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Carney: Brexit challenges responsible financial globalisation

How the Brexit negotiations conclude will be a litmus test for responsible financial globalisation, Bank of England head Mark Carney has said.

Carney's speech, delivered at Thomson Reuters in London's Canary Wharf on 7 April, came a week after the UK triggered Article 50 and commenced the two-year period for negotiating its exit from the EU, and 11 days before Prime Minister Theresa May called a snap general election, with the country set to go to the polls on 8 June to make or break May's Brexit strategy.

"The UK and the rest of the EU have exactly the same rules governing our systems," Carney said. "And we have the most highly developed frameworks for intensive supervisory cooperation. Capital flows seamlessly across our borders. The current EU legal regime allows firms to passport throughout the union, supervised by the home supervisor."

As it stands, the EU and the UK are "ideally positioned to create an effective system of deference to each other's comparable regulatory outcomes, supported by commitments to common minimum standards and open supervisory cooperation".

Such an outcome would be "entirely consistent" with the UK government's aim of a "new, comprehensive, bold and ambitious" free trade relationship with the EU that "embraces goods, services and network industries".

But financial services are only part of a much broader negotiation, Carney conceded, so contingencies need to be put in place in case the status quo changes. He said: "How the Brexit negotiations conclude will be a litmus test for responsible financial globalisation."

"Whatever is agreed [during the Brexit negotiations], there are risks to financial stability both in the transition to the new relationship and in the new steady state. These risks include disruption of services, a further weakening of investment banking profitability and the potential for greater complexity in firms' legal structures."

"Increased complexity would place greater demands on firms' risk management and on supervisory oversight, and pose challenges for effective resolution. We expect firms to plan accordingly."

Financial services have proven to be an early point of contention between the UK and the 27 other EU member states, with a German politician recently reviving the prospect of legislating to require euro currency clearing to be carried out in the eurozone. This prospect won't fill the City of London with joy, as the loss of its ability to clear euro-denominated transactions would put hundreds of thousands of jobs at risk, according to a recent report from EY.

Institutions warming to fintechs

Financial institutions are concerned about losing money to new entrants in the financial technology sphere, but are increasingly willing to enter into partnerships with them, according to a PwC survey.

The PwC Global Fintech Report 2017 found that 88 percent of respondents from financial institutions are concerned about losing revenue to innovators, up from 83 percent in last year's survey.

However, some 56 percent said they are putting disruption at the heart of their strategies, while 77 percent said they are planning to increase their efforts to innovate, compared to 20 percent who said their innovation efforts will remain the same and 3 percent who said they will decrease their efforts.

The report said: "By becoming self-disruptors, financial institutions seek to appropriately respond to innovations and thereby empower their customers on a daily basis."

PwC found that more institutions are already partnering with fintechs—45 percent, up from 32 percent in 2016.

Further, 82 percent said they intend to increase partnerships over the next three to five years.

The report said: "Fintech companies create an ecosystem that fosters the collection of vast amounts of data and builds trusted relationships with clientele."

"Financial institutions have realised the importance of these ecosystems and are attempting to engage with them and bring innovation inside their companies."

There are still challenges around the adoption of new technologies, the report found. Among incumbents, IT security emerged as the biggest concern, with 58 percent naming this as a challenge in working with fintech companies.

This was followed by regulatory uncertainty, and difference in management and culture, named by 54 percent and 40 percent, respectively.

Of respondents from fintechs, however, only 28 percent saw security as a challenge. They were more concerned about differences in management and culture, with 55 percent naming this as a challenge.

Fintech were also concerned about regulatory uncertainty and differences in business models, considered a challenge by 48 percent and 40 percent, respectively.

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With regards to the particular regulatory hurdles to overcome, the most-named issue was data storage, privacy and protection, considered a barrier by 54 percent of respondents.

This was closely followed by concerns around digital identity authentication, highlighted by 50 percent, and anti-money laundering and know-your-client issues, considered a concern by 48 percent.

Despite these concerns, on average respondents expect to see a 20 percent return on investment in their fintech-related projects.

In Asia, firms were particularly confident, anticipating returns of 25 percent, on average. In Europe, the outlook was a little less positive, with an average expected return on investment of 14 percent.

The report was based on survey responses from 1,308 participants, including representatives from banks, asset managers, fund transfer institutions and fintech companies.

The majority of respondents were from Europe and Asia, representing 39 percent and 33 percent of responses, respectively. A further 14 percent were from Latin America, 9 percent were from North America, 3 percent were from Africa and 3 percent were from Oceania.

