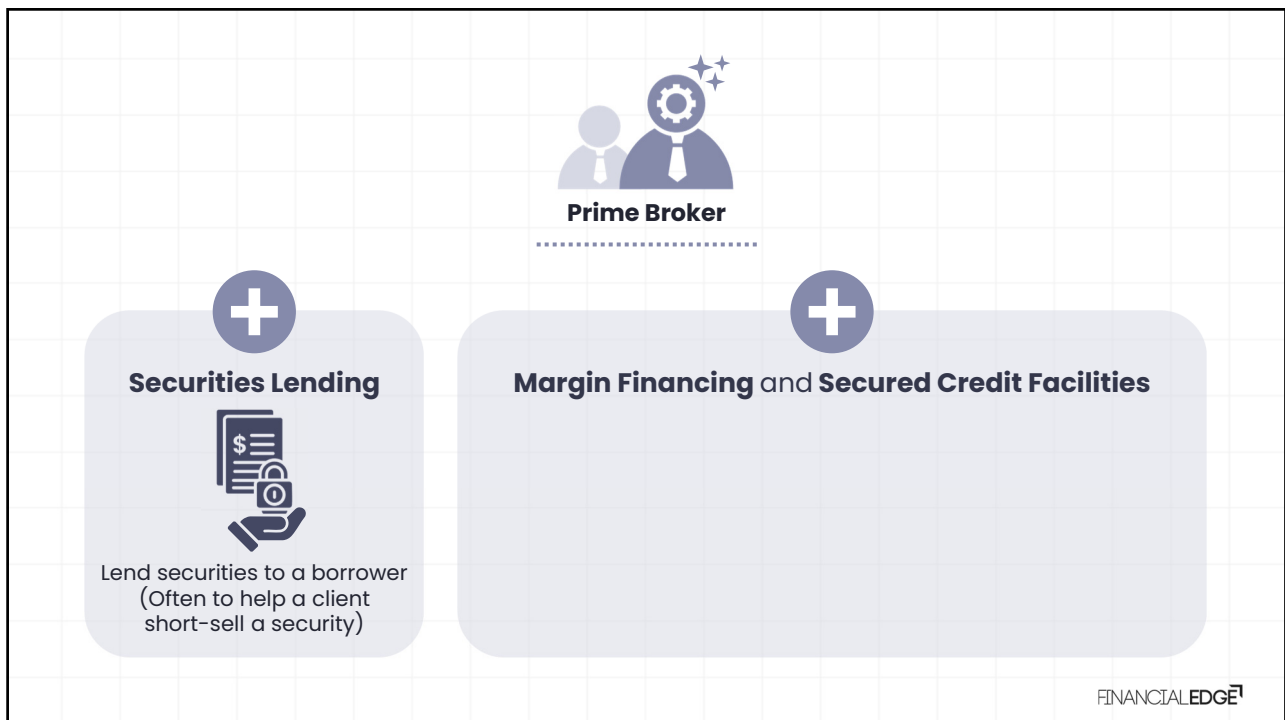
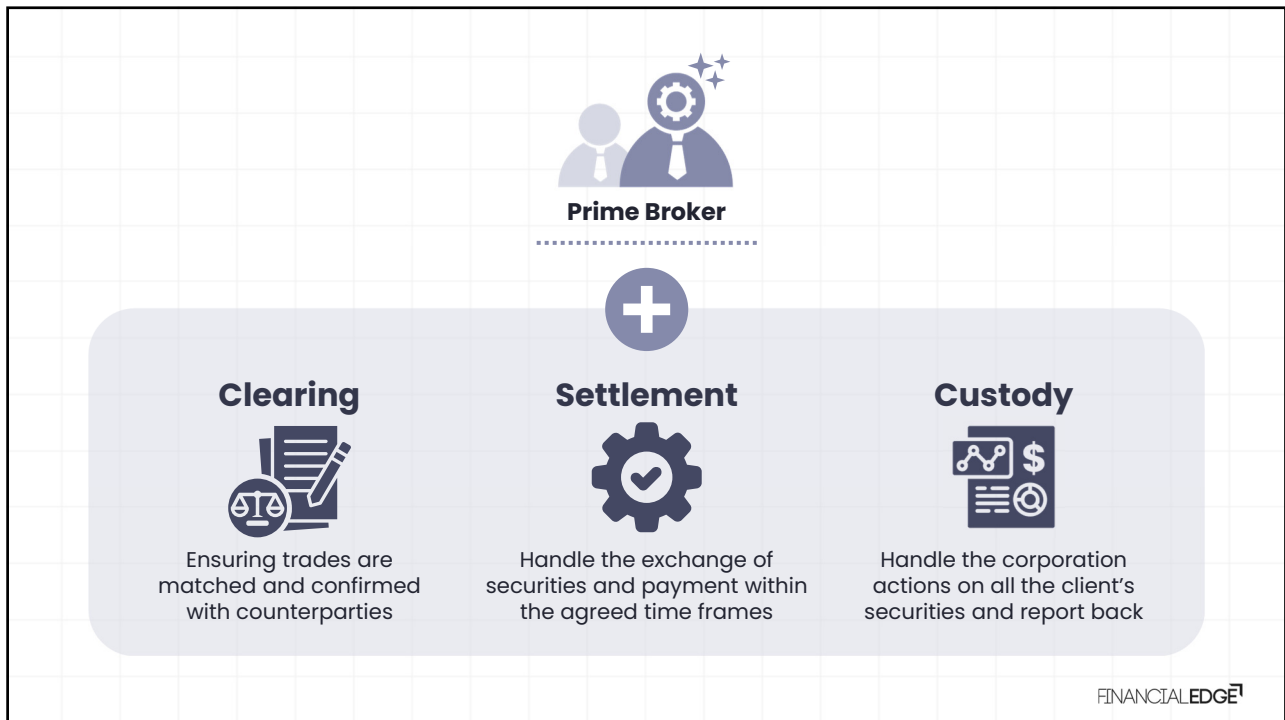
**Prime Brokerage**

