



Transforming post-trade

A NEW SOLUTION FOR FRAGMENTED MARKETS: THE INTEGRATED POST-TRADE OPERATING MODEL

As market complexity increases, connecting clearing, settlement, collateral and liquidity can help firms reduce operational friction and put capital to work more effectively.

For banks, investment firms, broker-dealers and other global market participants, market expansion compounds post-trade complexity. Every additional clearing venue, settlement location, collateral pool, currency and time zone increases operational interdependency across securities and derivatives transactions. Firms must also navigate faster markets, regulatory change, tokenized assets and continued pressure to improve capital and liquidity efficiency. Together, these developments are turning fragmentation in post-trade execution from an operating challenge into a direct constraint on capital efficiency.

Although specific post-trade circumstances vary by market, firms operating across jurisdictions face the same underlying challenges to coordinate securities, cash, collateral and liquidity across market infrastructures that were not designed to function as a single operating model.

Europe's repo market provides a particularly visible example of this global challenge. Outstanding volume rose 24.6% year over year to EUR 13.7 trillion according to the International Capital Market Association's (ICMA) European Repo Market Survey conducted in December 2025, increasing the volume of securities and cash that firms must coordinate across clearing, settlement, collateral and payment infrastructure.

Figure 1: European Repo Market Growth



Source: ICMA European Repo Market Survey No. 50, conducted December 2025 and published March 2026 | Units: EUR trillions outstanding

At the same time, the European Union, United Kingdom and Switzerland are set to [move to T+1 settlement](#) on 11 October 2027, compressing the time available to allocate securities, fund cash obligations and resolve exceptions across time zones. Regulatory change is adding further pressure. [European Market Infrastructure Regulation \(EMIR\) 3.0](#) is reshaping the derivatives clearing regime, while the [Digital Operational Resilience Act \(DORA\)](#), is tightening requirements for managing cyber threats, technology disruptions and third-party dependencies.

Given such complexity, many firms are reaching the same conclusion: as markets become more connected, managing fragmentation is no longer enough to achieve sustainable growth. Although Europe makes the challenge especially visible — with 28 central securities depositories and international central securities depositories (CSDs and ICSDs) and 14 central counterparties (CCPs) in the EU and European Economic Area (EEA) alone — fragmentation is not region-specific. It emerges wherever firms must connect multiple clearing venues, settlement locations, collateral pools, currencies and time zones so a different operating model integrating every post-trade requirement is now a necessity. This new operating model for post-trade requirements should reduce external handoffs, release trapped capital, improve balance-sheet efficiency and support growth without adding proportional operational complexity.

What an Integrated Post-Trade Operating Model Requires

Traditionally firms have responded to fragmentation by adding interfaces, reconciliations and operational layers, then absorbing the cost as fixed overhead. A more effective response is to remove securities and derivatives fragmentation from the operating model itself. That means creating a model that can extend across markets efficiently and consistently.

¹ Richard Comotto, "ICMA European Repo Market Survey Number 50," International Capital Market Association, March 2026, <https://www.icmagroup.org/assets/documents/Regulatory/Repo/Surveys/ICMA-European-Repo-Market-Survey-number-50-conducted-December-2025-published-March-2026-260326.pdf>.

Integrating assets, data, collateral, cash and liquidity also creates a practical foundation for introducing tokenized instruments without building a separate operating environment.

Five principles define an integrated post-trade model that can be applied across markets while accommodating differences in local infrastructure, regulation and operating practice:

- 1. One relationship, multi-market access:**
A single connection to coordinate clearing, settlement, payments and financing across CCPs, CSDs, ICSDs and bilateral venues, enabling expansion into new markets without the cost and risk of building separate local capabilities. The same model should also accommodate both established and evolving market infrastructures, including the gradual adoption of tokenized assets and extended-hours or [always-on settlement and financing models](#).
- 2. End-to-end processing on one data layer:**
Clearing, settlement, custody, collateral and reconciliation that operate on a common architecture with consistent, validated outputs, eliminating operational handoffs and giving clients straight-through processing across asset classes.
- 3. Intelligent automation with real-time transparency:**
AI-enabled workflows, exception handling and reporting delivered through dashboards and APIs to provide real-time visibility into positions and settlement status across transactions, reducing reliance on end-of-day reconciliations.