Firms pull off DLT proxy voting pilot

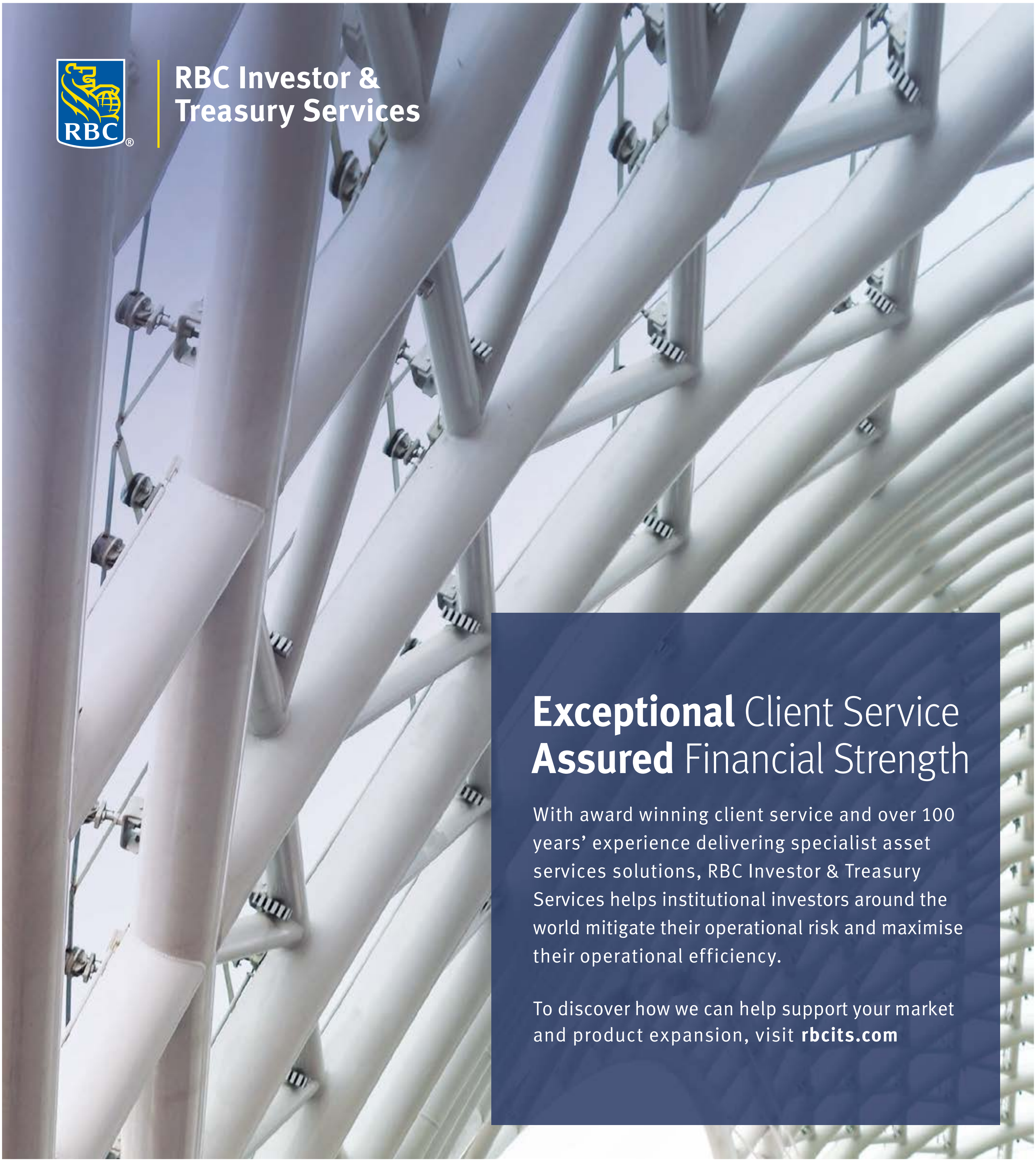
Broadridge has made its first foray into blockchain technology, completing a pilot for a proxy voting solution in partnership with J.P. Morgan, Northern Trust and Banco Santander.

The proof of concept used a distributed ledger technology to create a 'shadow' digital register of the proxy voting taking place, providing insight into the process throughout the complete voting period, from announcement of the meeting date to the annual general meeting itself.

It is intended to improve transparency and analytics in proxy voting, and to allow for role-based access to voting data through cryptography and smart contract technology.

Built on the Ethereum blockchain platform, the pilot supported the annual general meeting of a corporate issuer, with participation from the issuer's agent, Santander Investment.

Vijay Mayadas, senior vice president and global head of corporate strategy at Broadridge, said: "This pilot demonstrates Broadridge's commitment to developing innovative technology solutions to enhance transparency in the global proxy voting process for the mutual benefit of all stakeholders."



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European Parliament takes steps to bolster vulnerable MMFs

The European Parliament has finalised and approved new rules to make money market funds (MMFs) more resilient to turbulence in the market.

The parliament outlined measures intended to improve MMFs' resistance to stress, and to address vulnerability to 'panic runs' on their money.

Under the new rules, funds must diversify their asset portfolios and invest in higher-quality assets. They must also meet new liquidity and concentration requirements and implement stress testing processes to be completed quarterly, at a minimum.

MMF assets will also have to be valued at least once a day, with results published daily.

Rapporteur Neena Gill (pictured), member of the committee on economic and monetary affairs at the European Parliament, said: "I believe this is a win-win deal for both major European MMF sectors, variable and constant net asset value (CNAV) MMFs, respectively. The key aims of preventing future systemic risks and runs on funds have been addressed."

Commenting on the new rules, Amanda Rowland, asset management regulation partner at PwC, suggested that the new rules could prove challenging to implement. She said: "The most critical issue will be assessing whether current funds offering a CNAV will be able to continue to do so under the new criteria."

"Many fund managers will be faced with difficult choices around changing their portfolios to meet more stringent CNAV requirements or moving towards variable net asset value funds. Some may choose to shut down their MMFs altogether. Funds remaining as CNAV will need to prepare to use liquidity fees and redemption suspensions under certain circumstances, and all MMF managers will have to address the detailed rules around eligible assets, portfolio maturity, liquidity, valuation and transparency."

"Those who have not already done so need to start seriously considering these strategic choices and begin what is likely to be quite a complicated journey around client communications, governance procedures and revisions to the prospectus."