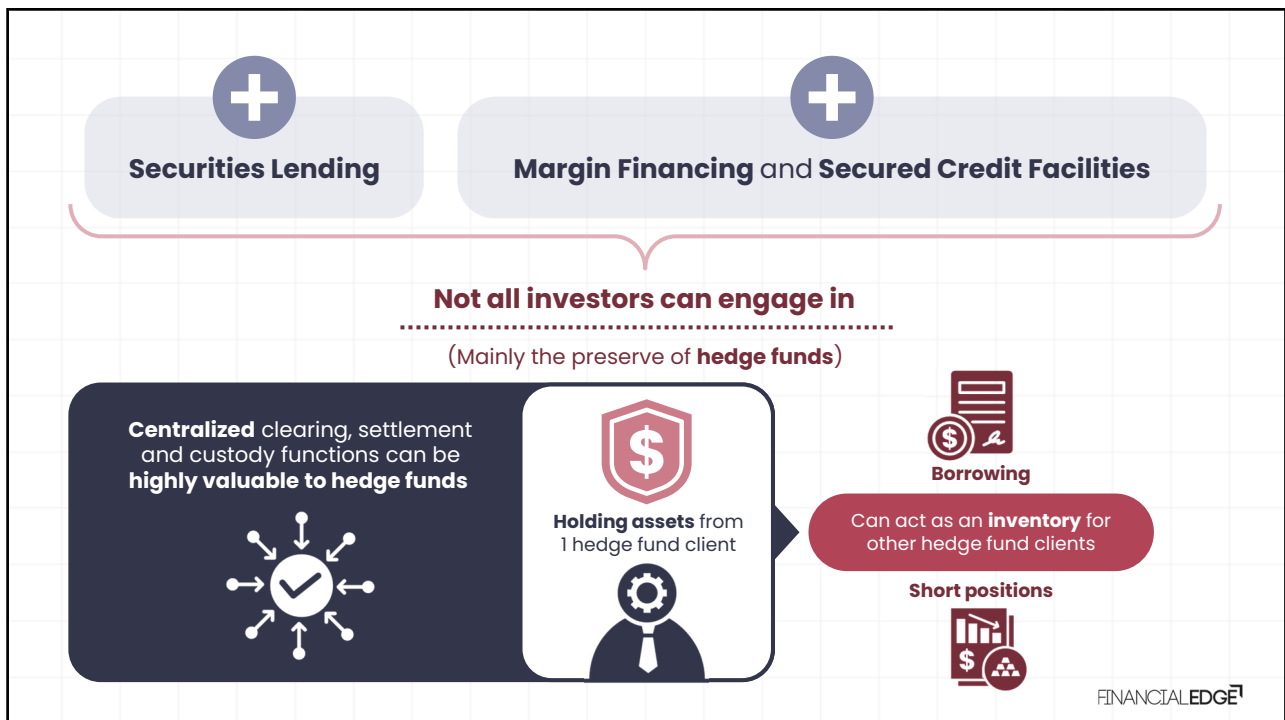
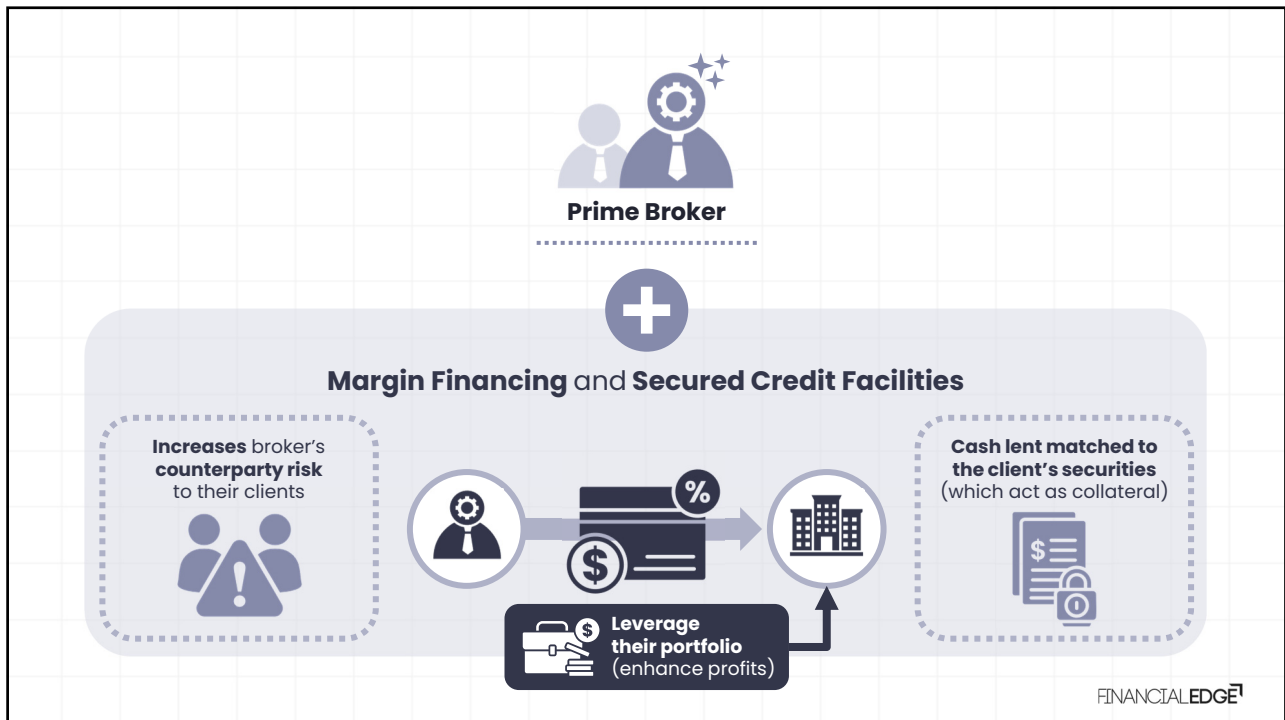
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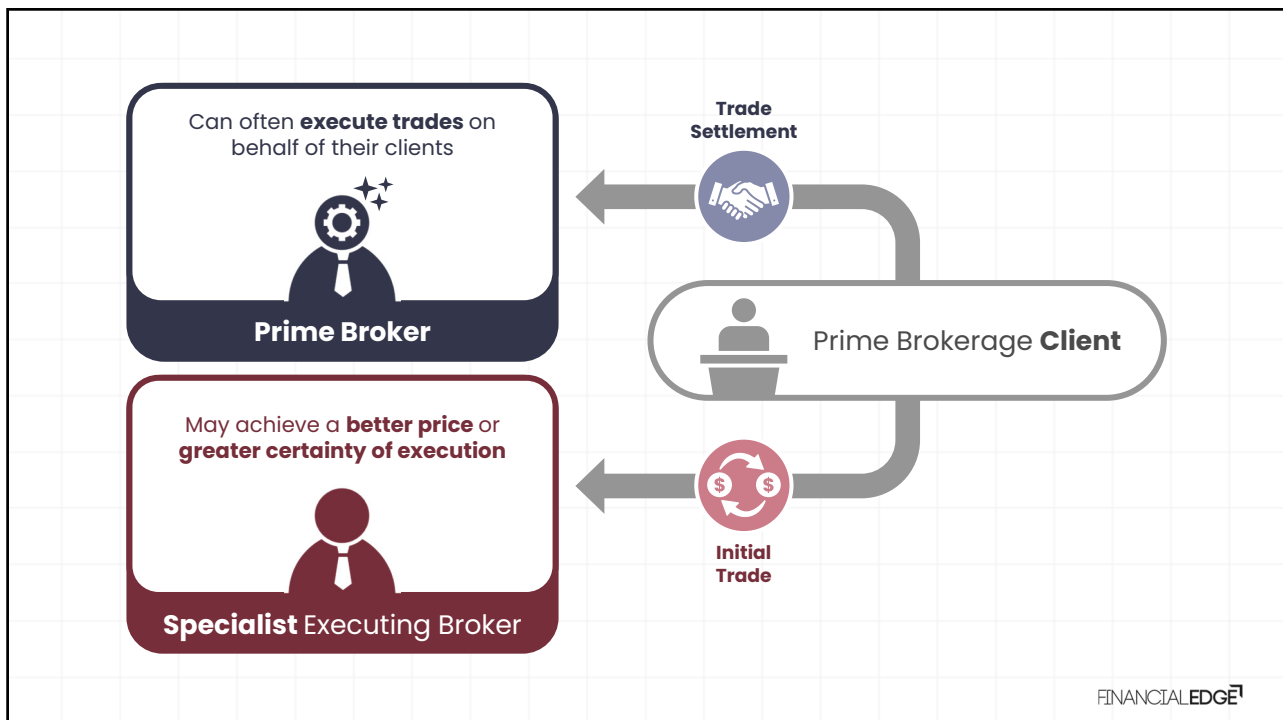
# Define Prime Brokerage

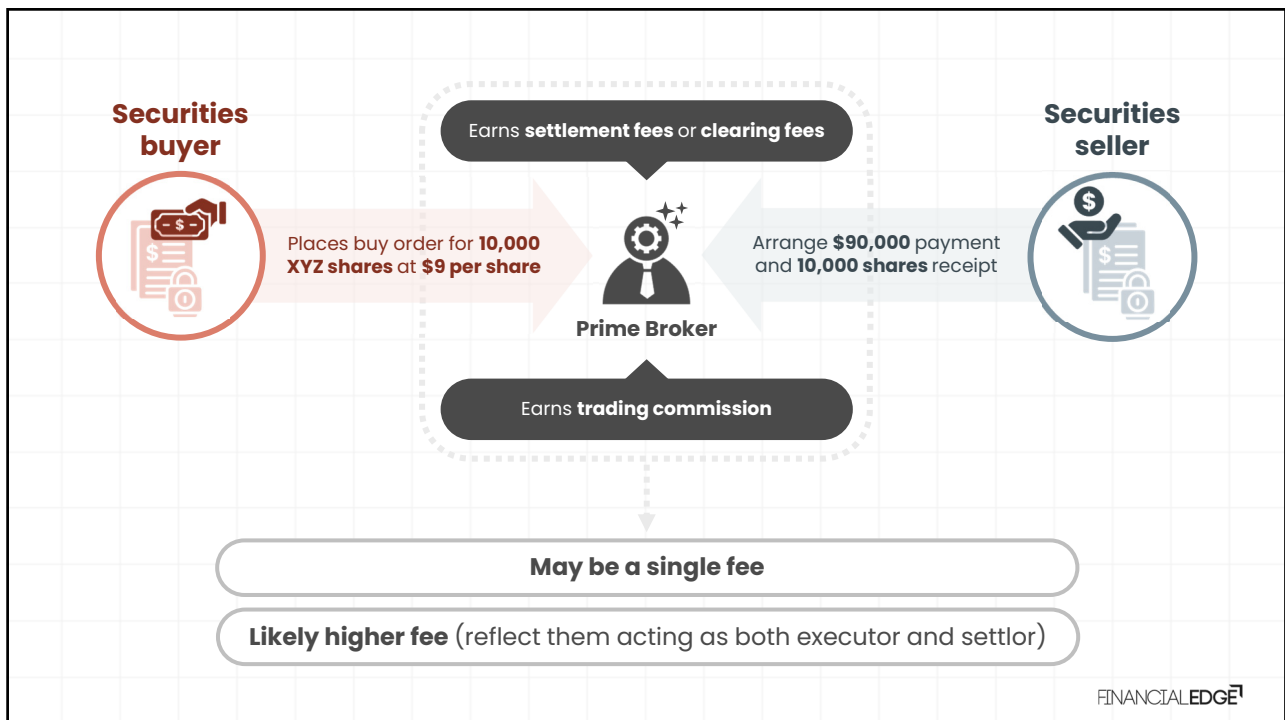
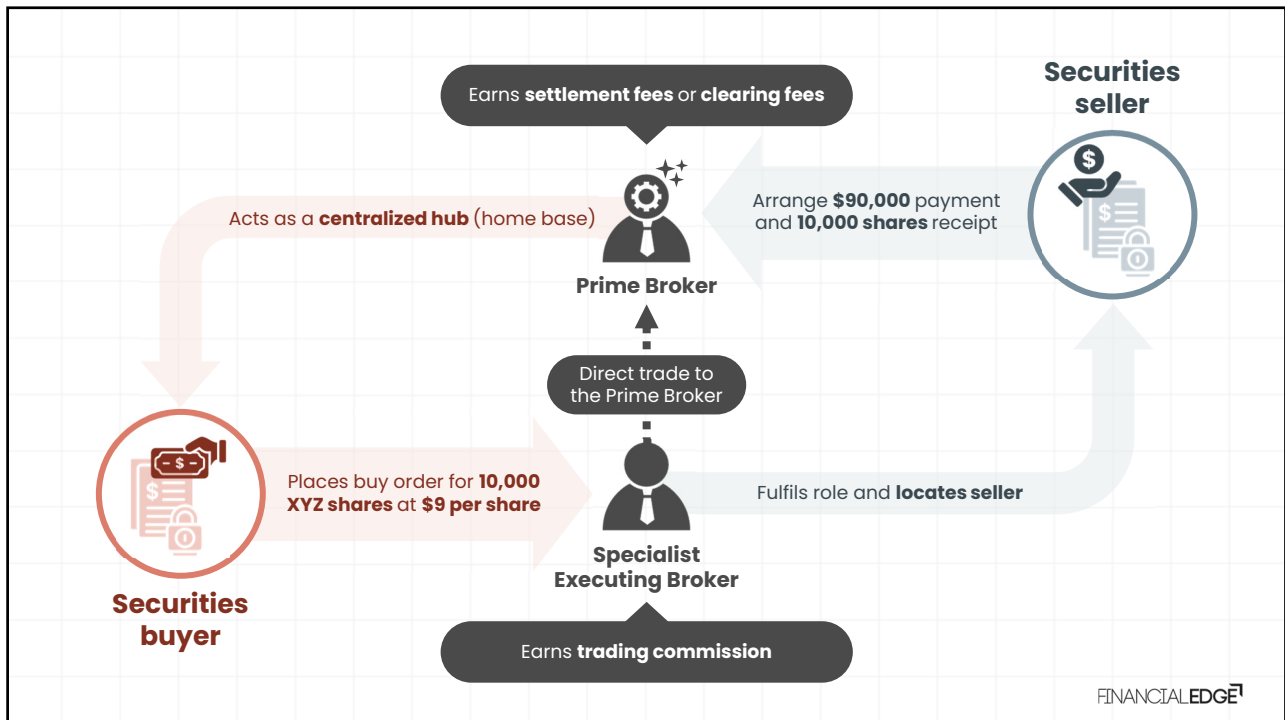
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# Trading and Settlement Ecosystem

