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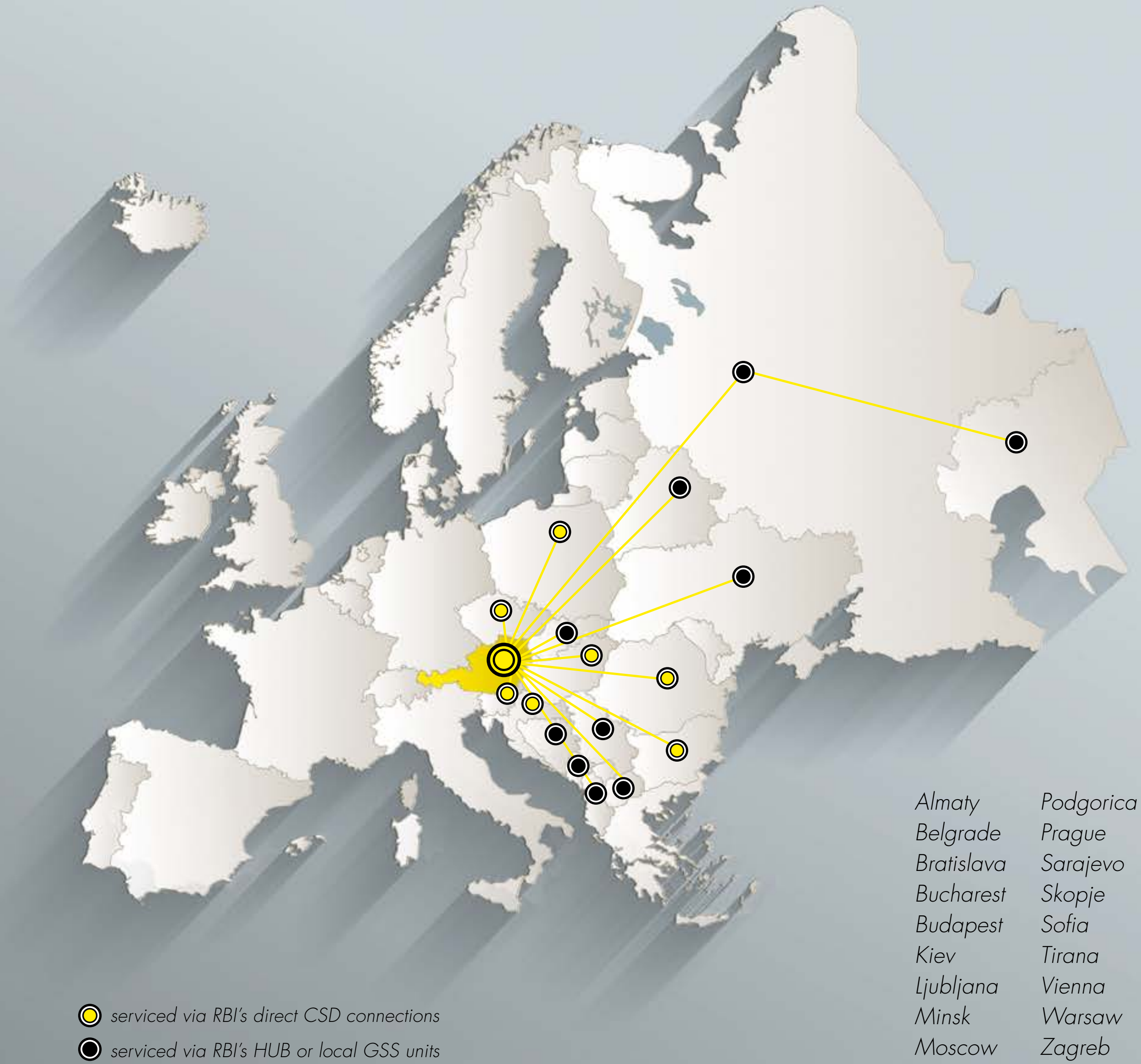
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ESG investment seeing increased interest, according to BNP Paribas

Asset managers and owners are set to increase their allocation into investment strategies that incorporate environmental, social and governance (ESG) aspects over the next two years, but there are still significant barriers to adoption, according to a BNP Paribas survey.

The survey report noted that 77 percent of asset owners already incorporate ESG aspects into their strategies, while 80 percent of asset managers incorporate ESG in terms of the products they market.

