

2026 MARKET GUIDE

# The Prime Brokerage Window *Is Open.* *For Now.*

A 2026 market guide for financial institutions evaluating prime brokerage.

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**As the \$500M–\$5B AUM hedge fund segment seeks more leverage, financial institutions with available balance sheet capacity have a narrow window to capitalize. PrimeOne is a comprehensive solution for financial institutions that need to mobilize quickly.**

# The Challenges of Sourcing Leverage in 2026

Rising volatility creates a mechanical scarcity of leverage that operates independently of credit quality. When volatility spikes, VaR-based risk models shrink permissible position sizes, margin requirements rise overnight, and dealer balance sheet limits tighten — simultaneously, across all borrowers.

The result is that leverage becomes scarce not because lenders have made a credit judgment, but because the math of risk models has changed. Good and bad borrowers are cut indiscriminately — and fastest at exactly the moment markets need liquidity most.

## CURRENT SITUATION

### Hedge fund demand outpaces prime broker supply

When volatility spikes, prime brokers cut gross exposure fast — impacting the \$500M–\$5B AUM segment first. Large flagship clients are protected by relationship economics. Funds in this range struggle to secure financing not through any fault of their own, but because they are the easiest line to cut.

## THE OPPORTUNITY

### Financial institutions are positioned to capture displaced clients

Banks and regional brokers with available balance sheet capacity are uniquely positioned to fill this gap — if they can move with the speed, sophistication, and operational readiness that hedge fund clients expect.

The window will not stay open indefinitely. As more financial institutions recognize the opportunity, the market will consolidate around those who can demonstrate institutional-grade capability from day one. Early movers who enter with credible infrastructure will establish relationships that will be difficult to displace.

# Two Reasons to Act — Revenue and Retention

The business case for entering prime brokerage extends beyond capturing new clients — it strengthens the relationships you already have.



## Financing delivers attractive margins

Securities financing — repo, stock lending, margin financing — continues to generate strong returns relative to the capital deployed. For institutions with available balance sheet, the risk-adjusted yield profile of prime brokerage financing compares favorably to many traditional lending activities. These are recurring, relationship-driven revenue streams that compound over time.



## Prime brokerage is a retention anchor

Hedge fund managers who have consolidated their prime brokerage relationship with a firm rarely move. The operational complexity of transitioning — custody, financing, reporting, counterparty agreements — creates deep structural stickiness. Prime brokerage attracts clients and locks them in. Institutions that have it see measurably higher retention across their hedge fund book.

## The compounding logic of prime brokerage

A financial institution that captures just five hedge fund clients in the \$500M–\$2B range gains five accounts — and establishes a capability with lasting returns:

- 01** Generates recurring financing revenue with attractive risk-adjusted margins
- 02** Increases wallet share across execution, custody, and ancillary services
- 03** Builds a track record that actively attracts the next wave of clients

# 75%

*OPEX reduction vs. building internally*

*"For firms with available balance sheet capacity, prime brokerage represents not just a revenue opportunity but a strategic imperative. Prime brokerage is a proven business. **The real decision is not whether to enter, but how.**"*

— EJ Liotta, Head of Prime Finance and Equity Derivatives, TS Imagine

# PRIMEONE Economic Flywheel

Interlocking Flywheel of Continuous Financial and Operational Optimization

## Collateral Optimization

D. Collateral Optimization —  
CashSmart ↔ LoanSmart ↔  
CollateralSmart/CRISP

Collateral is chronically misallocated in most PBs. High-cost assets get posted where cheap assets would do just fine. CRISP automatically substitutes cheapest-to-deliver collateral, cutting the carry cost.

## RWA Optimization

C. RWA / Capital Optimization —  
LoanSmart ↔ SwapSmart ↔  
RWASmart

Capital is the most expensive resource in prime brokerage. Every basis point of Exposure at Default reduction compounds across thousands of swaps and creates outsized ROE uplift. RWASmart restructures exposures and reduces EAD.