Members of the European Parliament also proposed a new category of MMF, the low-volatility net asset value (LVNAV) MMF.

LVNAV MMFs would have a diversified portfolio, subject to concentration requirements, and they would be subject to strict daily and weekly liquidity requirements.

The funds would also be required to describe assets more precisely, and assets would be subject to strict conditions.

The new categorisation is intended to provide improved transparency in order to ensure investors get better quality information earlier.

Gill said: "I am particularly pleased that we found a viable operational model for LVNAV MMFs, which was included at the European Parliament's initiative."

He added: "We believe blockchain will drive increased quality and efficiency in the voting chain by reducing complexity that exists within the process today."

Justin Chapman, global head of market advocacy and innovation research at Northern Trust, commented: "Providing end-to-end vote transparency using blockchain as an enabler has the potential to significantly improve the proxy voting process."

BNP Paribas Securities Services wins $3.2 billion US mandate

Raiffeisen Bank International (RBI) has selected BNP Paribas Securities Services as local custodian for its $3.2 billion US domestic portfolio.

The corporate and investment bank and custody provider selected BNP Paribas following a competitive tender process.

Stefan Wallner, head of network management at RBI, said: "BNP Paribas Securities Services's international presence and global operating model were key to our decision to appoint them as our local US custodian."

Bruno Campenon, head of custody and clearing services for BNP Paribas Securities Services in the Americas, said: "We are delighted to have won this mandate, which demonstrates our growing strengths and expertise in the US."

"RBI, a long-standing partner of BNP Paribas Securities Services, will benefit from our local expertise and client service as well as our presence in both the US and Europe, which will provide them with extended 16-hour service coverage throughout the day."

BNP Paribas Securities Services launched its US custody offering in 2012, to offer post-trade services to banks, brokers and institutional investors looking to access the US market.

Euroclear Bankchain goes for gold with second successful pilot

Euroclear and Paxos have completed a second pilot of their Euroclear Bankchain settlement service for the London bullion market, executing over 100,000 settlements.

The two-day pilot involved 16 market participants including the likes of Citi, Société Générale and Barrick Gold Corporation. The service is due to go live later this year.

Euroclear Bankchain is intended to combine Euroclear's capabilities as an international central securities depository and settlement provider with Paxos's blockchain platform.

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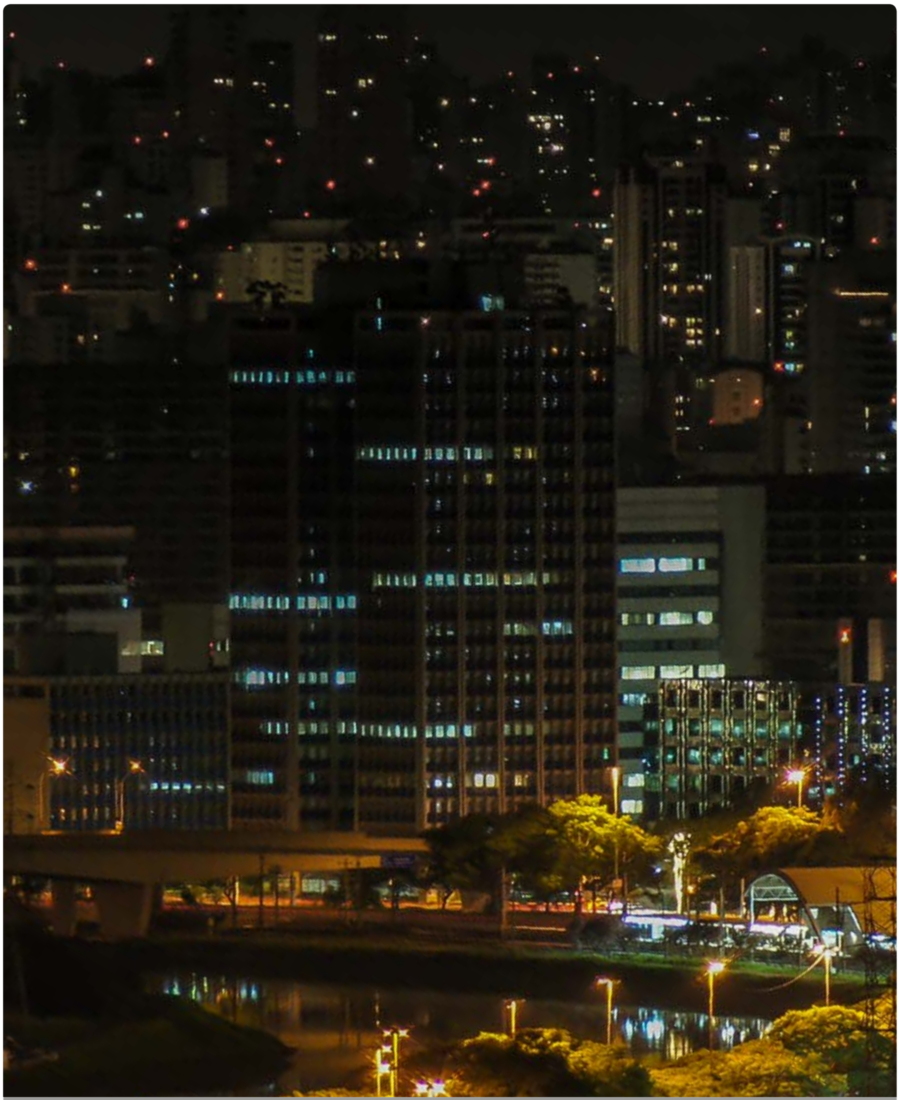


BM&FBovespa and Cetip form new exchange

Brazilian exchange BM&FBovespa has merged with Cetip, Latin America's largest depository for over-the-counter (OTC) securities and derivatives.

