

Transcript

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Structured Finance in Transition Across Markets

How Structured Finance Is Evolving in 2026

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[Music]

[Greg Farley - Moderator] Hello, I'm Greg Farley, Head of Structured Finance U.S. Let's talk about the structured finance market and some of the key themes shaping issuance in 2026. What's striking right now is that the market isn't moving in just one direction. In some areas, we're seeing strong issuance and continued innovation. In others, there's a more cautious tone—often driven by macroeconomic pressure.

So today, we want to step back and make sense of that. What's driving activity, where complexity is increasing and how those dynamics differ between the U.S. and Europe.

To help us explore what's driving these trends and how they differ across regions, I'm joined by Alex Pashley, Head of Structured Finance, Europe and Pat Schulze, Sales, Structured Finance U.S. Great to have you both here.

[Pat S – U.S. POV] Good to be with you and Alex today Greg.

[Alex – European/Global POV] Looking forward to the discussion Greg.

[Greg Farley - Moderator] Let's start with the broader backdrop. As trustee and our various agency roles, what are you seeing in terms of issuance trends and overall market tone as we move through 2026?

[Pat S] In the U.S., the overall tone has been relatively constructive. We're seeing healthy issuance activity, and a continued push toward more innovative deal structures, particularly influenced by the growth of private credit and the increasing role of technology in structuring and administering transactions. According to S&P data reported global volume of \$857 Billion for the first half 2026. If that volume continues, it can be inferred that the global market could see 2026 end with over a 15% increase from 2025 which is around \$1.5 Trillion—that's a first time for the markets.

There's also strong engagement from capital providers, which is supporting transaction flow.

[Greg Farley - Moderator] So in the U.S., it sounds like fundamentals are still pretty supportive even as structures evolve. Alex, how does that compare with Europe?

[Alex] In Europe, the picture is a bit more mixed. Private credit is definitely increasing its presence, similar to what we're seeing in the U.S. However, macroeconomic factors—particularly inflation, interest rate pressure and ongoing geopolitical volatility—are slowing the pace of issuance, even among more traditional debt issuers.

At the same time, we're seeing investors move up the capital structure, seeking higher-quality collateral as a way to navigate that uncertainty.

[Pat S] I've been quite surprised how the U.S., markets have largely taken the volatility in stride, however a protracted war with Iran, ongoing elevations in cost, increased unemployment albeit slightly, , increased interest rates or stubborn inflation, could slow the volume and move investors to the sidelines for a time.

[Greg Farley - Moderator] One of the most consistent themes is the ongoing convergence between private credit and securitization. It doesn't seem to be slowing down. If anything, it's becoming more central. What are you seeing now?

[Pat S] That convergence has continued in the U.S. without slowing. Increasingly, securitization is being used as a mechanism to access capital from insurance companies and other specialty lenders that are seeking yield.

At the same time, private credit deals often involve assets that don't have standardized pricing benchmarks or consistent data formats. That makes valuation more complex and requires more active oversight, particularly around covenant tracking and performance monitoring.

[Greg Farley - Moderator] So as the opportunity set expands, the complexity comes with it—particularly on the data and monitoring side.

[Pat S] Exactly. And that extends to ratings and servicing as well. The infrastructure supporting these deals needs to adapt to accommodate new asset types and remain flexible as market standards continue to develop.

[Alex] From a European perspective, we're seeing similar dynamics, but with some additional caution—especially among investors evaluating newer or smaller issuers.

The key questions moving forward are whether these structures can prove resilient under increased macro stress, and what needs to evolve, particularly in terms of data availability, to enable broader scaling and increased investor confidence

[Greg Farley - Moderator] Another trend we're seeing a lot is the rise of hybrid transactions. These seem to be popping up more frequently—deals that don't fit neatly into one category. What's driving that?

[Alex] Hybrid transactions are expanding the product landscape by combining elements of bank loans, private credit, and structured finance within a single deal.

Issuers are using these structures to optimize capital across different asset classes, but that also increases complexity because each component may follow different conventions.

[Greg Farley - Moderator] So in a way, it's about flexibility—using multiple tools to achieve the best outcome. But I imagine that adds complexity behind the scenes.

[Alex] Greg, It does. For trustees and agents, it means managing multiple product mechanics and teams simultaneously. That could involve loan agency roles, corporate trust responsibilities, and structured finance obligations, all within the same transaction.

Coordinating these functions early, at the design stage, can significantly reduce friction later in the lifecycle.

[Pat S] From a U.S. perspective, I'd add that clients increasingly expect a more integrated approach. They don't want to feel like they're working across separate silos—they want a cohesive service model that can support the full complexity of these hybrid structures.

[Greg Farley - Moderator] I want to touch on another theme emerging across markets, which is the increasingly global nature of structured finance. As private credit and institutional capital flow across regions, how is that shaping market development?

[Pat S] One encouraging trend is the growing dialogue between market participants, industry groups and regulators across jurisdictions. Efforts to share best practices and improve consistency between markets could help create a more efficient environment for issuers and investors alike.

[Alex] Interesting, We're also seeing private credit managers and institutional investors deploy capital globally rather than focusing on a single geography. These firms are looking

for opportunities across the U.S., Europe and Asia, and they benefit from structures and market practices that are increasingly familiar and scalable across regions.

[Pat S] As that cross-border activity grows, market participants will continue looking for ways to improve consistency, transparency and investor confidence. While there are still differences between regions, the direction of travel is toward greater alignment and broader participation in structured finance markets

[Greg Farley - Moderator] As we pull these themes together, there seems to be a common thread around both complexity and speed. Deal structures are becoming more sophisticated, and transactions are moving faster than ever. What does that mean for the market overall?

[Alex] The consistent theme is that deal structures are becoming more complex, while the pace at which these transactions need to be administered continues to increase. We're seeing more frequent drawdowns, more dynamic asset pools and transaction structures that require market participants to respond faster and with greater precision than in the past. Regulatory requirements, disclosure obligations, and investor expectations are all increasing simultaneously.

[Pat S] At the same time, issuance appetite remains strong, and capital continues to explore new channels.

So you have a market that is both expanding and becoming more sophisticated—which places greater emphasis on governance, reporting, and administration capabilities.

[Greg Farley - Moderator] Thank you both for joining us and for sharing your perspectives. Before we wrap up, any final thoughts?

[Pat S] Well The market continues to evolve rapidly, but the opportunities remain compelling. Success will depend on balancing innovation with strong governance, transparency and operational discipline.

[Alex] And increasingly, success will depend on the ability to navigate complexity across products, regions and investor bases. The firms that can do that efficiently will be well positioned as the market continues to grow.

[Greg Farley - Moderator]

Great insights. Thank you both, and thanks to everyone for listening!

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