## 01 SwapSmart



A

## Short Side Internalization

A. Internalization:  
SwapSmart ↔ LoanSmart

40–60% of a prime broker's swap P&L leakage comes from paying street borrow when the exact same inventory already exists internally.

## 02 CashSmart



## Funding Optimization

B. Funding Optimization:  
CashSmart Predictive Engine

PBs have fragmented funding pools and mispriced financing because they can't see their true blended cost of funds. CashSmart exposes real cost-of-funds in real time and automatically routes financing to cheaper sources. This shrinks the funding spread.

C

## 03 LoanSmart



B

Optimization Framework

# The Operational Demands of Hedge Fund Servicing

**Prime brokerage fuels an operational ecosystem. Hedge fund clients expect institutional-grade coverage across every dimension of their trading, financing, and reporting life cycle from day one.**

Before evaluating technology options, decision-makers need an honest picture of what running prime brokerage operations actually involves.

The following represents the core capability set hedge fund clients will expect you to support from day one.



## Transaction Management

Full processing of trades across asset classes — equities, fixed income, derivatives, and more — with real-time confirmation, booking, and reconciliation. Volume handling and STP rates are non-negotiable for institutional clients.



## Position Building

Accurate, real-time position tracking across all accounts, asset classes, and financing arrangements. This underpins everything else — risk, reporting, collateral — and errors here propagate across the entire operation.



## Resets and Payments

Timely, accurate calculation and processing of financing resets, coupon payments, dividends, and corporate action events. Failure here directly impacts client P&L and erodes trust rapidly.



## Client Reporting

Hedge fund managers require comprehensive, configurable reporting across positions, transactions, performance, and risk. The ability to deliver reports in their required formats — on schedule, without error — is a basic expectation, not a differentiator.

## INFRASTRUCTURE REQUIREMENTS

- ✓ **24/7 monitoring** — Prime brokerage operations run across global time zones. Systems must be monitored around the clock with escalation protocols that match the urgency of live trading operations.
- ✓ **Dedicated security** — Hedge fund clients require institutional-grade security posture. Shared infrastructure is not acceptable. Dedicated, isolated environments are the standard.
- ✓ **Release management** — Regulatory and market changes require ongoing software updates. A rigorous release management process ensures continuity and compliance without disrupting live operations.
- ✓ **Automation and optimization** — Manual processes in prime brokerage are a liability. STP rates, automated resets, workflow automation — these are the difference between a scalable operation and one that breaks under volume.
- ✓ **Tier 1 hosting** — Physical and network infrastructure must meet the latency, redundancy, and availability standards of institutional financial services. This is not commodity hosting.

# The Real Cost of Building It Yourself

Many institutions initially assume they should build their prime brokerage technology in-house. The reasoning seems sound: control, customization, competitive differentiation. *But the reality is different.*

VS.

## BUILD INTERNALLY

### Years of development before you benefit

2–4 years minimum before production-ready systems are in place

Requires assembling a specialized team with deep prime brokerage domain knowledge

Every version upgrade and regulatory change becomes an internal development burden

No existing client references or proven production record to present to prospects

OPEX remains high and scales with headcount rather than revenue

## LICENSE PRIMEONE

### Enter the market in months, not years

No build time — integration is the only consideration.

Proven team with 25+ years of prime brokerage expertise included

Releases, upgrades, and regulatory updates fully managed — no internal burden

14 years of production track record across \$200B in assets under service

OPEX approximately 75% less than internal operation, TCO includes license, support, and hosting

*With PrimeOne, build time is not required — only integration needs consideration.*

The 75% OPEX reduction reflects the structural advantage of a purpose-built SaaS platform refined over 14 years of production operation.

Building this capability internally carries a cost and timeline that licensing eliminates outright — every dollar saved on infrastructure is a dollar deployed to the balance sheet activities that generate prime brokerage revenue.