The merged entity has been rebranded as B3 and promises to offer an enhanced range of services in its capacity as an exchange for all major asset classes, including securities lending and OTC derivative trades.

B3 also provides central depository and risk control systems up until the final beneficiary, and acts as central counterparty for trades executed in its markets.

The new exchange is headquartered in São Paulo.

B3 promises to be "greater than the sum of its parts."

Its new website says: "With a diversified portfolio of products and services, B3 aims to maximise business opportunities in a dynamic, challenging and competitive market environment on a global scale."

Under the terms of the merger, BM&FBovespa temporarily increased its board of directors from 11 to 13, in order to bring in two Cetip executives for the remaining term of BM&FBovespa's existing board.

B3 posted month-to-month growth in its securities lending volume for March.

Lending volume hit BRL 64.90 billion (USD 20.62 billion), up from BRL 56.75 billion (USD 18 billion) in February.

Transactions figures reached 127,680 compared to 105,389 the previous month.

It is designed to bring instant settlement and delivery-versus-payment to the London bullion market, minimising risk, and reducing capital charges and balance sheet constraints.

The first pilot was completed in December 2016, when the platform settled 600 over-the-counter test bullion trades over a two-week period.

Since then, Euroclear and Paxos have continued to work with the London bullion market for testing and feedback.

Seth Phillips, Bankchain product director at Paxos, commented: "It has been exciting to watch the growth of the Euroclear Bankchain pilot program over the last month."

He added: "We doubled the number of firms and significantly increased interaction as participants were spread across six countries and four time zones."

"Most importantly, we're proving that the platform can deliver lower costs and lower risk for the London gold market."

Angus Scott, head of product strategy and innovation at Euroclear, said: "We are encouraged by the extensive engagement of market participants in this second pilot and will continue as we further develop this new market infrastructure for the bullion market."

"The feedback provided is of great importance to make sure that our service will deliver real added value to the London bullion market through transparency, capital reduction and delivery versus payment settlement."

Euronext and ICE Clear partner up

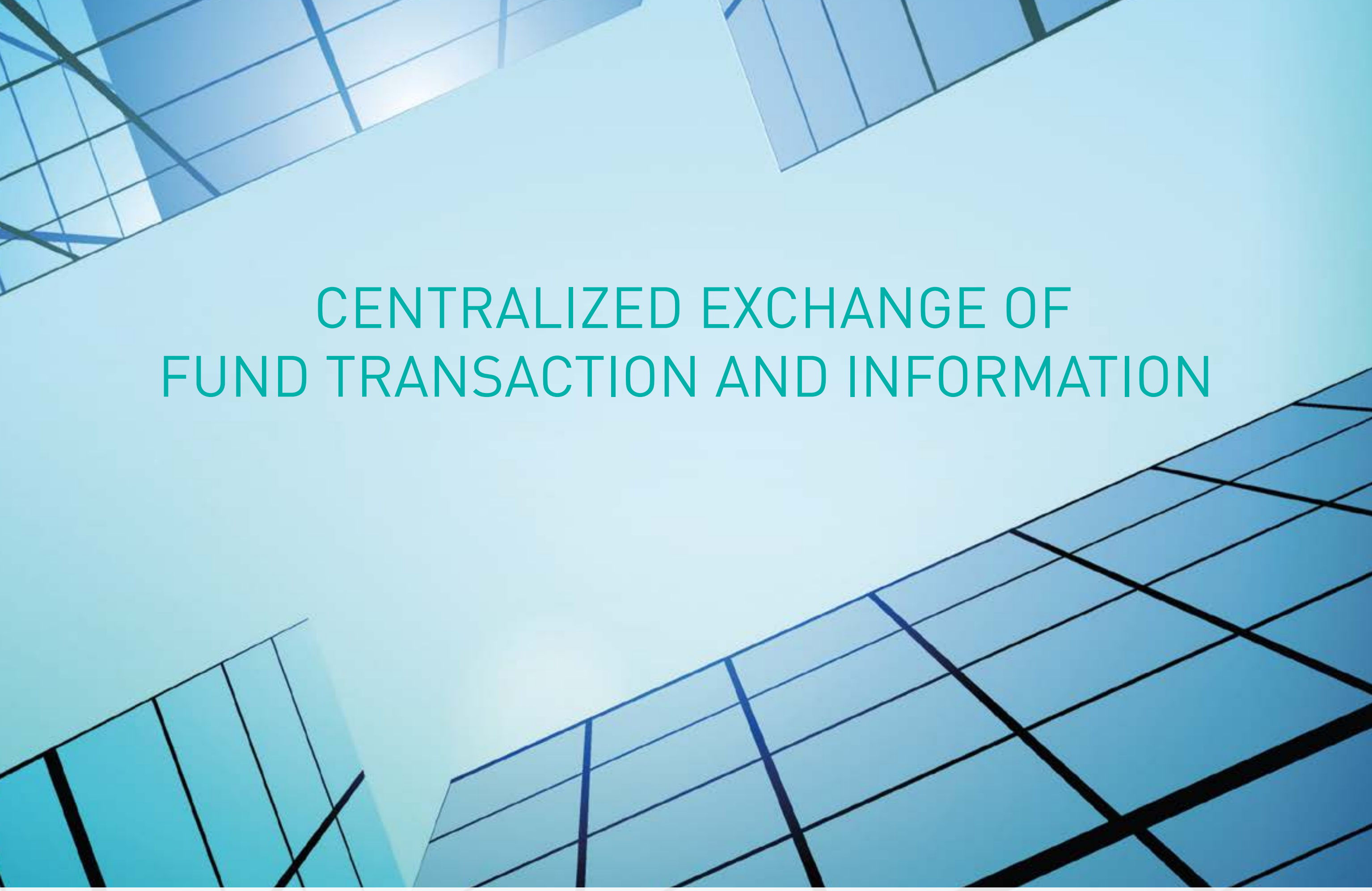
Euronext is set to partner with ICE Clear Netherlands to gain access to clearing services for its financial derivatives and commodities markets.