4. Unified collateral insights:

Cleared and uncleared obligations are able to be optimized against a single visible pool of eligible assets, with automated allocation, substitution and recall that help put idle capital back to work.

5. 24/7/365 visibility of cash, credit and liquidity across positions:

Payments, intraday credit financing and FX are ideally connected and respond to real-time securities and cash positions, enabling efficient real-time currency conversion while improving liquidity visibility and mobility, reducing prefunding needs and strengthening working capital efficiency as settlement cycles compress.

As settlement cycles shorten and tokenization and always-on models reshape how assets may be issued, mobilized, financed, and settled, continuing to manage fragmentation rather than reducing it will become increasingly costly. The next question is how to put these principles into practice on infrastructure that operates across markets today.

Achieving a More Integrated Model

The value of a connected operating model is measured in outcomes — fewer handoffs, faster collateral deployment, lower liquidity buffers, and the ability to add markets without adding complexity.

BNY's Integrated International Settlement and Collateral Management Operating Model (Figure 2) brings together settlement, global custody, collateral, payments, intraday credit and financing as connected elements of a scalable multi-market model rather than separate capabilities layered together.

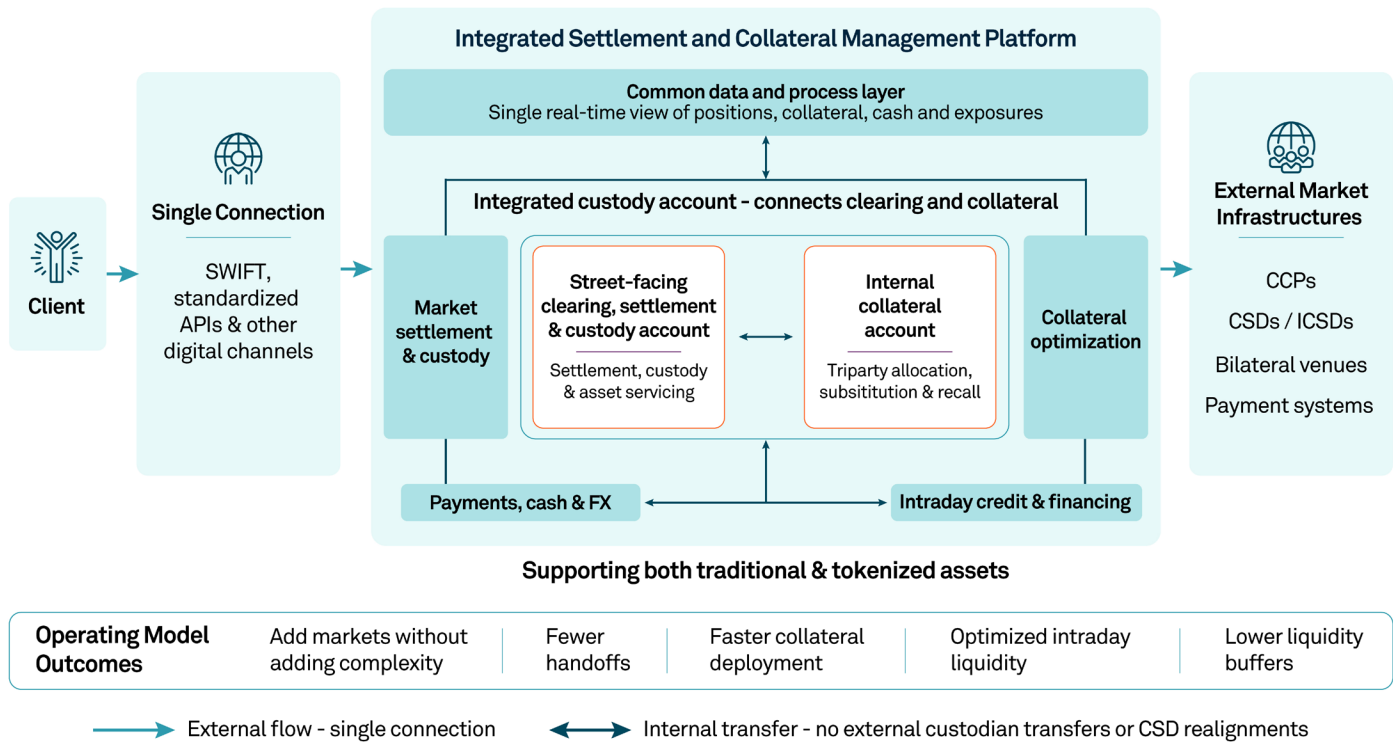


Figure 2: BNY's Integrated Post-Trade Operating Model

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In an integrated model, clearing, settlement and collateral operate on one platform, so assets move internally rather than across providers internationally.

At its core is an integrated custody account that connects clearing and collateral activity, creating the foundation on which payments, intraday credit and financing can interoperate against a consolidated view of positions. The model builds on an approach operating at scale in the United States and extends that architecture across Europe and other international markets. Clients retain control of trading and books and records while benefiting from:

- **Scale without repeat implementation:** Financial firms can extend into new markets through existing infrastructure rather than rebuild it each time. A multi-market foundation provides a more

consistent path into Europe, Asia-Pacific and other regions as their market access priorities evolve.

- **Processing without external friction:** A street-facing trading, settlement and custody account and an internal collateral account operate on a single platform, enabling internal transfers that reduce third-party realignments, prefunding costs, instruction matching, settlement fails and CSDR penalty exposure. A single high-quality dataset lowers reconciliation friction and strengthens governance.