Of the asset owners that already incorporate these aspects, 46 percent said they currently invest 25 percent or less into ESG-specific strategies, but intend to increase allocation to 50 percent over the next two years.

Similarly, of the asset managers that already incorporate ESG strategies, 40 percent said they already market 25 percent or less of their funds as ESG or responsible investment funds. However, 54 percent said they plan to increase this to 50 percent or more over the next two years.

Of all respondents taking ESG issues into consideration, 42 percent said they see the environmental aspect as having the greatest potential influence on returns, something that the report said "shows that organisations are planning ahead to future legislation and the transition to a low-carbon economy".

Equally, 50 percent of those integrating ESG are also embarking on other sustainable investments such as green bonds specifically allocated to environmental or social projects.

Sid Newby, head of asset manager and asset owner sales at BNP Paribas Securities Services, said: "There is set to be a huge shift in the way investments are selected over the next two years. It is widely accepted that incorporating ESG can be beneficial to returns, but what we will see now is firms really putting investment weight behind this."

A lack of robust data available, and the cost challenges of building new resources, emerged as barriers to further adoption of ESG investment.

Of all respondents, 64 percent of asset owners and 47 percent of asset managers expressed a concern that a lack of data could act as a barrier to further adoption of ESG strategies now, although only 22 percent of asset owners and 8 percent of asset managers anticipated this still being an issue in two years' time.

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Almost a quarter of the total number of respondents, 23 percent, also noted concern around the lack of advanced analytics with regards to ESG investment strategies.

Trevor Allen, product specialist for investment risk and performance at BNP Paribas Securities Services, said: “While the industry expects to capture data effectively within two years, the ability to draw conclusions from the data will remain a challenge. That is where smart data, artificial intelligence and ESG specialists will step in.”

“We expect to see both managers and owners really ramping up their tech and personnel capabilities to address these needs in the coming years.”

The mounting costs of building new resources was considered a concern for 31 percent of the total respondents. Further, 28 percent of asset managers surveyed said they are concerned that they don’t have the ability to meet asset owners’ needs with regards to ESG, a figure that did not change when looking ahead two years.

Newby said: “Asset managers will need to work closely with owners to understand their ESG needs and design products suited to them—but this will require investment.”

Funds need to keep an eye on BEPS negotiations at OCED, say experts

Fund participants were encouraged at Guernsey’s Fund Forum to pay close attention to negotiations over base erosion and profit sharing (BEPS) rules.

The Organisation for Economic Cooperation and Development’s (OECD) BEPS project aims to harmonise global rules.

Speaking at Guernsey’s Fund Forum event on 11 May, tax experts Tony Mancini of KPMG and Abhijay Jain of PwC stressed that fund participants should remain alert as to how negotiations at the OECD unfold.

Mancini said: “BEPS is not intended for the investment management sector, but the problem we have is that we could be collateral damage. There’s a steamroller that if it carries on we could just get squashed.”

Groups such as the British Private Equity & Venture Capital Association and the Alternative Investment Management Association are pushing back to ensure that exemptions for funds are guaranteed, but BEPS still has a long way to go, according to Mancini.

A present danger is that the brains behind the BEPS principles do not necessarily appreciate the importance of investment funds, nor how they operate.

Mancini added: “A continuing focus on the term ‘substance’ and what constituted ‘substance’ from both funds and commercial business perspectives had created a lot of noise—much of it misdirected—which could lead to BEPS and related EU initiatives being misapplied to the funds sector.”

In agreement, Jain said: “What this substance argument is doing is providing ammunition to local countries and local governments and local tax authorities to say, ‘you know what, I’m going to ignore all of that and I’m going to penalise you’. So, if you are doing investment into an Italian business, Italy will argue that you have a business of fund management in Italy itself and they will tax you for every dime you make in Italy.”

“That’s where I think it becomes something the fund management industry does need to watch out for, because the application is not uniform. Every country has its own version of what BEPS really means.”

R3 bounces back, raises record funds for DLT development

The R3 group has raised $107 million in two tranches of fundraising, securing the largest ever investment in distributed ledger technology (DLT) to date.

The first and second tranches of R3’s Series A round of fundraising was open only to R3 members, and attracted investment from 40 of the group’s institutions.

A third and final fundraising tranche, due for later this year, will be open to both member and non-member institutional investors.

According to R3, the funds will be used to further the development of DLT, and to expand strategic partnerships for product deployment. The development will focus on Corda, R3’s DLT platform for regulated financial institutions.