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# Securities Lending Ecosystem – 1 layer

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## Short-sell a security

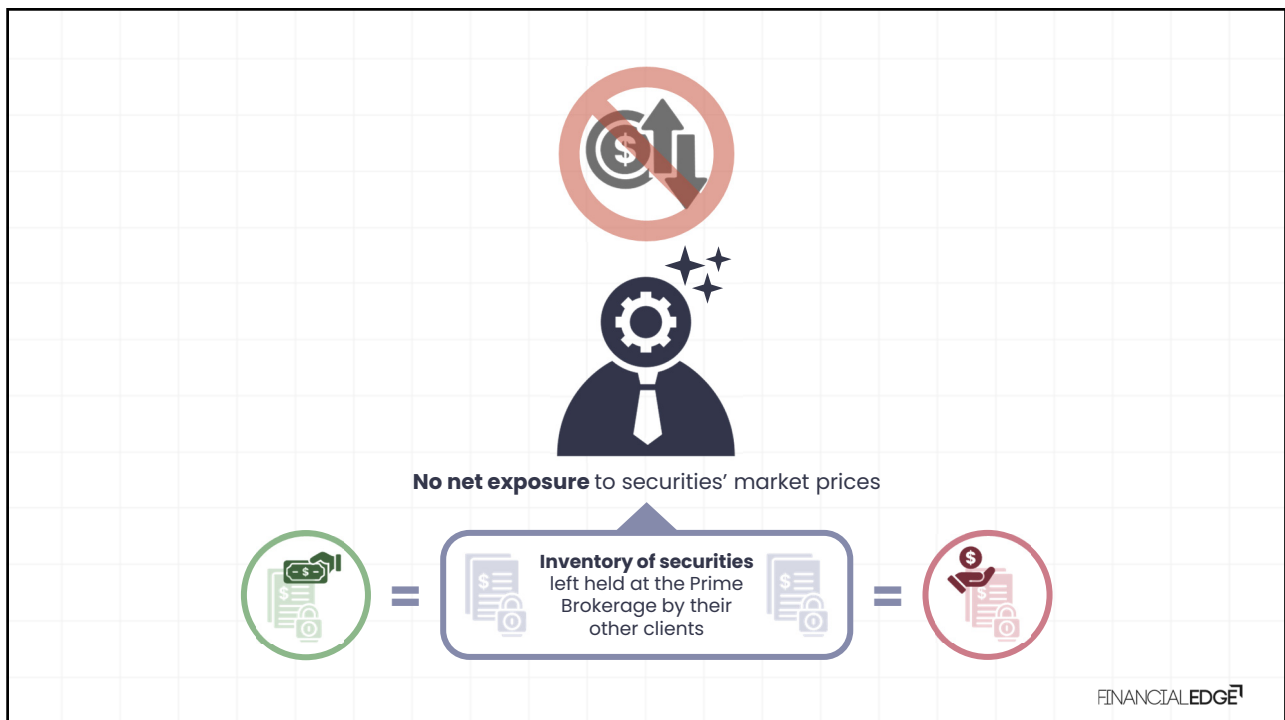
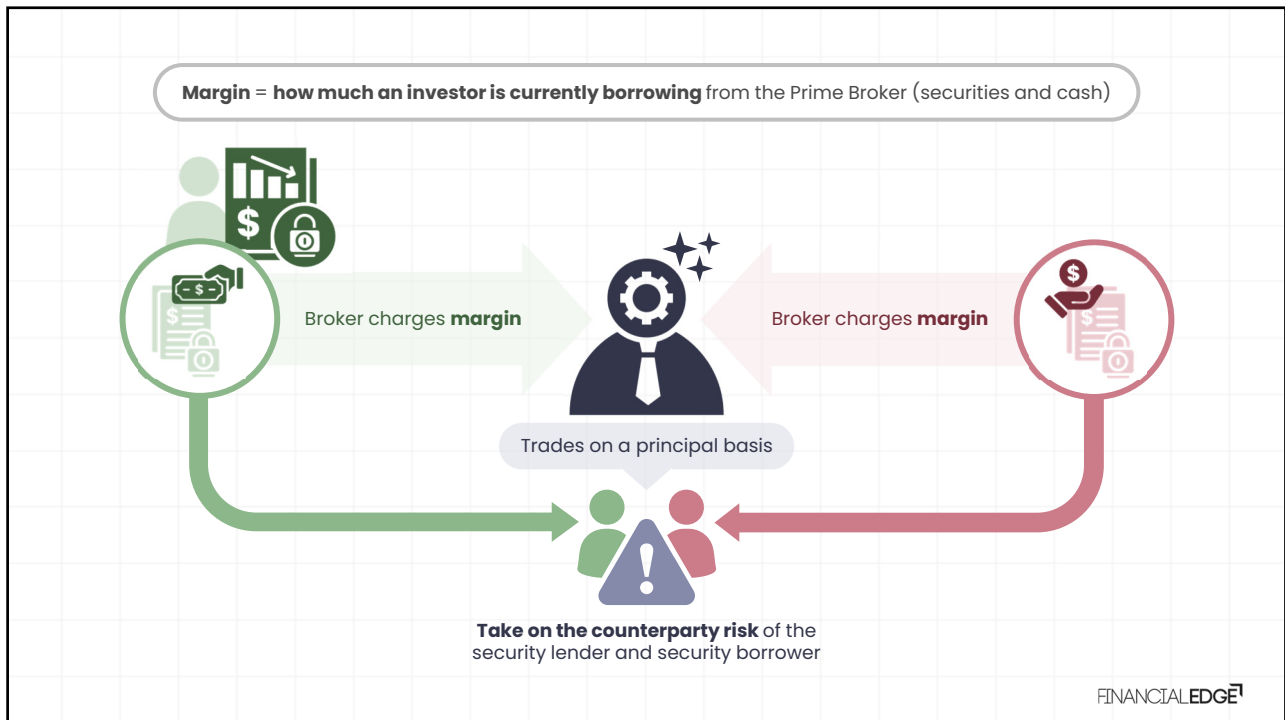