- **Faster workflows, clearer visibility:** AI, data and analytics across an integrated model and platform reduce manual intervention and accelerate workflows. APIs and real-time analytics replace fragmented reporting with an integrated view of asset eligibility and availability across the collateral pool.

- **Increased collateral mobility:**
23x5 collateral mobility across BNY's global custody and triparty networks, supported by real-time processing, makes securities available for margin, financing and settlement. Extended operating hours provide greater flexibility for just-in-time liquidity.
- **Liquidity that moves with the markets:**
Linking intraday credit to real-time positions across consolidated settlement, collateral and payment accounts improves liquidity visibility and mobility while reducing prefunding needs across venues. This more responsive approach can release working capital as settlement cycles compress.

Repo provides a practical example of how the above integrated operating model can reduce fragmentation across the post-trade lifecycle.

A Practical Example: How an Integrated Post-Trade Model Transforms Repo

A repo transaction provides a useful global illustration because the same need to coordinate securities, collateral, financing and cash arises across markets, even where local infrastructure and settlement practices differ. In today's fragmented model, the required collateral may be held at a local CSD or ICSD through one custodian, while the repo is managed by a different triparty agent and the cash leg is settled through a separate bank.

Mobilizing the collateral can require an external transfer or realignment between custodians, accounts or depositories before it can be financed. Each handoff introduces delay, cost and settlement risk, while fragmented reporting makes it harder to establish a complete intraday view of available inventory, funding requirements and settlement obligations.

In an integrated model, clearing, settlement and collateral management are coordinated through a common platform and data backbone. The repo can be matched against real-time inventory held across

the firm's settlement and collateral accounts, with eligible collateral selected and optimized across trading and collateral requirements. Where assets are already held within the provider's network, they can be transferred internally from the settlement account into triparty without external custodian transfers or CSD realignments. This makes the collateral available for financing, margin or settlement in near-real time, while reducing settlement costs, late-settlement penalties and fail risk.

