GLOBAL INVESTOR/ISF EQUITY LENDING SURVEY

2017 METHODOLOGY

The *Global Investor/ISF* Equity Lending Survey 2017 is designed to identify excellence in the industry.

Respondents – lenders or borrowers – are asked to rank their counterparties. There is a separate survey questionnaire for each side of the trade.

Respondents are asked to rank their top counterparties in each of the categories (see below) separately for each region.

A global entity is asked to rate its counterparties for every relevant geographical region: Europe, Middle East and Africa (EMEA), the Americas and Asia Pacific.

The region is defined by where the underlying securities are listed (not where either the respondent or counterparty is based). Therefore, global entity Lender X is asked to rank its top counterparties, in each category, for every region where the equities it trades are listed.

Overall scores are defined as ones where all the category scores are combined (there are global overall scores and regional overall scores)

Global scores are defined as ones where scores from all regions are combined (there are global overall scores and global category scores).

All entities that meet the qualification criteria are included in the appropriate tables regardless of whether the entity actively participated in the survey (i.e. circulated the survey in the industry).

MARKET DIVISION BY SCALE

Only the largest borrowers and lenders are eligible to be ranked in the survey. Likewise, these same two groups are the only entities eligible to rank their counterparts.

There is also a distinction between group one and group two entities. Group one consists of the largest 15 counterparts and group two the remainder. This is to reflect the differences in the business models of these firms and ensure that more relevant comparisons are made.

Both group one and group two counterparties are asked to fill out an identical survey. All respondents are asked to rank seven group one counterparts in order of excellence exhibited in that category (from the list of 15 group one counterparties). Similarly, all respondents are then also asked to rank their top seven group two counterparts. In theory any group two firm could receive a higher total score than any group one firm – however they will not be compared in the same tables.

However, the rankings *provided* by group two respondents have a lower weighting than those of group one when calculating the total scores (see details below under *Calculation Method*).

RESPONSE VALIDATION

A global entity is only allowed to rank its counterparties once for each region (i.e. two people from Bank X cannot rank its counterparties in the same category and same region). A global entity can rank its top counterparties in each category, for either one, two or all three regions.

If *Global Investor/ISF* receives multiple responses from the same entity for the same region we will ask the global head of the business to choose which should be used (*Global Investor/ISF* reserves the right to make the decision after reasonable efforts are made to get a decision).

Respondents are encouraged to rank as many counterparties in as many categories as possible. However, there is no minimum number required for the response to be valid and no categories are mandatory – e.g. a firm could choose to only rank their top 4 Group Two counterparties if they only use 4 from the approved list.

Responses are not permitted if they are submitted via one of the counterparties being ranked. IP addresses for all responses will be checked.

WINNERS AND HIGHLY COMMENDED

In line with the objective of recognising excellence in the industry, winners will be announced for the lenders and borrowers ranked highest by their counterparties.

In addition, a select group of firms will be declared highly commended. These are the borrowers and lenders that secured the next highest scores after the winners. For both group one and two a list of highly commended firms will also be published.

Winners and highly commended lists will be declared for the firms ranked highest on average for the following methodologies:
- Global overall
- Global categories
- Regional overall
- Regional categories

This list will be replicated for four groups:
- Group one lenders
- Group one borrowers
- Group two lenders
- Group two borrowers

QUALIFICATION

Fundamentally, winners and highly commended lists are calculated by the total amount of points firms accumulate. This means that only the most-qualified firms will be published.

CALCULATION METHOD

Unweighted
All respondents (groups one and two) are asked to rank their top seven counterparties in both groups for each category, in each region. The rankings are then inverted to provide scores (i.e. a number one rank produces a score of seven).

These scores are then added together and the firm with the highest total score is declared the winner (it does not matter which firm is ranked number one by the most counterparts). The counterparties with the next highest scores are declared highly commended.

Being ranked by a group one respondent results in a full score; being ranked by a group two counterpart results in 50% of the inverted score being added to the total.

Rank	Group one respondent score	Group two respondent score
1	7	3.5
2	6	3
3	5	2.5
4	4	2
5	3	1.5
6	2	1
7	1	0.5

Weighted by importance

In the survey questionnaire, respondents are asked to rank the categories according to how important they consider that attribute to be. These ranks are combined to provide weightings theoretically between 0 and 2 (but are likely to be much less extreme) for each category.

For example, if relationship management is considered very important by respondents and generates a weighting of 1.5, and Bank X achieves a score of 25 in that category, 37.5 will be added to the overall score (1.5 x 25 = 37.5).

These weightings are calculated on a global basis and applied to all overall tables (even if there is a disparity between how important attributes are between the regions).

Therefore the combined scores are calculated as follows:
- **Regional categories:** All scores for the relevant category, for the relevant region, are simply added together.
- **Global categories:** All scores for the relevant category, for every region, are added together.
- **Regional overall:** Regional category scores are weighted by importance and then added together to create an overall score for that region.
- **Global overall:** Global category scores are weighted by importance and then added together to create an overall score for the entire globe.

CATEGORIES & OPERATIONS SUB-CATEGORIES

When respondents rank counterparties they are asked to do so for eight categories including three operations categories. However, the three operations categories are combined into one operational efficiency category for the purposes of creating overall tables (global overall and regional overall).

Therefore, when calculating overall scores (combining categories) the operations scores count for one third as much as each of the other categories.

