

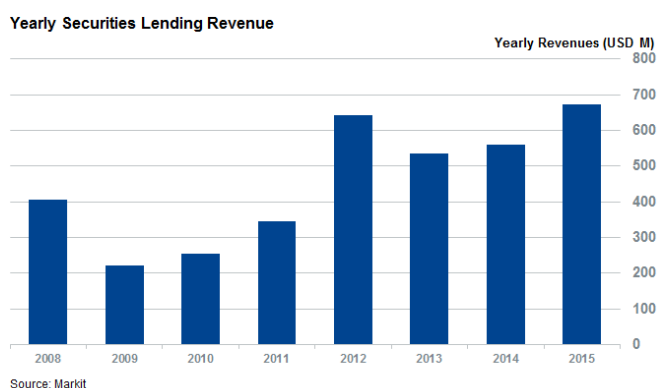
## 2015 vintage year for Asian securities lending

As the world turned to Hong Kong to take of view on a slowing China, 2015 proved to be a banner year for Asia's securities lending market.

- Revenues from securities lending activity in Asia were up 21% yoy to a record \$672m
- Hong Kong and South Korea were the region's strongest markets in terms of revenue increase
- Shares trading special represent over 80% of the region's stock lending revenues

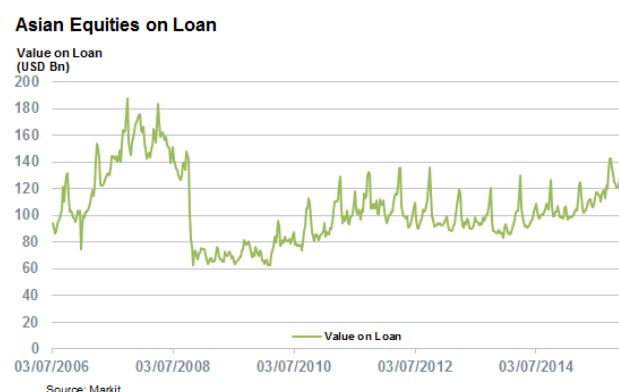
Last year's volatile Chinese markets offered ample opportunities for Asian short sellers to short shares directly exposed to the country's economic headwinds as well as shares that came under pressure from the country's slowing demand for commodities. Stock borrowing activity in the region surged to multi-year highs with every major market seeing an increase in demand.

The total revenue generated last year by the Asian securities lending industry reflects these dynamics as revenue surged. The industry generated \$672m from lending out stocks in 2015 marking a 20% increase above the previous year's tally. This marks the best year on record beating 2012's record of \$643m.



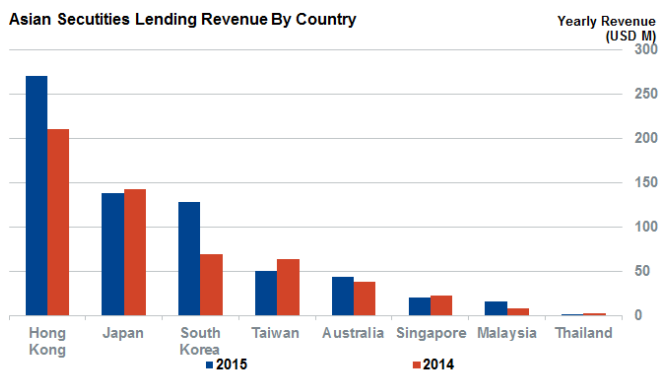
This bumper number was driven mainly by an increase in the value on loan. The average daily value of shares on loan on any given day, at \$115bn, represented a 15% increase on the previous year. This signified the

largest average daily balance since 2008 when \$130bn shares were out on loan on any given day.



### Hong Kong and South Korea drive returns

The main drivers of revenue were South Korea and Hong Kong as both markets produced the biggest year on year increase.. While both countries managed to grow their yearly revenues by over \$60m last year, the accomplishment is most impressive for South Korea as it represents a doubling of its aggregate annual revenue.



Hong Kong managed to consolidate its position as the most abundant revenue-generating Asian country for the securities lending industry. Its share of the region’s total revenue grew to 40% from 38% in 2014. Japan’s contribution to the region’s securities lending revenue was down by \$5m year over year. Its share of Asia’s revenue fell by 5% to 21%. Taiwan was another country that failed to match the region’s bumper year as its total revenue fell by \$12m compared with 2014..

### Specials drive revenue

Specials, which are shares trading at more than 150bps, continued to be a key revenue driver. Specials generated over 80% of the region’s revenues despite only making up 21% of the balance on any given day.

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