

Asset-Backed Alert

A Green Street News Title

CS Alum's Startup Taking Shape

Details are emerging about **Entegra**, the trading business that former **Credit Suisse** executive **Daniel Ezra** formed this March.

The New York-based operation's primary offering is a white-label trading service that banks could offer under their own brands to clients that issue collateralized loan obligations, residential mortgage bonds, commercial mortgage bonds and asset-backed securities.

As part of the push, Entegra has applied to **Finra** for a broker-dealer license and as such intends to be a regulated entity by the time it formally launches late in the first quarter of 2025. There are also plans to expand in Europe. The firm plans to offer the service on a subscription basis under which it would collect fees from only one bank per deal, a strategy intended to eliminate possible conflicts of interest or concerns about the order of trade execution.

Part of the pitch is that the product will allow users, particularly mid-tier banks involved in deal structuring and arranging, to better compete on service instead of on price — and in doing so, to win more mandates.

Entegra's focus in part reflects a recognition that increased capital-reserve requirements for banks' inventories of bonds have weakened those institutions' abilities to make markets for the deals they arrange. With that environment reducing profitability and return on capital, in turn, banks often have cut back on capital allocations for trades in affected products.

The upshot has been a migration among trading professionals toward more-lucrative opportunities at commission shops or at buy-side firms, a process Ezra describes as the "juniorization" of trading.

To that end, Entegra is billing itself as capable of furnishing daily, actionable quotes that will allow banks to improve trading services for customers whose deals they arrange, while still using relatively little capital. That's because the focus will be on specific transactions as opposed to the broader universe of deals.

Also central to Entegra's promise of improved efficiency is proprietary machine-learning technology that Ezra pioneered at Credit Suisse.

Entegra additionally is highlighting that banks capable of offering more comprehensive service don't have to compete on price alone. In the CLO market, for example, price competition



can take the form of discounted underwriting fees or discounted warehouse financing. "When banks start competing on service, not price, everyone wins," Ezra said.

Entegra hopes that CLO managers become aware its service is available to them at no additional charge. That would push up demand for its service as those shops pursue better liquidity and transparency for their deals on the secondary market. It also could create more visibility for their programs that could improve pricing for subsequent offerings.

Ezra led securitized-product trading at Credit Suisse from 1998 until shortly before he **founded** Entegra, having been among a small number of securitization professionals who remained at the bank as the majority of their colleagues left last February to form **Atlas SP Partners**. ❖

ASSET-BACKED ALERT: December 20, 2024

Click here for [more information](#) or call 949-640-8780.