Likewise, when respondents are asked to rank the categories by importance the operations categories are combined into a single operational efficiency category.

Lenders rating borrowers

1. Breadth of demand – including general international markets, exclusives, corporate actions and emerging markets.

2. Stability of demand – including overnight balance and term balance

3. Collateral funding capabilities

4. Trading capability – including idea generation, product knowledge and automation

5. Relationship management – including senior management engagement, trading desk engagement, sales desk engagement and coordination/communication between internal desks globally

6. Operational efficiency
   a. Trading connectivity & automation
   b. Trade matching and settlement
   c. Dividend collection and fees & billing

Borrowers rating lenders

1. Breadth of supply – including general international markets, exclusives, corporate actions and emerging markets.

2. Stability of supply – including recall frequency and transparency around stability

3. Trading capability – including idea generation, product knowledge and automation

4. Collateral funding capabilities

5. Relationship management – including senior management engagement, trading desk engagement, sales desk engagement and coordination/communication between internal desks globally

6. Operational efficiency
   a. Trading connectivity & automation
   b. Trade matching and settlement
   c. Dividend collection and fees & billing

VOTING CATEGORIES

In addition to ranking counterparties, respondents are invited to nominate individuals for our lifetime achievement award and elaborate on why their nomination should receive this accolade. The 'Most Innovative' awards are calculated as in previous years from the highest total votes.

- **Lifetime achievement award**
- **Most innovative borrower of the year (Group One)**
- **Most innovative borrower of the year (Group Two)**
- **Most innovative lender of the year (Group One)**
- **Most innovative lender of the year (Group Two)**

DATA PROVIDER VOTING

We are also asking all respondents (both borrowers and lenders) to score their securities lending data vendors (DataLend, IHS Markit Securities Finance and FIS Astec Analytics) while completing each region of the equity lending survey.

We kindly ask respondents to respond for all vendors that they are using.

The scores will be across 6 categories.

- Breadth/coverage of data
- Speed/frequency of data
- Reliability of data
- Client service - helpdesk responsiveness
- Innovation
- Usability & interaction

For voters with one data source, please rate it between 1 for unacceptable to 7 for excellent.

The scores will be averaged to provide global, regional and category scores for the qualifying data providers. These will be published in separate tables alongside the equity lending survey.

For voters with two or three data sources, please rank them on each category for a comparative result in each area.

Minimum qualification requirements for the data vendors:
Global tables: qualification in two regions
Regional tables: 7 votes for Americas, 7 votes for EMEA, 5 votes for Asia-Pacific
Category tables: qualification in two regions

AWARDS PRESENTED

Ranking awards
Lender (group one and group two separately)
- Global winner: Lender of the Year 2017
- Global category winners e.g. Best Lender 2017: Relationship Management
- Regional winners e.g. Lender of the Year (Americas) 2017

Borrower (group one and group two separately)
- Global winner: Borrower of the Year 2017
- Global category winners: e.g. Best Borrower 2017: Relationship Management
- Regional winners: e.g. Borrower of the Year (Americas) 2017

Voting awards
- Lifetime achievement award
- Most innovative borrower of the year (Group One)
- Most innovative borrower of the year (Group Two)
- Most innovative lender of the year (Group One)
- Most innovative lender of the year (Group Two)

Data awards
- Global winner
- Regional winners
- Category winners

PRACTICALITIES & DISCLAIMER

Respondents may re-enter their survey form after completion. Even if the form is finished and submitted, the respondent may revise their answers until the final deadline. Reactivation codes are available from gisurveys@euromoneyplc.com.

All responses are strictly confidential. Borrowers and lenders will never be able to find out which counterparts ranked them.

Global Investor/ISF reserves the right to amend the methodology or invalidate results in the event of genuine anomalies – however we will remain transparent and publicise if this is ever the case.

APPROVED LENDERS & BORROWERS

LENDERS	Tier 1
Blackrock	1
BNP Paribas Securities Services – Agency Lending	1
BNY Mellon	1
Brown Brothers Harriman	1
Citi	1
Credit Suisse Zurich	1
Deutsche Agency Lending	1
Goldman Sachs Agency Lending	1
HSBC Agent Lender	1
JPMorgan	1
Northern Trust	1
RBC Investor & Treasury Services	1
State Street	1
UBS Switzerland	1
LENDERS	**Tier 2**
Amundi	2
Aviva	2
BMO Global Asset Management	2
CACEIS Bank	2
Candriam	2
Danske Bank	2
DekaBank	2
eSecLending	2
Mitsubishi UFJ Trust International	2
National Bank Financial	2
Natixis	2
Nordea	2
Santander	2
Societe Generale Securities Services	2

BORROWERS	Tier 1
Bank of America Merrill Lynch	1
Barclays	1
BMO Capital Markets	1
BNP Paribas	1
Citi	1
Credit Suisse	1
Deutsche Bank	1
Goldman Sachs	1
HSBC Bank Plc	1
JPMorgan	1
Morgan Stanley	1
Scotiabank	1
Societe Generale CIB	1
UBS	1
BORROWERS	**Tier 2**
ABN Amro	2
Credit Agricole CIB	2
Fidelity Prime Services	2
Handelsbanken	2
ING	2
Jefferies	2
Macquarie	2
National Bank Financial	2
Natixis	2
Nordea	2
SEB	2
State Street Principal	2
UniCredit	2
Wells Fargo	2