



## The Canadian case for centralisation and automation: The path to efficiency, compliance, and connectivity

Centralisation, automation, and ecosystem connectivity are reshaping collateral and liquidity management in Canada. Nick Kurzel, senior director, POM product management manager at BNY, discusses regulatory obligations and strengthening collateral management

Canada's collateral landscape is changing. Many institutional investors will be acutely familiar with the intensifying regulatory scrutiny, shifting market infrastructure, cross-border legal friction, and the squeeze of T+1 settlement.

Meeting Office of the Superintendent of Financial Institutions (OSFI), Canadian Securities Administrators (CSA), and Uncleared Margin Rules (UMR) obligations, while adapting to triparty workflows, now demands sharper data integrity, real-time visibility, and seamless connectivity across custodians, agents, and internal systems. Legacy processes and siloed platforms escalate risk and limit optimisation across sprawling collateral inventories.

Given complex eligibility, haircut, and concentration constraints, many organisations are converging on centralisation and automation as their operating standard — supported by rule-aware platforms designed for T+1, triparty, and Canadian regulatory requirements.

For many, the real step change comes when automation and centralisation are integrated with treasury, risk, and collateral functions in a single operating layer. In practice, this is a unified, rule-aware 'control tower' which coordinates inventory, eligibility, haircuts, and concentration across venues under consistent governance aligned to OSFI, CSA, and UMR frameworks.

The emphasis shifts from isolated workflows to shared data, auditable rules, and straight-through processing. At BNY, we continue to invest in providing this operating fabric for our clients. CollateralONE — BNY's collateral and financing solution — is integrated into BNY Securities Finance across agency and principal to streamline triparty and T+1 workflows and enable clearer oversight, faster cycle times, and real-time funding decisions.

When treasury, risk, and collateral functions operate on shared data, rules, and workflows — across T+1, triparty, and Canadian requirements — funding decisions, risk metrics, and collateral allocation are synchronised. Firms can amplify optimisation, diversify funding, strengthen controls, and respond faster to market signals.

### **Operational efficiency: Streamlining collateral for speed and control**

Operational efficiency begins by consolidating decentralised collateral processes. Manual handoffs and fragmented data degrade visibility, extend cycle times, and invite errors — conditions that heighten the risk of settlement fails under T+1. Given rising variation margin (VM) volumes reported by the International Swaps and Derivatives Association (ISDA), compressing allocation and settlement timelines while reducing exception rates becomes critical for pensions operating under OSFI, CSA, and UMR.

Centralisation and automation amplify speed and control. Standardised data and governance compress allocation and settlement timelines, while automation lowers error rates and surfaces real-time views of inventory, eligibility, and exceptions. As triparty interoperability deepens, collateral moves with less friction and greater consistency across counterparties — improving dispute resolution and funding outcomes without adding operational load. Configurable collateral-reuse controls further compress cycle times while maintaining mandate discipline.

Within BNY's triparty workflows, reuse permissions can be set at the mandate or counterparty level, preserving segregation requirements and eligibility rules while enabling faster allocation and substitution under T+1.

Transparent reporting and audit trails ensure that any reuse stays within OSFI, CSA, and UMR boundaries, supporting both speed and compliance.

Unifying the collateral lifecycle raises operational discipline and speed: automated margin and settlement reduce delays; rule-aware engines keep usage within eligibility and concentration limits; and real-time oversight clarifies inventory, exposures, and exceptions. With auditable data lineage and consistent controls across venues, teams can resolve disputes more quickly, limit funding drag, and stay T+1-ready as volumes and counterparties scale.

For buy side institutions seeking speed and certainty under T+1, BNY's Triparty offers unmatched scale and counterparty connectivity. Of all actively-traded buy side balances situated within Triparty Collateral Agents, BNY services over two-thirds. CollateralONE streamlines operations with automated margin calls and settlement, rule-aware optimisation that recommends best-use of collateral and trades across counterparties and real-time dashboards for transparent inventory, eligibility, and exceptions. Customisable optimisation and inventory management align to plan constraints and funding goals. VM-ready through shared data, rule-aware automation, and auditable workflows aligned with UMR/ISDA, it is designed to support T+1 processing and help streamline exception management and dispute workflows.

### **From blind spots to signal: A unified operating model**

Effective collateral management requires a timely view of risk and decisive intervention. Under T+1, small errors can compound quickly: counterparty exposure, valuation mis-marks that ripple through margin calls, and settlement breaks that cascade across books. A consolidated risk frame — bringing inventory, eligibility, haircuts and concentration limits into one view across business units, agreements, and counterparties — helps reduce these risks. CollateralONE's integrated analytics and exposure monitoring equip pension funds with real-time control of exposures across mandates, reducing financing costs and margin call friction under T+1.

Automation adds a second layer of defense. Systematic valuation checks, pre-settlement validations, and rule-based alerts surface

issues before they escalate, reducing dispute frequency and shortening resolution cycles. Exception workflows that route, categorise, and track outcomes create accountability and speed, while targeted analytics highlight emerging concentration and wrong-way risks so teams can act before thresholds are breached.

A unified operating platform such as CollateralONE strengthens day-to-day control: integrated exposure monitoring, automated dispute resolution and scenario/stress testing translate signals into action. By calibrating liquidity buffers, refining allocation and substitution rules, and prioritising interventions as limits are approached, teams reduce blind spots and improve the pace and quality of decisions, maintaining readiness even as volumes rise and timelines compress.