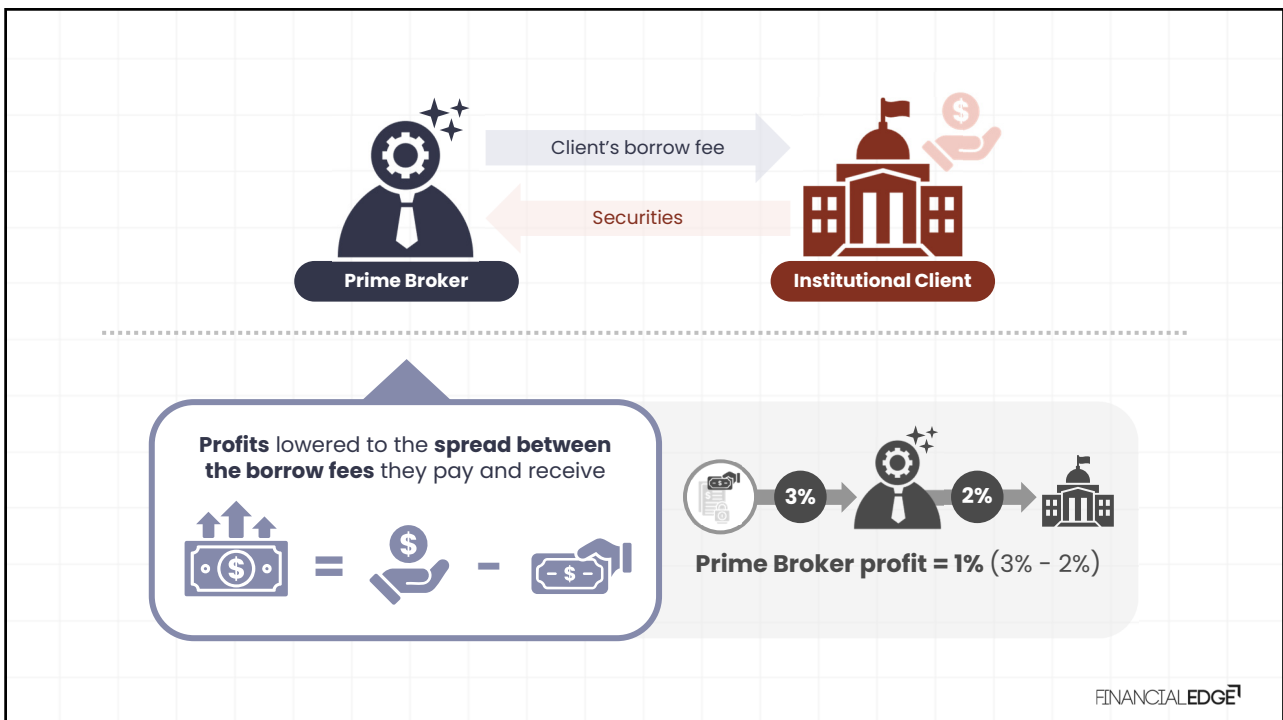
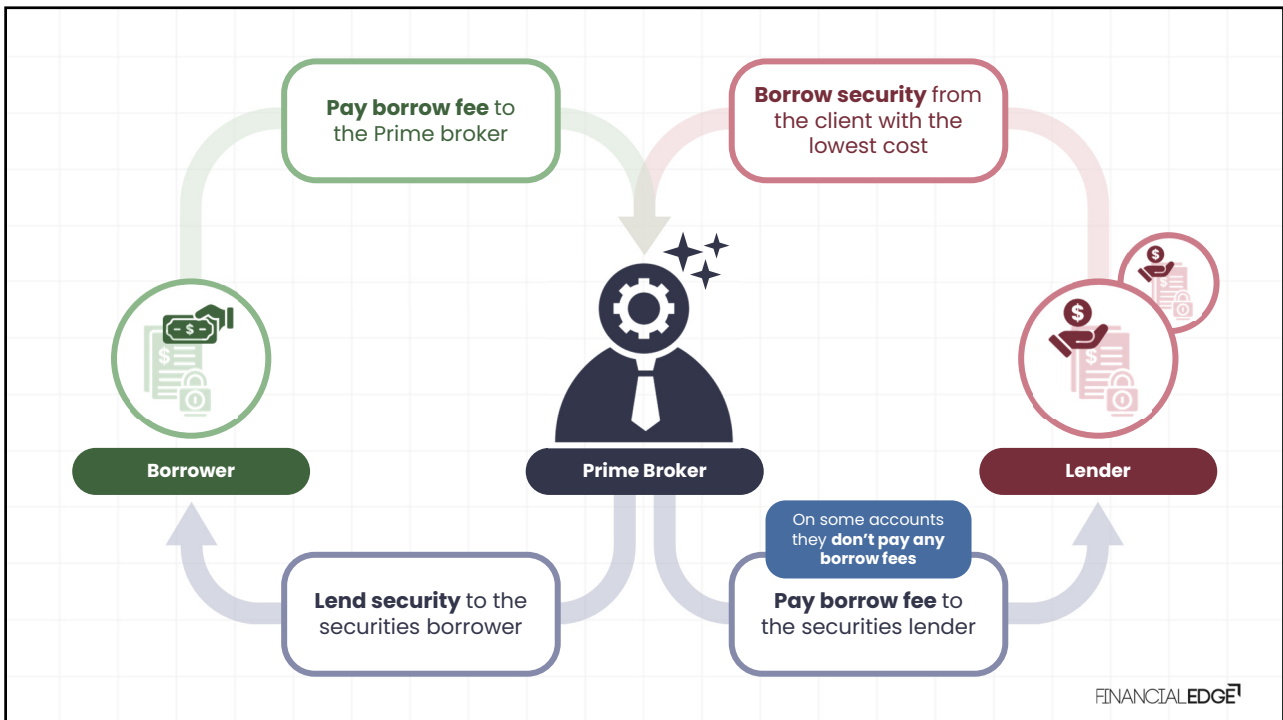
Takes place **behind the scenes**