Clearing operations will be run from Amsterdam, while a new asset financing solution for inventory management and physical delivery for commodities will be built by Euronext and operated from Paris.

Euronext will contribute a €10 million upfront investment in ICE Clear Netherlands.

Both parties have promised to cut headline clearing fees and treasury management fees by 15 percent.

The agreement will begin in Q2 and run for 10 years. Euronext will appoint one representative to the ICE Clear Netherlands risk committee and will chair a product committee dedicated to Euronext's clearing service.



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R3's Corda steps up for DLT lending platform

Liquidity management company HQLAX has teamed up with R3 and five of its member banks to build a collateral lending solution for liquidity transfers.

Built on the R3 Corda distributed ledger platform, the proof-of-concept provides a digital collateral receipt (DCR) lending marketplace to help participants to redistribute liquidity more effectively and cost-efficiently.

According to HQLAX, the marketplace could also improve transparency of collateral chains and mitigate systemic risk by allowing for orderly unwinding in the case of a default.

The group now plans to create a live pilot and production platform, and will engage with regulators to showcase the prototype and gain feedback.

David Rutter, CEO of R3, commented: "The implementation of new bank regulations for liquidity, mandatory clearing, and margin requirements for OTC derivatives has caused a significant increase in demand for high quality liquid assets. As a result, there is a heightened need for a marketplace that facilitates large-scale, cost-efficient collateral transfers across the global financial ecosystem, and Corda exceeded the most demanding requirements."

Guido Stroemer, CEO of HQLAX, added: "The collaborative effort and proactive engagement by the project participants was truly impressive, and the value proposition to help shape the target operating model of the HQLAX platform resonated strongly with the bank participants."

"This project is an excellent example of the R3 business model of testing use cases in its lab and research centre in preparation for production-ready deployment."

The R3 member banks involved were CIBC, Commerzbank, Credit Suisse, ING and UBS.

Thorsten Kanzler, divisional board member for group treasury at Commerzbank, commented: "The digital collateral receipt lending marketplace is an important step on our way to build up a digital treasury product range."

"Once live, the lending place will support Commerzbank's treasury in managing regulatory requirements even more cost efficiently by facilitating collateral transfers on a distributed ledger technology platform."

Ivar Wiersma, head of wholesale banking innovation at ING, said: "In line with our culture and our strategy, ING is eager to continue to collaborate and pursue this forward-thinking opportunity to progress HQLAX to a live pilot phase, in line with our ambition to get distributed ledger technology out of the lab, and delivering tangible business value."

In respect of its cash equity markets, Euronext has launched a preferred clearing service, providing trading participants with the choice of a central counterparty (CCP) of Clearnet and EuroCCP, of which it owns a 20 percent equity stake.

According to Euronext, this service will be open to other CCPs "in due course".

The new relationship is Euronext's contingency plan after the recent collapse of merger talks between the London Stock Exchange and Deutsche Börse scuppered Euronext's plans to purchase LCH.Clearnet SA.

Euronext has said its purchase of the French clearinghouse, worth €510 million, remains a "strategic priority". This would provide a permanent clearing option for Euronext's clients once the agreement with Clearnet expires at the end of 2018.

The European Commission prohibited the merger between Deutsche Börse and the London Stock Exchange in late March on the grounds that it would cause a "de facto monopoly", and that the proposed measures to counter this were not enough.

Although the London Stock Exchange's sale of LCH.Clearnet SA would have resolved concerns around single stock equity derivatives, it would not have addressed the creation of a monopoly in fixed income clearing, the commission said.

As part of its initiative to access clearing options, Euronext acquired a 20 percent stake in EuroCCP and subsequently launched the preferred clearing model for cash equities.

BNP Paribas set for Dutch expansion

BNP Paribas is expanding its presence in the Netherlands, having been appointed as service provider to Dutch asset management firm Actiam.

With €56 billion in assets under management, Actiam focuses on responsible investment.

As part of the mandate, Actiam's 54-strong operational team with join BNP Paribas in the Netherlands, allowing the bank to build on its existing capabilities in the country.

Robert van Kerkhoff, head of BNP Paribas Securities Services in the Netherlands, said: "By combining the high-quality platform of Actiam with our global capacity, we believe we can bring a new approach to servicing the local institutional market."

The mandate is subject to closing conditions.

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Stephanie Palmer reports

Gavin Wells Stephen Phillips Justin Chapman Philippe Ruault

How long is a piece of blockchain?

The Broadridge Capital Markets breakfast event focused on disruptive technologies, specifically blockchain. But, from implementation to regulation and eventual adoption, is anyone clear on what this technology can actually do?