As positions change, intraday credit and financing can respond to actual asset and cash balances. Collateral substitutions, recalls and adjustments can be processed throughout the day, while cash and liquidity are managed against a current view of obligations rather than separately prefunded across multiple custodians and venues.

At maturity, the cash repayment, collateral return and release of financing are processed through the same infrastructure, creating a consistent record and a single real-time view through dashboards and APIs.

An integrated operating model also provides a practical pathway to tokenization. Traditional and tokenized assets can be viewed and mobilized within the same portfolio, allowing firms to adopt tokenization progressively without creating separate operating models or isolated liquidity pools.

The result is faster collateral mobility, lower liquidity and capital drag, fewer external movements and reconciliations, and higher settlement efficiency.

A Post-Trade Operating Model Assessment

Understanding the impact of fragmentation starts with a simple self-assessment.

These ten questions apply across jurisdictions, regulatory regimes and settlement timelines, helping to clarify where the current model is creating friction and where an integrated approach would deliver the most value.

1. **External handoffs:** Does the post-trade model depend on asset movement between separate external settlement, custody and collateral providers? What friction, fail exposure and penalty risk is embedded in each transfer?
2. **Data consistency:** Do clearing, settlement, collateral and reconciliation functions run on a common data architecture with consistent, validated outputs — or are you reconciling across fragmented systems and multiple vendors?
3. **Real-time visibility:** Can front office, treasury and operations teams access real-time positions, settlement status, margin calls and fails through a single pane of glass in real-time or are they still relying on end-of-day reports to understand the firm's exposure and position?
4. **Asset mobility:** When securities and cash need to move between settlement, custody, margin and financing purposes, how long does that take and how many external parties, realignments, payments and settlement cycles are involved?
5. **Intraday liquidity:** Is intraday credit and funding tied to real-time asset visibility across a consolidated post-trade position, or does it depend on prefunding schedules maintained separately across multiple providers?
6. **Automation and exception handling:** How much of post-trade processing, including exception management and regulatory reporting, is automated, and how much still relies on manual intervention and workarounds?
7. **Operational resilience:** As regulations such as DORA raise the bar on digital operational resilience, can the current operating model withstand and recover from information, communication and technology disruption across all of your post-trade providers and vendors or does that resilience depend on stitching together multiple third parties?
8. **Scalability:** When you enter a new market, add a CCP, or onboard a new product, how much of your

operating model do you have to rebuild? Does expansion multiply handoffs and fragmentation faster than it creates opportunity?

9. **Digital asset and continuous-market readiness:** Does your operating model provide the common data, custody, collateral, cash and liquidity foundation needed to introduce tokenized assets and 24/7 market models progressively, or would adoption require separate systems, accounts and processes?
10. **Regulatory and market-structure readiness:** As settlement cycles shorten and clearing, resilience and market-structure requirements evolve across jurisdictions, is your operating model designed to absorb change, or will each new rule and market requirement add another layer of interfaces, reconciliations and operational workarounds?

Answers to the assessment questions are meant to help reveal whether a firm's operating model is built to adapt to change, reduce fragmentation and create value across the business to unlock capital and increase liquidity, strengthen resilience and time to market.

As market infrastructure continues to evolve, management teams that identify and quantify the cost of infrastructure constraints in preparation for a more integrated post-trade operating model could avoid critical operational and capital inefficiencies piling up in favor of capturing its capital, liquidity and growth benefits.

BNY's position within the global financial infrastructure ecosystem, together with its direct connectivity to major markets in the US, UK and EMEA and established footprint across regions, offers a uniquely informed perspective on what it takes to build a more integrated post-trade operating model. To explore how an integrated approach can create value for your organization, contact your BNY relationship manager or visit www.BNY.com/clearing.



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