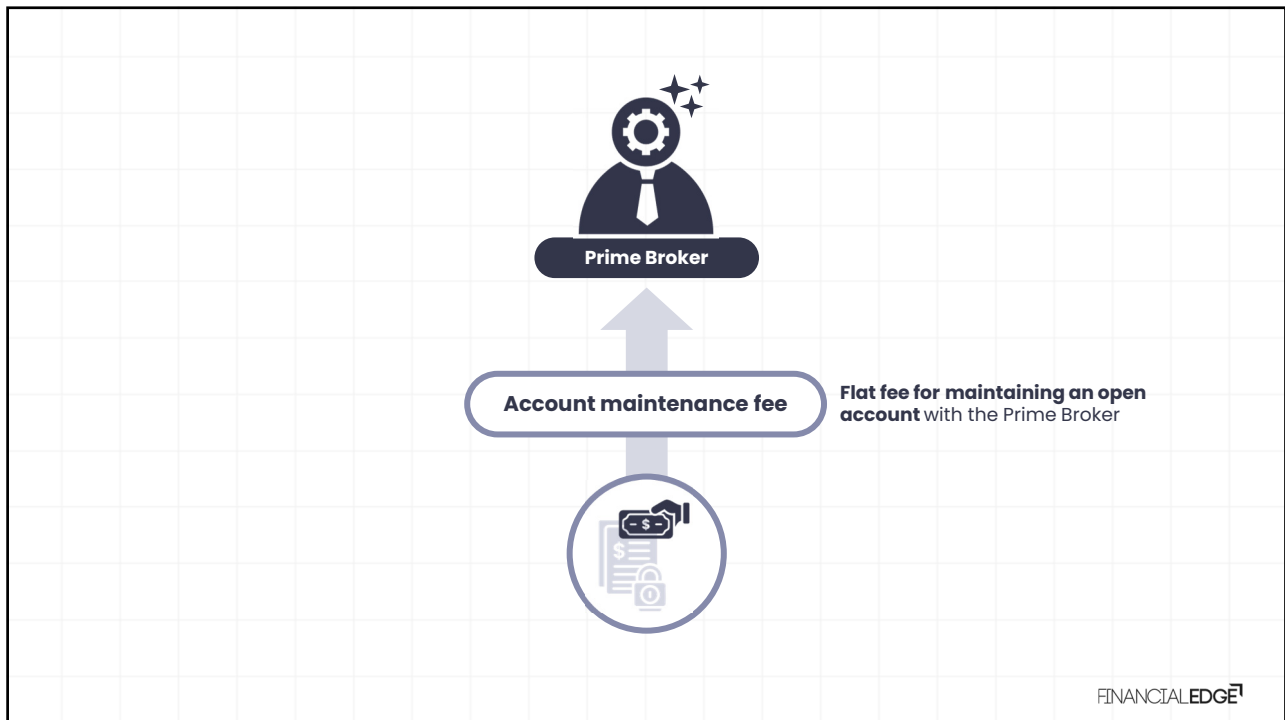


Requires the **Prime Broker**

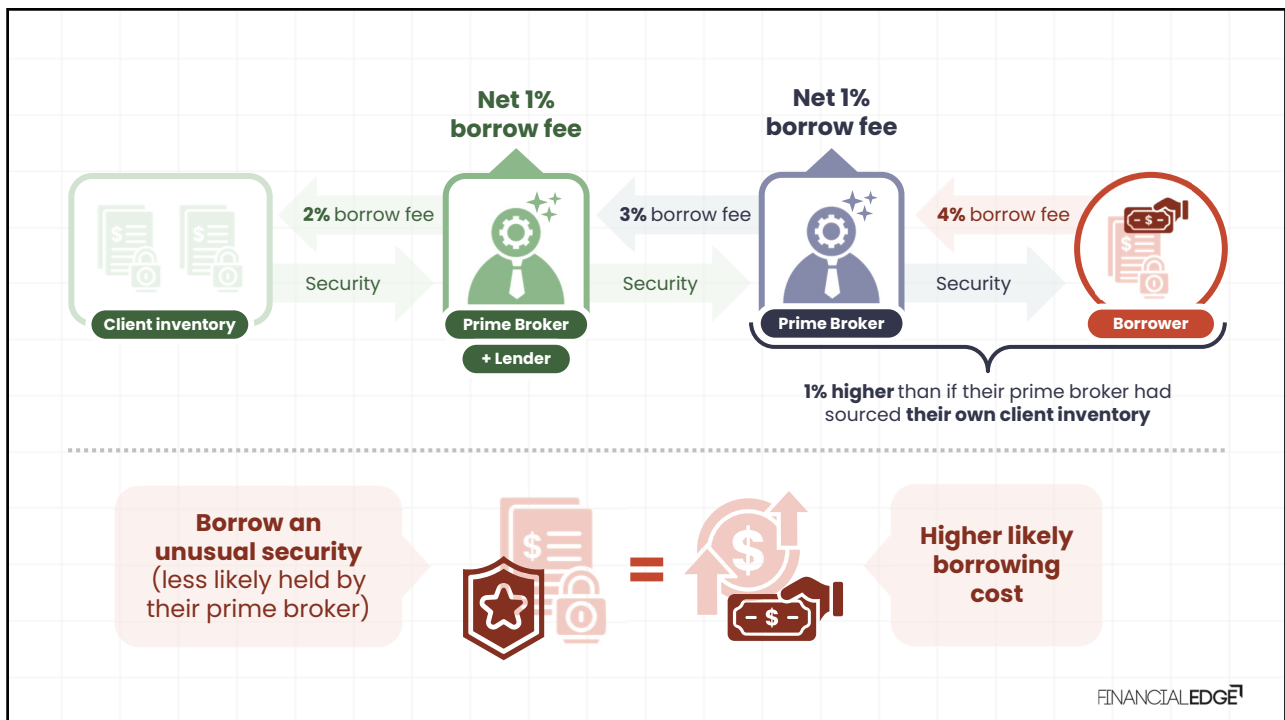
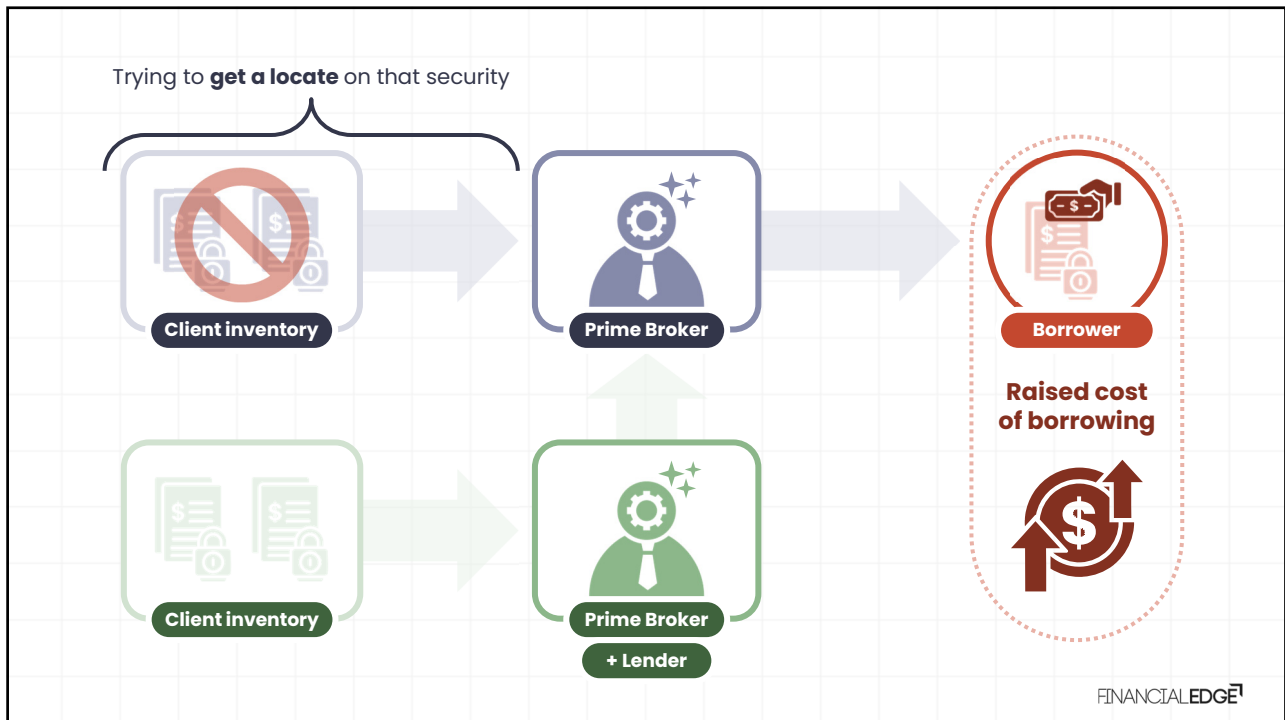
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## Securities Lending Ecosystem – 2 layer