On a sunny spring morning in London City, Broadridge gathered financial services industry practitioners together to discuss the effects of disruptive technology within capital markets, with a panel debating strategies for technological change, regulatory barriers, and the difficulties of changing culture within the industry.

Vijay Mayadas, senior vice president for corporate strategy at Broadridge and moderator of the morning's panel, began by asking speakers just how disruptive new technologies in the market could be.

One panellist, Phillippe Ruault, chief innovation and digital officer at BNP Paribas Securities Services, immediately pointed to blockchain as a potential game-changer, noting that the technology has quickly matured.

Another speaker, Justin Chapman, senior vice president and global head of market advocacy and innovation research at Northern Trust, warned attendees to remain mindful of disruption amid the many challenges their firms may be facing.

However, Gavin Wells, head of Europe at Digital Asset, suggested that, rather than being disruptive, technology should be seen as "transformative" and "enabling".

Technology is about "transforming something to be more efficient", Wells said.

"If a change happens in your market and you sit still and your competitors don't, then perhaps your position will change," he said. "But that's a choice. It's not the technology."

Stephen Phillips, partner and head of the IT practice for Europe, the Middle East and Africa at Bain & Company, suggested that it's important to retain some perspective on the matter of disruption. Phillips noted that there is a subset of activities within the back and middle office where new technologies have the potential to save firms significant amounts of money.

In areas such as reconciliation and compliance management, "there are massive amounts of what one might consider waste", he said.

The complication arises, however, in considering how to develop the technology asset class-by-asset class, use case-by-use case, and jurisdiction-by-jurisdiction. While the benefits are clear, actually implementing the technology can prove to be a lot more complex.

Disrupt and conquer

Predictably, blockchain provoked lively discussion among the panellists. Mayadas suggested that this technology has opened up new ways of conceptualising the whole industry.

He noted: "Blockchain is viewed by some as a profoundly disruptive technology, a transformative technology—others view it as an over-hyped technology or a solution looking for a problem."

Mayadas asked panellists what they believe will drive adoption of blockchain, and how the markets are likely to evolve in a blockchain environment.

Chapman said that blockchain is indeed over-hyped, transformative and disruptive. He added, however, that there are opportunities to be had in how it is deployed.

There are significant costs involved in implementing blockchain projects, Chapman said, however they don't necessarily lie in the technology itself, but in the legal and regulatory requirements, which can triple the budget in some cases.

Chapman noted that blockchain does have the potential to change business structures and reduce inefficiency but, he warned attendees that this change may not be all good, saying that, as financial services providers, "we all charge for that inefficiency".

Phillips also pointed to the cost and economics of blockchain adoption, suggesting that 'wasted' inefficiency dollars represent profits for financial services. For example, the industry has been wrestling with digitising syndicated risk management for years, he said, but this has been difficult because the current status quo is profitable for insurance managers and brokers.

The same thing is likely to happen with blockchain, and the industry has to "find the incentive to break through this".

Ready for regulation?

With regards to the role of the regulation in blockchain, Wells suggested that the regulators are being fairly proactive with regards to the technology, although there are jurisdictional differences.

"When we're dealing with such sensitive issues as financial markets and their infrastructure and their regulators, it's going to be a prudent approach," he said.

"If a new technology is to come in, I would think it's going to come in initially through the trusted operators who the regulators know."

The large, trusted players in the market are the ones regulators can look to for answers and clarifications, Wells said. Only through these firms adopting blockchain first will the regulators have "comfort of control".

Chapman responded to this however, with the claim that: "If you regulate technology you kill technology."

If a firm's business model isn't changing, he argued, the regulator should not have an issue. Regulators should only be involved if a regulated entity within the firm is being modified or removed. Regulators often get wrongly mixed up in technology conversations, Chapman said.

While agreeing with Chapman's point, Wells countered that, whenever technology changes, regulators want to see the outcome of any testing. Even with existing technologies, "they don't regulate the technology, but they do intercede", in order to make sure systems perform as they should, he said.

Ruault added that both firms and regulators may be looking at blockchain slightly differently to other technologies because it has the potential to "change a key aspect of investor protection".

While the intent may not be to regulate the technology, Ruault said, they perhaps need to have an idea of the potential it brings.

Further to this, Chapman also suggested that, in order to get the best from blockchain developments, firms have to consider how the technology is going to work as a whole. He said: "You also need good participants to work with you, you can't do these things alone."

Slow and steady

Adoption of blockchain is likely to be centralised, controlled and consensus-driven, according to Phillips, and take-up will be based on "the confidence that we all have in the underlying technology".

On top of questions that remain around the regulator, there are still issues around the scalability and security of blockchain, Phillips said. He went on to question whether the industry is realistically likely to align itself around a technology that requires data standards.

Wells added to this, suggesting that adoption of blockchain will be an evolution, starting with areas where there is inefficiency, where systems are coming to a natural end of life, or where institutions need to cut costs.

However, he noted that adoption will vary throughout the market.

Just because there are problems in these areas "doesn't mean that this technology is the answer", he clarified, adding: "It doesn't solve all ills." **AST**

Funds de-Lux

Between geopolitical turmoil and the ongoing regulatory challenge, the Luxembourg funds industry remains strong, says ALFI chair Denise Voss

How is Luxembourg faring in the current geopolitical climate?

Luxembourg is well placed as a hub for UCITS funds. It was the first European country to implement the UCITS regulation and, as a small country, it was a good fit as we have obviously had to look outside for business.

