



AUSTRALIAN COURT RULING SUPPORTS LEGAL CERTAINTY IN SECURITIES LENDING

The International Securities Lending Association (ISLA) welcomes Judge Finkelstein's ruling today in the Australian courts in the case of Beconwood versus ANZ Banking Group. The Judge rejected the claim by the plaintiffs that securities lending transactions should be recharacterised as secured loans. In this way, the Judge confirmed the effectiveness of transfer of title to securities lent under industry-standard securities lending agreements.

The concept of title transfer is fundamental to securities lending and repo markets, as it is critical to the ability of the receiver of the securities to give good title to a third party to whom it may transfer those securities. This ruling will give further certainty to market participants that securities loans governed by agreements such as the Global Master Securities Lending Agreement are legally robust.

NOTES TO EDITORS

1. ISLA published the Global Master Securities Lending Agreement, which is available at www.isla.co.uk.
2. *Securities lending*. Securities lending is the temporary transfer of securities from a lender to a borrower against collateral securities or cash. The securities lending market provides liquidity to the equity, bond and money markets, reducing the cost of trading and benefiting all. The ability to lend and borrow securities underpins the services that securities dealers offer customers and the trading strategies of dealers, hedge funds and asset managers. By one estimate, the value of securities on loan internationally is close to US\$6 trillion.
3. *ISLA* is a trade association established in 1989 to represent the common interests of participants in the international securities lending industry. ISLA has 100 members comprising insurance companies, pension funds, asset managers, banks and securities dealers representing more than 4,000 clients. While based in London, ISLA represents members from more than twenty countries in Europe, the Middle East and North America.

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