# Securities Borrowing Strategies

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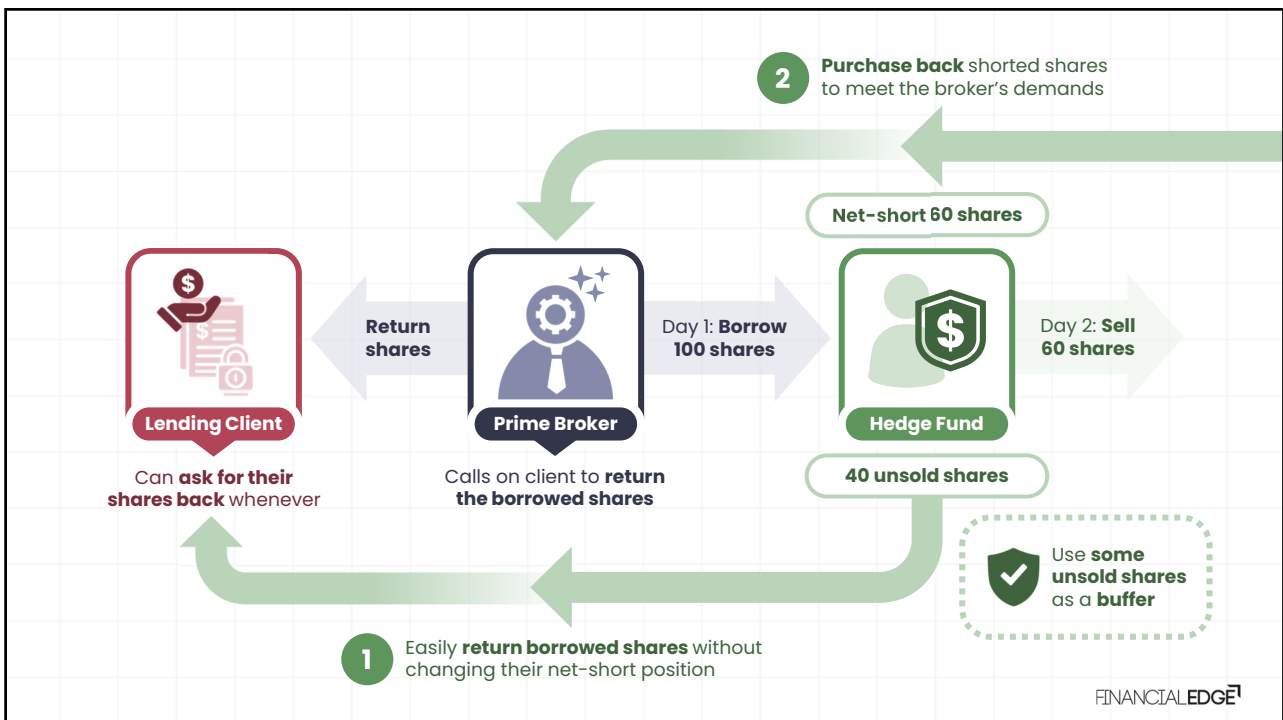
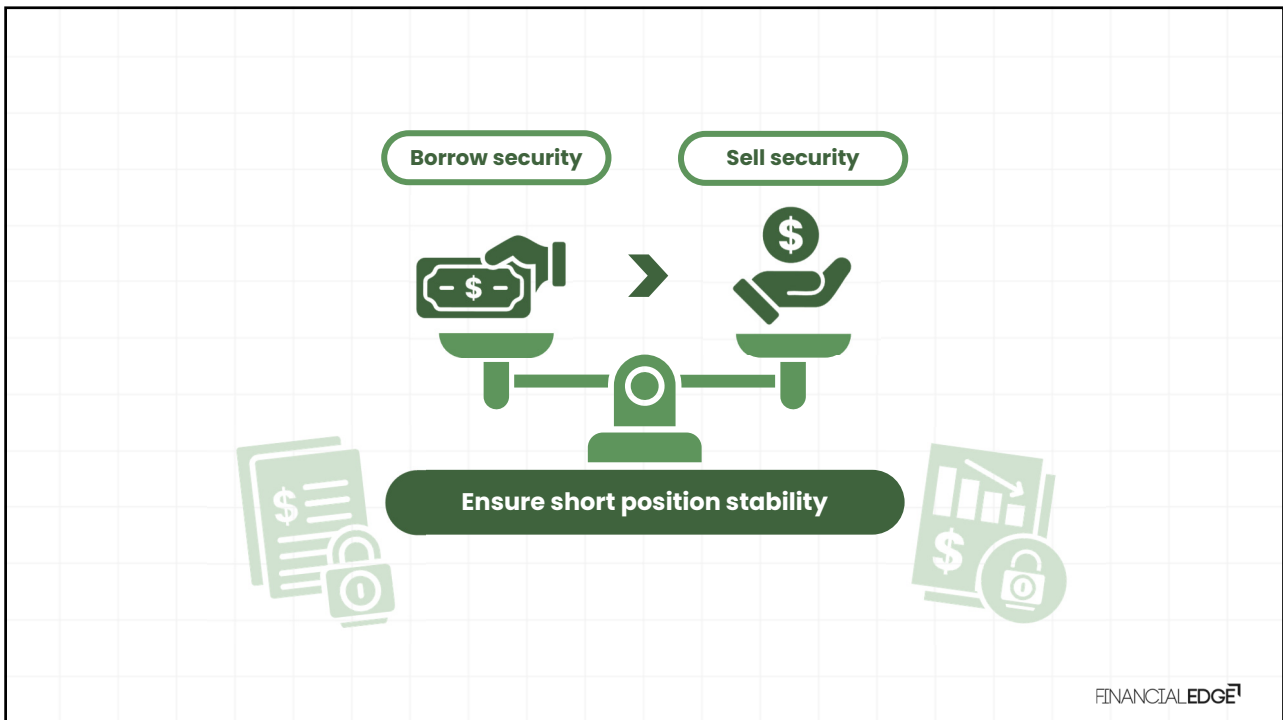
**Client side**

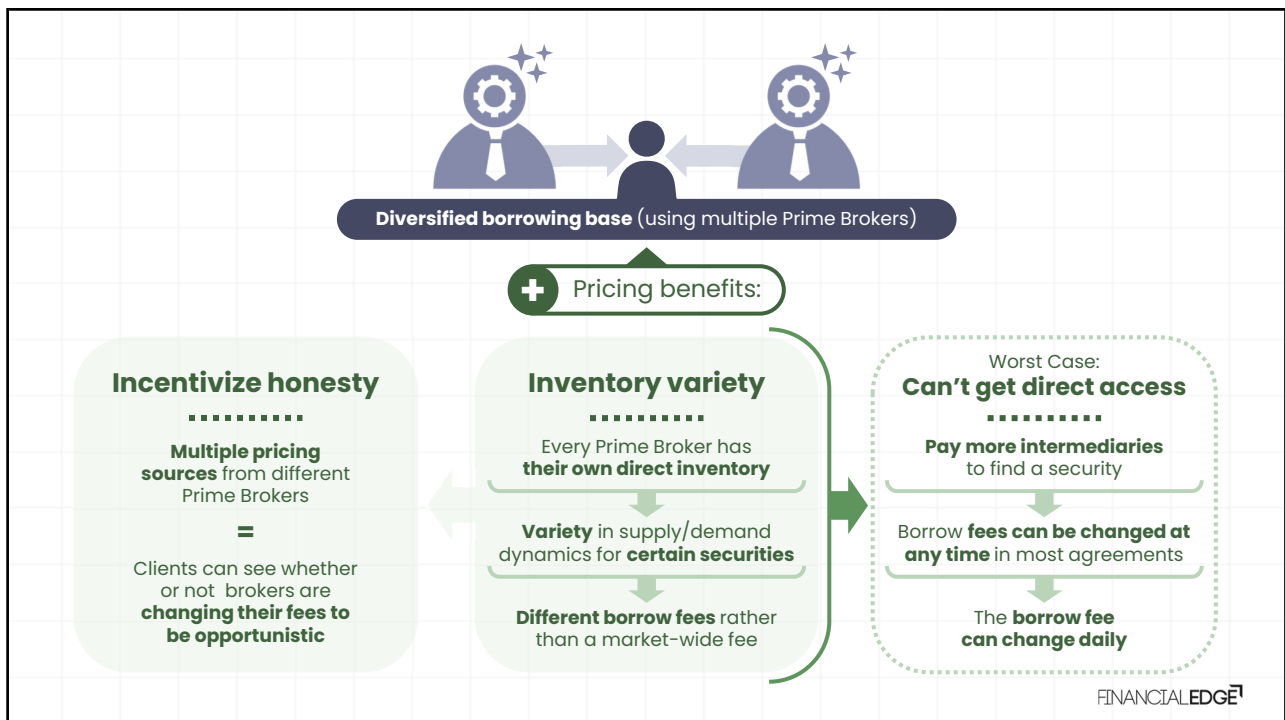
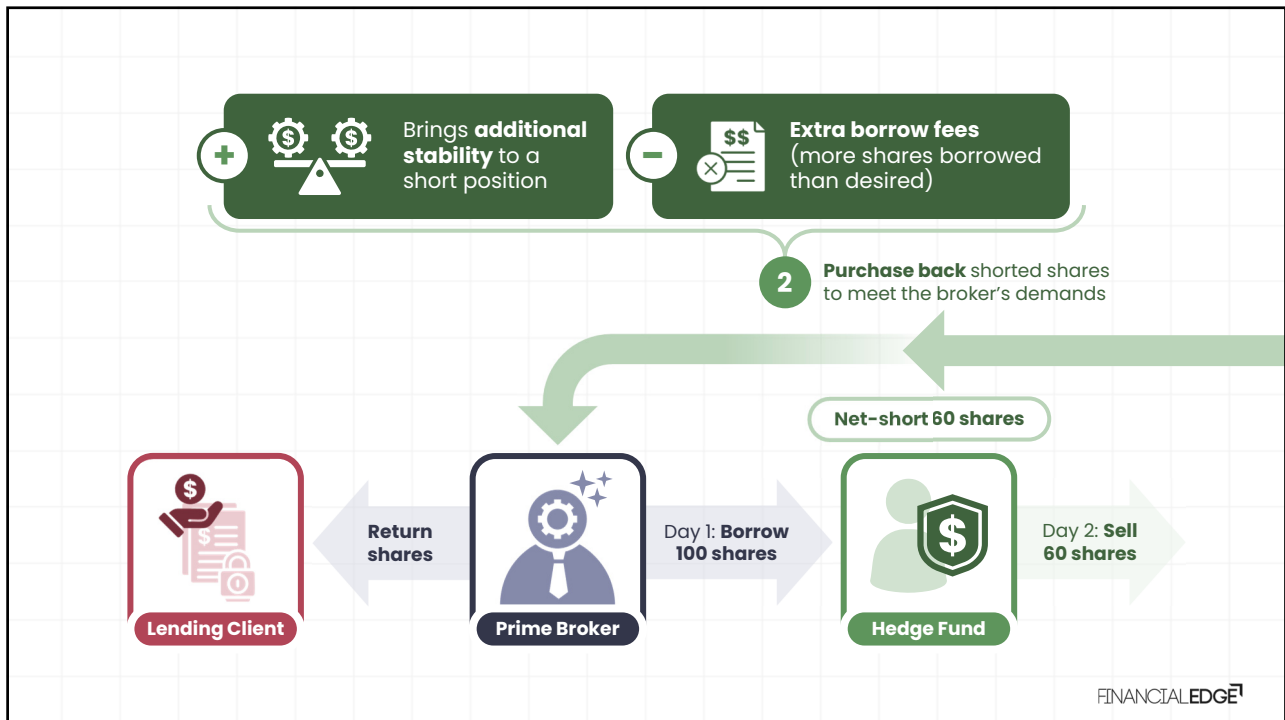