There was a lot of early take-up, and Luxembourg developed a cross-border fund business with investors and distributors, first in the various EU member states and, since the late 1990s, outside of Europe, notably in Asia, Latin America and the Middle East. It has been 30 years since the beginning of UCITS, and the funds industry has only continued to grow.

The Luxembourg UCITS structure allows for one legal entity with many investment strategies. That makes it a one-stop shop for investors, and that's one element of diversification that meant we managed to cope fairly well during the global financial crisis.

We have a diversified group of investors—we now have investors resident in 70 countries and asset managers from nearly 70 countries—and many of those asset managers have different business models with regards to setting up Luxembourg funds. They also bring a diversified set of investment objectives.

This diversification means that, for example, when investors in Taiwan are selling, those in Italy might be buying. When things are not going well in emerging market equity, fixed income in the US might be doing better. If you have exposure to a lot of different markets, when one is doing badly, another is likely to be doing well.

During the global financial crisis, as was the case in all financial centres, we took a hit because market prices were generally decreasing. But, because of Luxembourg's diversification on so many levels, the hit wasn't too bad and didn't last too long. There has been volatility recently, and that will continue as a result of recent geopolitical events, but we should be OK.

Finally, Luxembourg's financial centre is important for the country in terms of its economy and budget, and so the government is quite supportive of it. Luxembourg has an AAA rating, reflective of its political and economic stability.

Even when the parties in power change, it remains stable and the government continues to support the financial centre. Small is beautiful in that sense.

On the other hand, we are not an island, and we're certainly subject to the same potential challenges in terms of volatility to markets.

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Could Luxembourg stand to benefit when the UK departs from the EU?

Brexit is something that many jurisdictions in continental Europe hope to gain from. But, Luxembourg and the UK are long-standing partners—around 17 percent of assets in the Luxembourg funds industry are managed by British asset managers.

In fact, from an asset management point of view, Brexit does not seem to be particularly drastic, as most British asset managers set up their UCITS distribution to the rest of the world by establishing their UCITS in Luxembourg or Ireland, and their distribution to local investors is set up through UCITS established in the UK.

Generally, they're already well-organised in that respect.

There may be a need for a post-Brexit strategy, however, around firms regulated under the Markets in Financial Instruments Directive (MiFID) and the upcoming MiFID II, which are usually based in the UK.

There is little to no MiFID asset management activity, that is, segregated account management, in Luxembourg—or in Ireland for that matter. That will likely change for those segregated accounts invested by institutional investors on the continent, as some require, either by law or by preference, a continental MiFID-specific manager.

The potential solution to this is something that is currently being discussed within a lot of companies. It's an evolution, and a new business that Luxembourg is well placed to pick up.

However, we still strongly believe that London will continue to be a very large global financial centre, and Luxembourg is positioning itself in a way that takes that into account.

ESMA chair Steven Maijoor suggested recently that, in light of Brexit, the authority will focus on 'supervisory convergence'—how important is this?

Supervisory convergence is nothing new. Maijoor said that the European Securities and Markets Authority (ESMA) will be looking into it in the near term, but I think Brexit has simply bumped that project up in priority.

The key is that regulated companies are complying with EU laws, rules and regulations. This exercise is actually largely designed to identify where member states are gold-plating. The convergence piece is not primarily focused on member states not doing enough, it is on those requiring more—those where compliance costs more because of extra reporting, or because they require a local management company to be set up. This is not in the spirit of the law.

Regulation is agreed upon by the European member states through the regulatory process and through agreement on the standard.

What are the most pressing issues in the regulatory space at the moment?

We are dealing with MiFID II and the Regulation for Packaged Retail and Insurance-based Investment Products (PRIIPs), and there are also lingering elements of the European Markets Infrastructure Regulation (EMIR), which is in progress.

Europe sets the gold standard, globally, for a lot of financial regulation, and many regulators around the world are upping their game at the moment as well, notably Singapore and Hong Kong. And regulators talk to each other—Asian regulators are discussing the same issues as we are in Europe.

Then, of course, there is the US, where the Trump administration brought the promise (or threat, depending on which side of the ocean you're on) of deregulation.

The Dodd-Frank Act was the US response to the global financial crisis, in terms of ensuring financial products are regulated, and it was already lighter than Europe's Alternative Investment Fund Managers Directive. It's hard to say at the moment what will happen to Dodd-Frank now.

The US Department of Labor's fiduciary rule was also in the process of being implemented when Trump came into power. Some have taken the view that they can stop working on it now, but others are planning to continue, because this is what investors want.

It is awkward to say you're going to implement something to improve the fiduciary role of the asset manager or service provider and then to go back on that in such a bold fashion.

We will have to watch this space carefully, as will the regulators and the European Commission.

Europe is a very different place to the US, but we don't want to create a fortress where our regulatory framework is way ahead of theirs, so it's a case of 'watch this space' at the moment. **AST**

> ***We still strongly believe that London will continue to be a very large global financial centre, and Luxembourg is positioning itself in a way that takes that into account***

Denise Voss, Chair, ALFI

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Comings and goings at OCC, DTCC, LCH and more

OCC has continued its raid on Wall Street with the appointment of David Ridgway as senior vice president for enterprise risk management.

Ridgway has joined the clearinghouse from BNY Mellon, where he was head of risk for North America, a position he held for just over three-and-a-half years.

At OCC, Ridgway reports to John Fennell, executive vice president and chief risk officer.