# Complete Lifecycle Management Across Every Finance Type

PrimeOne is a global, SaaS, multi-asset platform built to support the operational complexity of prime brokerage. It covers all three pillars of complete lifecycle management — **physical finance**, **synthetic finance**, and **securities lending**.

Global, SaaS, Multi-Asset Platform Providing Complete Lifecycle Management for Prime Brokers

## CASHSMART

### Physical Finance

- Trade Management
- Position Management
- Dynamic Interest Configuration
- Ticket Change Management
- Asset-Based Pricing
- Global Workstation
- High-Capacity Flexible Reporting

## SWAPSMART

### Synthetic Finance

- Complete Swap Configuration
- Transaction Management
- Cashflow Management
- Corporate Actions
- Global Workstation
- High-Capacity Flexible Reporting

## LOANSMART

### Securities Lending

- Trade Management
- Real-Time Pricing Engine
- Global Asset Ratings
- Position Management
- Collateral Management
- Cash Management
- Settlements
- Repurchase Agreements

## Real-time

Event-driven architecture for accuracy and scalability

## SaaS

Full-service model — license, support, hosting included

## Multi-asset

Physical, synthetic, and securities lending in one platform

**PrimeOne's** event-driven, real-time design means accuracy and scalability are built in — not bolted on. As your prime brokerage book grows, the infrastructure grows with it. A team with deep knowledge across many different environments supports the platform, providing implementation support and ongoing application management.

# 14 Years. \$200B assets under service. Zero Compromises on Infrastructure.

Established business.  
Superb systems.  
Proven operating record.

**PrimeOne** was founded in 2011. In the 14 years since, it has built a production record across some of the most demanding institutional prime brokerage environments in the industry.

**14**

Production years

**\$200B**

Assets under service

**350**

Platform uptime

**280**

Virtual machines

**7,300**

Health checks

## Proven solutions

14 years of continuous production means the platform has been tested across every market cycle, regulatory shift, and operational edge case a prime broker will face.

## Mature operations

280 virtual machines and 7,300 daily health checks underpin an infrastructure that runs at institutional grade — 24/7, globally, without compromise.

## Tier 1 infrastructure

\$200B in assets under service across 350 managed users represents a live, scaled deployment — not a pilot. Clients onboard into a platform already operating at volume.



# Building a Global Prime Brokerage Business— From the Ground Up

When Scotiabank set out to launch a comprehensive global prime brokerage business, it needed a technology partner that could deliver across multiple regions and asset classes — with unwavering reliability.

**PRIMEONE** has powered Scotiabank's prime brokerage business for more than a decade.

Cost Reduction

100% Uptime

SOC 2 Type II

Speed to Market

14

Years of uninterrupted production partnership

1.5–2M

Trades processed per day

100%

Platform uptime across the partnership

2.4

Production issues per year

*Industry average is significantly higher*

**TSIMAGINE**



**A partnership built on trust, stability, and continuous innovation**

**THE CHALLENGE**

**Launch a scalable global prime brokerage from zero**

Scotiabank required a platform to handle complex, multi-asset transactions across diverse regulatory environments — physical securities, synthetic products, and securities lending — while maintaining operational efficiency and superior client service.

**THE SOLUTION**

**PrimeOne's full suite, implemented in phases**

TS Imagine deployed CashSmart, SwapSmart, and LoanSmart in a structured phased rollout — each module going live in months, not years — allowing Scotiabank to build capabilities systematically without disrupting live operations.

**THE RESULT**

**14 years of operational excellence and growth**

Scotiabank operates its financing services at a fraction of the cost of in-house systems, with faster product launches, predictable costs, and a security posture that includes SOC 2 Type II certification and a Security Scorecard rating of A (94).

**IMPLEMENTATION TIMELINE**



GET STARTED

# Talk to a Specialist.

**PrimeOne** has been enabling financial institutions to enter and scale prime brokerage since 2011. If your institution has available balance sheet capacity and is evaluating the opportunity, we would like to walk you through what it looks like in practice.

[Talk to a Prime Brokerage Specialist](#)