The **plumbing**  
of Prime  
Brokerages

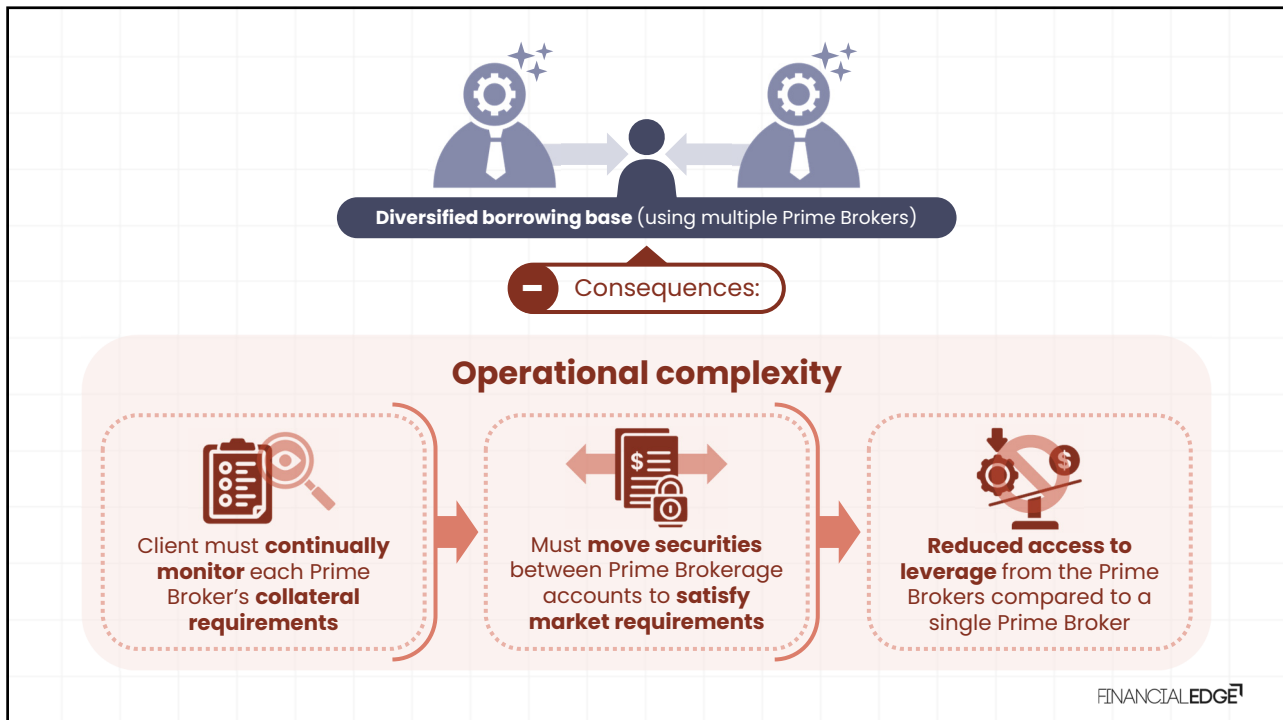
How it can  
achieve the  
client's **goals**

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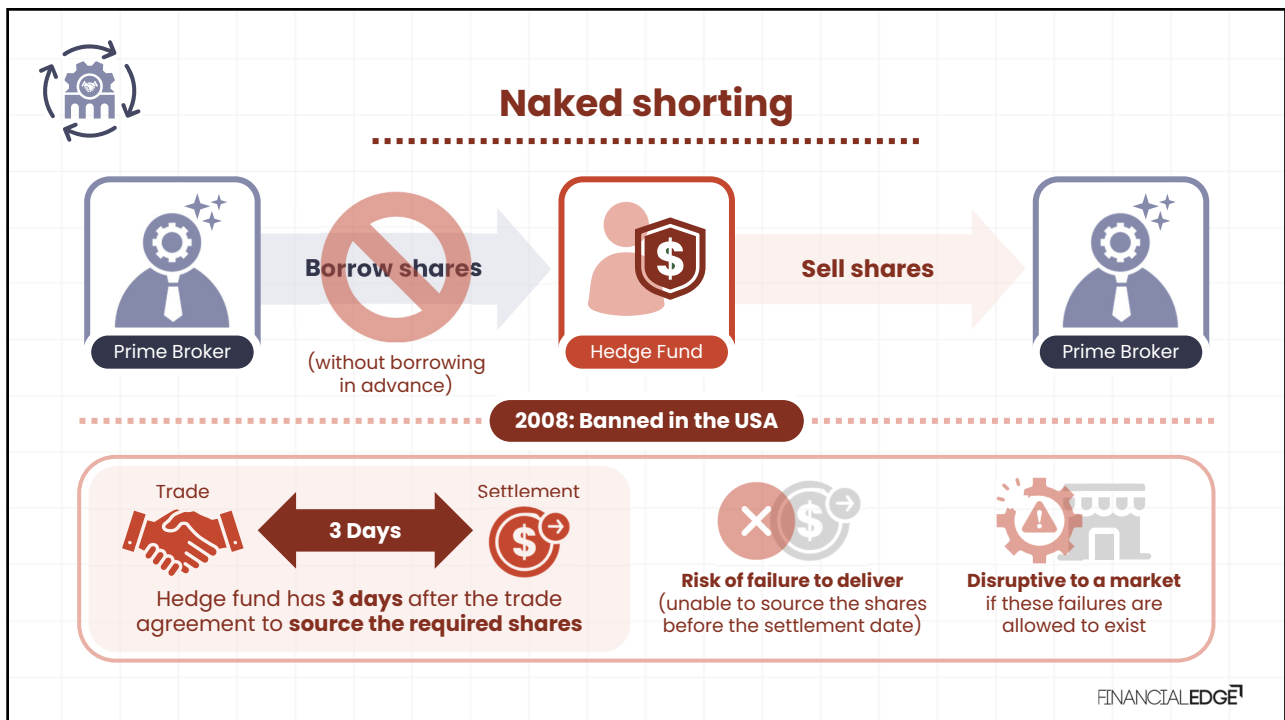
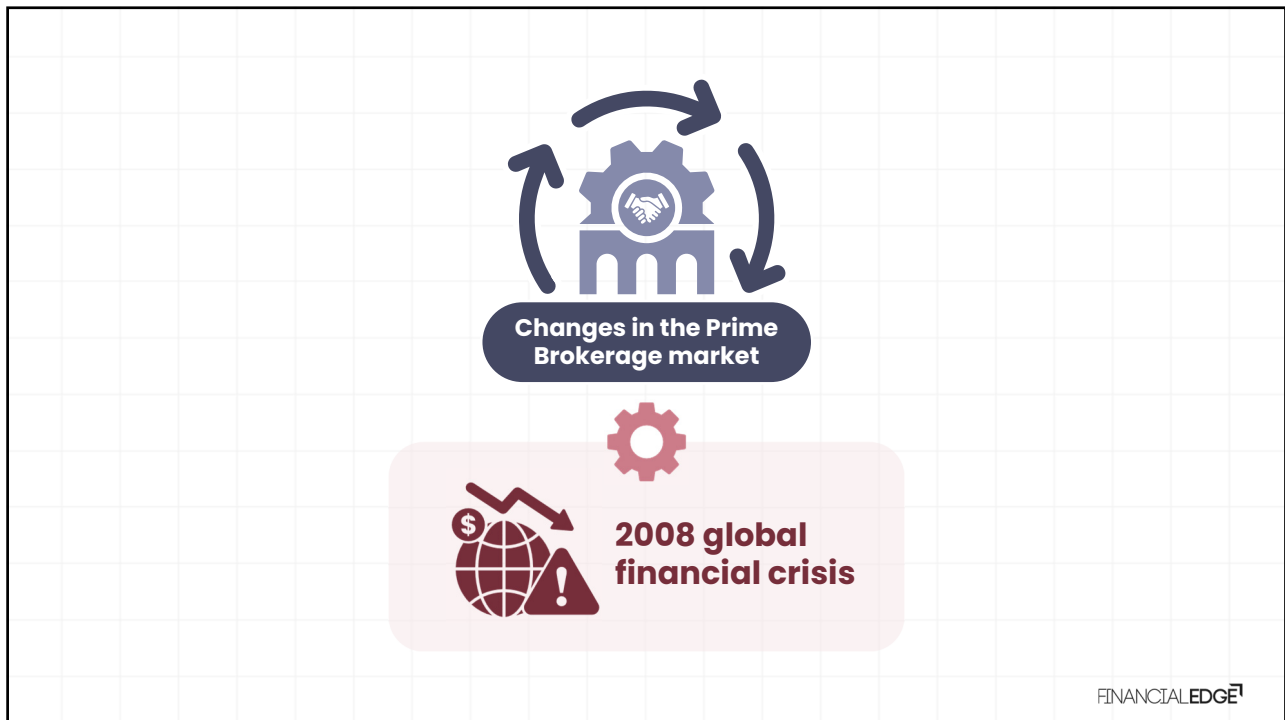