Craig Donohue, executive chairman and CEO of OCC, commented: "I am very pleased that we continue to attract talented people in financial services like David Ridgway to OCC."

He said: "David Ridgway's experience with firms like BNY Mellon, BlackRock and Barclays will mesh nicely with John Fennell's nearly 25 years of extensive clearing, settlement and risk management knowledge and expertise at OCC, and will help our organisation deliver a more mature risk-oriented culture to better serve market participants."

Ridgway's appointment follows the recruitment of Citi chief compliance officer John Davidson to take up the role of COO, following the departure of Michael McClain last month.

McClain left to join the Depository Trust & Clearing Corporation (DTCC) as managing director and general manager of equity clearing.

In his new role, McClain will be responsible for leading the equity clearing day-to-day, and for running strategic initiatives. He will report to Murray Pozmanter, managing director and head of clearing agency services.

As COO of OCC, McLain was part of the office of the executive chairman, overseeing technology and operations.

He has also sat on the advisory board of directors for the International Options Market Association and on the operations and technology steering committee at the Securities Industry Financial Markets Association.

Pozmanter said: "Michael McClain has decades of experience and a deep knowledge of the financial markets, and his leadership will be critical as the industry continues looking to us for increased support."

McClain added: "I couldn't think of a more exciting time to join DTCC than right now."

"The firm is at the forefront of so many important industry issues and remains committed to advancing an agenda focused on protecting the safety and soundness of the capital markets."

"We have a unique opportunity during this period of financial transformation to build upon the firm's legacy and help to further reduce risks and costs for clients."

Global clearinghouse LCH has appointed Daniel Maguire as group COO, effective immediately.

Maguire takes on the position in addition to his current responsibilities as global head of rates and foreign exchange derivatives, a role he has held since May 2016.

As COO, he will be responsible for achieving new business growth, maintaining customer relationships and driving innovation and efficiency.

He is also charged with developing an integrated global product strategy, working alongside CEOs of the group's various central counterparties, and with the group's chief risk officer.

Maguire joined LCH in 2008, and has held positions including head of SwapClear in the US, and global head of SwapClear.

He also worked as a risk manager for OTC derivatives and fixed income at LCH between 1999 and 2005, before a three-year stint at J.P. Morgan Chase.

Suneel Bakhshi, CEO of LCH Group, said: "Over the past few years, Daniel Maguire has been instrumental in driving growth in our OTC clearing services, SwapClear and ForexClear as well as innovative new products such as compression services and SwapAgent."

"Daniel Maguire is well placed to expand on this success in his new role working in partnership with LCH's senior management team and our members to grow our global business."

MUFG Investor Services has appointed Joe Latini as executive director for relationship management.

Based in New York, Latini will be responsible for relationships across the alternative asset servicing platform, and will work with the existing relationship management team to develop client strategy.

He joins from ENSO Financial Analytics, where he was director of sales for the US. Before this, he spent 16 years at Morgan Stanley in roles such as client service manager and relationship manager. In his new role, Latini will report to Mac Kirschner, global head of client relationship management.

Kirschner commented: "Joe Latini's experience and background speak to how we differentiate our talent in the asset servicing space. [His] ability to develop operational and technological solutions for investment managers will continue to drive deeper partnerships with clients."

Latini added: "MUFG Investor Services's commitment to strategically grow the business, while consistently providing the highest quality client service and experience is what excites me most."

"I look forward to working with premier clientele and continuing to enhance our best-in-class product."

Cantor Fitzgerald has appointed Lance Vegna to head up its portfolio solutions team as global managing director, based in New York.

Vegna joins from Macquarie Securities, where he was head of portfolio services for the Americas, and where he founded and led the portfolio transaction business on a regional basis.

Previously, he founded and co-headed the Credit Suisse Transition Management team.

Shawn Matthews, CEO of Cantor Fitzgerald & Co, said: "[Lance Vegna's] addition to the team demonstrates our ability to attract exceptional talent across the industry and our continued commitment to providing clients with top-tier service."

He added: "Lance Vegna's vast experience with, and understanding of, portfolio solutions, combined with our global distribution platform, will provide clients with a leading customised transition management and asset servicing partner."

Adam Mattessich, co-head of equities at Cantor Fitzgerald, commented: "We look forward to leveraging Lance's experience in portfolio construction, multi-asset agency crossing, custom transition-structuring and risk management."

FundRock has hired Ronan Doyle as head of risk and operations for its alternative investment fund management (AIFM) and UCITS management company branch in Ireland.

With 18 years of experience in the funds industry, Doyle specialises in fund administration, depository and management company services. His appointment is intended to further encourage the growth and development of FundRock's Irish business.

Previously, Doyle worked at Capita Asset Services, where he was responsible for the AIFM and UCITS management company of Capita Ireland. Before this, he spent 12 years at J.P. Morgan Bank in Ireland, holding positions including fund accounting operations manager, and trust and fiduciary client service manager.

Ross Thomson, managing director of FundRock Ireland, said: "At FundRock we have a long heritage in fund governance developed over 80 years and have been involved in the Irish market servicing funds since 2012. As we look to expand our offering in Ireland it is important that we source local talent and expertise in order to enhance our clients experience and increase our Irish network."

The announcement follows the appointment of Louise Harris to FundRock's Irish branch as head of legal and compliance. Harris's appointment, announced at the end of March, was reportedly part of a long-term strategy to improve investment management services for Ireland-domiciled funds. AST

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