## Shaping the compliance backbone

Regulatory compliance hinges on rigorous reporting and transparency. Supervisors expect timely, accurate, and reconcilable data across jurisdictions. Under compressed timelines, the margin for error is thin. A centralised data backbone is the starting point: consolidate records, normalise reference data, and apply consistent eligibility, haircut, and concentration frameworks. The result is clearer audit trails, fewer ad-hoc retrievals, and a shared source of truth for oversight.

Automation serves as the enforcement layer. Submission schedules, pre-filing data quality checks and workflow alignment to regulatory cutoffs ensure reports are complete and on time. Integrated validations catch breaks early; standardised controls keep filings consistent across regions; and exception handling turns remediation into an auditable, repeatable process rather than a scramble.

A unified compliance operating model brings these pieces together. Configurable reporting templates aligned to regional regimes such as OSFI, CSA, European Market Infrastructure Regulation (EMIR) or Dodd Frank, end-to-end data lineage from source to report, and targeted alerts that surface gaps before deadlines help create durable evidence of control. The objective is straightforward: centralise data, automate validation and submission, and maintain clear traceability — meeting

evolving regulatory expectations with confidence and speed.

CollateralONE has been engineered with flexibility, transparency, and efficiency at its core, helping clients optimise collateral management, adapt to changing market demands, and unlock greater value across their portfolios.

## Plugging into the financing and liquidity ecosystem

A resilient financing and liquidity ecosystem links institutions, market infrastructures, and technology platforms so collateral can move where and when it is needed. It should optimise capital allocation and risk management and elevate operational resilience, enabling responsiveness across cycles.

Access to large liquidity pools is also key. For large beneficial owner pension funds in particular, the ability to face and transact with an existing network of counterparties is fundamental.

As the largest global triparty provider, we support over US\$7.8 trillion in collateral and more than 305,000 unique securities as of Q1 2026. BNY's infrastructure offers a seamless way to migrate a set of transactions, activities, and collateral pools into triparty, combining existing counterparty networks with the potential to transact with new counterparties globally. Our mandate-aware reuse capabilities act as an efficiency lever across this ecosystem — allowing eligible assets to be redeployed swiftly while maintaining transparency, concentration discipline, and counterparty-specific constraints.

In Canada, connectivity with local market infrastructures — such as the Canadian Depository for Securities (CDS) and payment systems — raises the importance of API-enabled platforms that support real-time liquidity optimisation. Broad, transparent eligibility and haircut frameworks — spanning sovereigns, corporates, securitised products, equities, ETFs, and cash — can help balance quality, concentration, and cost. Secure APIs support seamless data exchange, while rule-aware automation coordinates allocation, substitution, and settlement. Advanced analytics for cashflow forecasting and liquidity stress testing

help teams plan and act with confidence.

## **Industry shifts: Towards centralisation, automation, and ecosystem connectivity**

Across capital markets, organisations are accelerating the move to centralised operating models, automation, and ecosystem connectivity — powered by cloud-native platforms, APIs and, increasingly, AI-enabled decision engines. These shifts are compressing operating timelines, strengthening controls, and improving responsiveness to market signals. As workflows converge in the cloud and data becomes available in real time, teams can streamline straight-through processes, reduce exception rates, and maintain clearer auditability across venues and counterparties.

A unified operating layer coordinates inventory, eligibility, haircuts, and concentration limits, with rule-aware automation driving allocation, substitution, and settlement. Secure integrations support near real-time exchange of positions, valuations, margin, and cash movements, while targeted analytics — such as cashflow forecasting, stress testing, and exception heat maps — enable earlier, more-precise action. The focus is operational discipline: consistent data and controls, faster cycle times, and a clearer line of sight from source to decision.

In Canada, these dynamics are reinforced by market-specific priorities. The regulatory environment, guided by OSFI and CSA, emphasises transparency, robust risk management, and high-quality reporting, encouraging adoption of centralised, automated solutions that support evolving margin requirements and data standards. Institutions are progressively embracing cloud and digital infrastructure to improve scalability and integration, bolstering resilience amid compressed timelines. Growing connectivity with local market infrastructures elevates the need for interoperable, market-connected operating models. Sustainability considerations are shaping collateral quality assessments through analytics.

As the transition to mandatory US Treasury clearing approaches, organisations adopting disciplined, interoperable approaches report improved compliance readiness, greater efficiency, and cost control.

Client confidence is strengthened through timely and transparent operations, and more robust analytics.

## **The path forward: Practical steps to strengthen collateral management**

Centralisation, automation, and ecosystem connectivity are reshaping collateral and liquidity management in Canada. By consolidating workflows, applying rule-aware controls, and integrating with market infrastructures, firms can improve real-time visibility, reduce operational risk, and strengthen compliance under compressed timelines such as T+1.

A unified operating model such as CollateralONE — grounded in consistent data, auditable processes, and secure integrations — supports faster decisions and more resilient funding across cycles.

Practical steps include:

- Establishing a centralised data backbone
- Automating eligibility and concentration checks
- Aligning exception management with pre-settlement validations

Integrating treasury, risk, and collateral functions on shared workflows further enhances responsiveness and control. As regulatory expectations evolve and market connectivity deepens, organisations that adopt disciplined, interoperable approaches will be better positioned to operate efficiently, manage risk transparently, and adapt to changing conditions with confidence.

## **Your next steps for unlocking a unified collateral layer**

Leading institutions are already rethinking how liquidity and financing decisions are operationalised. Talk to us today about triparty migration paths tailored for asset owners, and how CollateralONE can centralise collateral, liquidity, and financing decisions — leveraging BNY's buy side footprint.

CollateralONE is an all-in-one, fully integrated solution for collateral, liquidity, and securities financing, offering buy side investors real-time visibility, actionable analytics, and seamless execution to optimise liquidity and unlock the full value of their assets. ■