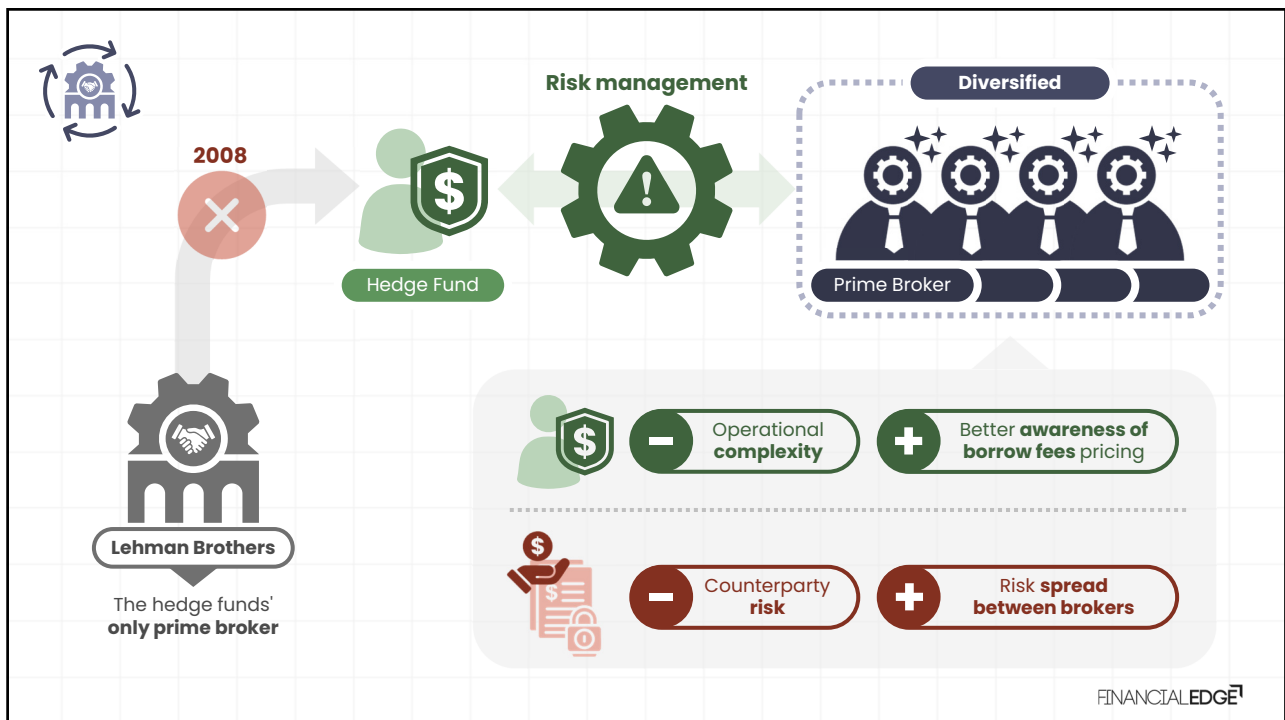
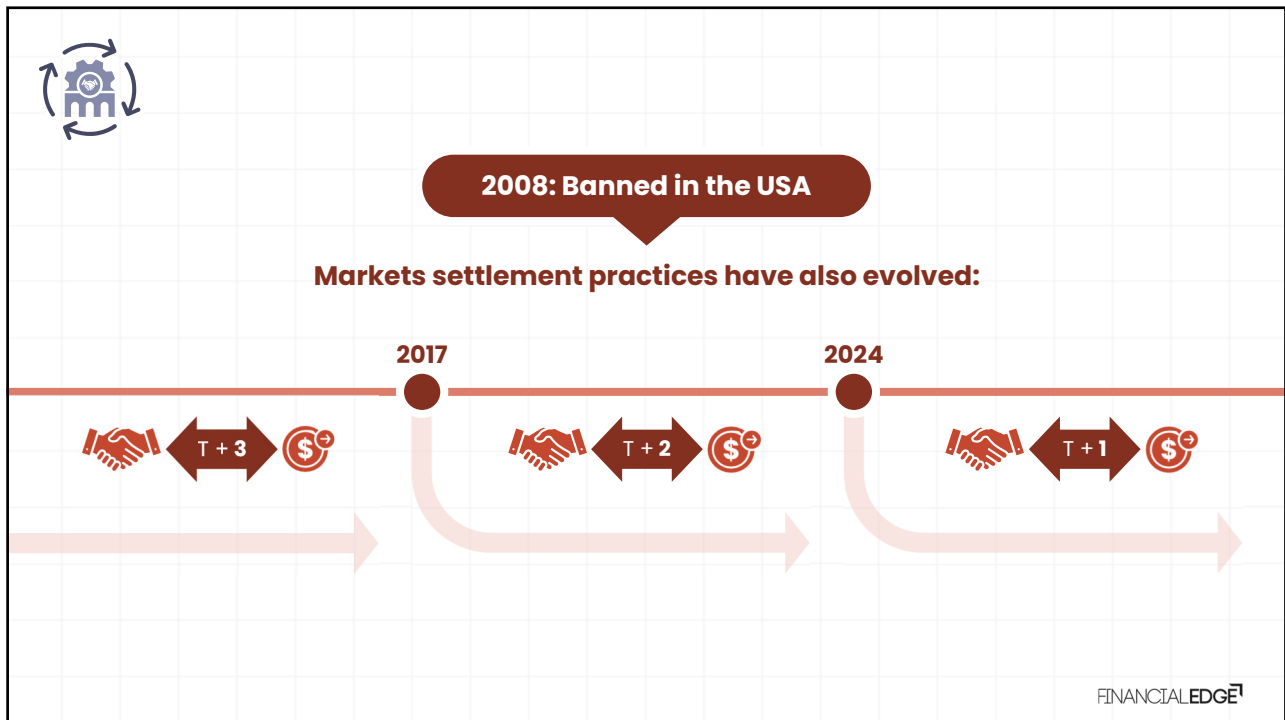






## Evolution of Prime Brokerage

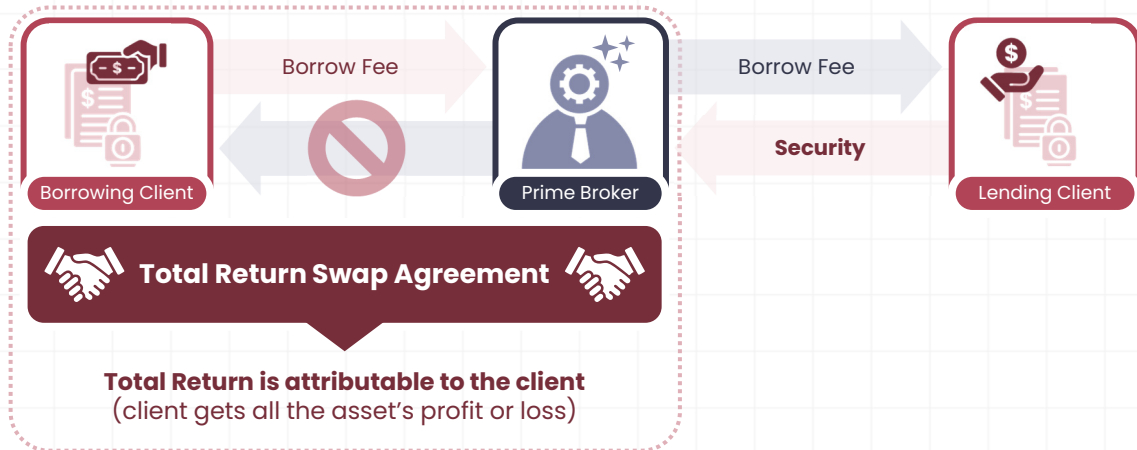
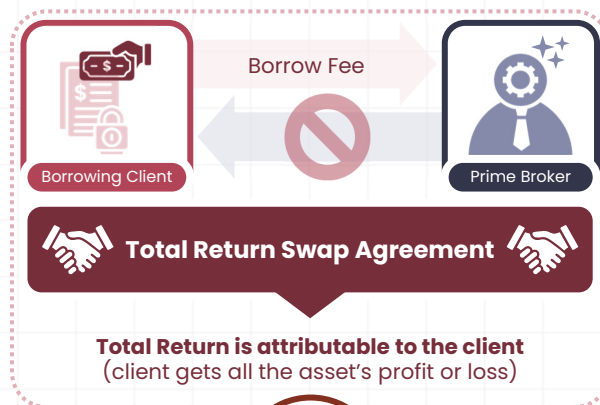






## Total Return Swaps

Allowed clients to gain **synthetic exposure** to an asset without direct legal ownership

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**Regulatory, operational, and taxation benefits**

+

Artificially expand the effective supply for shorting that **lowered borrow fees**



Requirements for banks to **hold capital against off balance sheet exposures like Total Returns Swaps**

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# Industry Dynamics

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