The funds will also be put towards R3’s infrastructure, supporting partner-built applications designed to interoperate with existing networks and systems.

R3’s 80-strong member base includes banks, clearing houses, asset managers, trade associations, technology firms, professional services firms, and more.

Members that contributed to the fundraising included the likes of Bank of America Merrill Lynch, BNY Mellon, Northern Trust, BNP Paribas and Deutsche Bank.

The record investment marks a return to form for R3, following the exit of founding member Goldman Sachs in November last year, followed closely by Morgan Stanley and Santander.

David Rutter, CEO of R3, commented: “This investment is unprecedented. Many of the world’s largest financial firms have come together not just with capital support, but with a robust commitment to work with R3 in developing industry solutions that will be the building blocks of the new financial services infrastructure. We’ve got unparalleled momentum.”

“R3 has proven the collaborative model can successfully drive innovation in financial services to a degree never before seen,” he added.

“In the space of less than two years, we have built a network of over 80 members, launched an open-source distributed ledger platform specifically for wholesale financial markets, conducted over 60 detailed use cases across a variety of asset classes, led the way in regulatory engagement on behalf of the broader DLT community and are ahead of schedule for initial commercial deployments this year. We are on our way to becoming a new operating system for financial services.”

LGPS board releases transparency code for managers

Asset managers working on the new Local Government Pension Scheme (LGPS) for England and Wales are now able to sign up to a transparency code as a way of boosting their attractiveness for mandates.

The voluntary code focuses on shedding light on investment cost and fees applied by asset managers to the administering authority of the pension fund.

Managers that conform to the code must create an automated annual reporting system with their client for relevant fees and transaction costs within 12 months of signing up. Pension funds can request these reports on a quarterly basis.

The reports must be presented using templates created by the LGPS board. There are separate templates for segregated portfolio management and for pooled funds.

If an investment manager operating a segregated mandate invests in a pooled fund as part of that mandate, the reporting will be done via the manager’s own template.

Speaking on the code’s launch, KAS BANK UK product manager Stewart Bevan, said: “It’s

Canadian securities regulator expands T+2 proposals

The Canadian Securities Administrators (CSA) is fielding comments from financial market participants on its final proposed amendments to its roadmap for Canada's transition to a T+2 settlement cycle, scheduled for 5 September.

The proposals relate to the National Instrument 24-101 Institutional Trade Matching and Settlement (NI 24-101) for equity and long-term debt market trades. These amendments will apply to registered dealers and advisers, clearing agencies and matching service utilities.

CSA confirmed that, because of the interconnectedness of Canadian and US capital markets, final amendments to NI 24-101 will come into force in tandem. At the same time, the CSA published a 'notice and request for comment: adoption of a T+2 settlement cycle for conventional mutual funds', along with proposed amendments to National Instrument 81-102 Investment Funds (NI 81-102), which would see the settlement cycle for conventional mutual funds cut to T+2.

Comments on the proposed amendments to NI 81-102 should be submitted by 26 July and regulators expect to publish the final amendments late in the summer of 2017.

Louis Morisset, CSA chair and president and CEO of the Autorité des marchés financiers, said: "Canadian securities regulators are committed to facilitating a smooth transition to the T+2 settlement cycle and to ensuring consistency across the markets by applying the shorter settlement cycle to all securities, including mutual funds."

excellent to see the cost transparency debate take another major step forward at the PLSA conference. The transparency code launched by the UK's LGPS looks like a significant contribution toward better cost disclosure for pension schemes."

"Adoption will develop into best practice in time, but real success will be achieved once all this information is presented in a meaningful way for schemes, and used by trustees to make better-informed investment decisions for their members."

The code was developed to assist LGPS administering authorities in gaining greater clarity on investment fees and was created in partnership with the the Chartered Institute of Public Finance and Accountancy, along with other key stakeholders.

The LGPS pooling project is set to launch in April 2018.

Asset managers tackle issues in Chinese bond market

Hong Kong asset managers were invited by the People's Bank of China (PBoC) and the Hong Kong Monetary Authority (HKMA) to an exchange this week, to tackle the technical and operational issues facing the inter-bank bond market.

Delegates were invited to share their views on investing in the China inter-bank bond market (CIBM) and the growing trend of renminbi internationalisation, along with other macroeconomic issues of the Mainland.

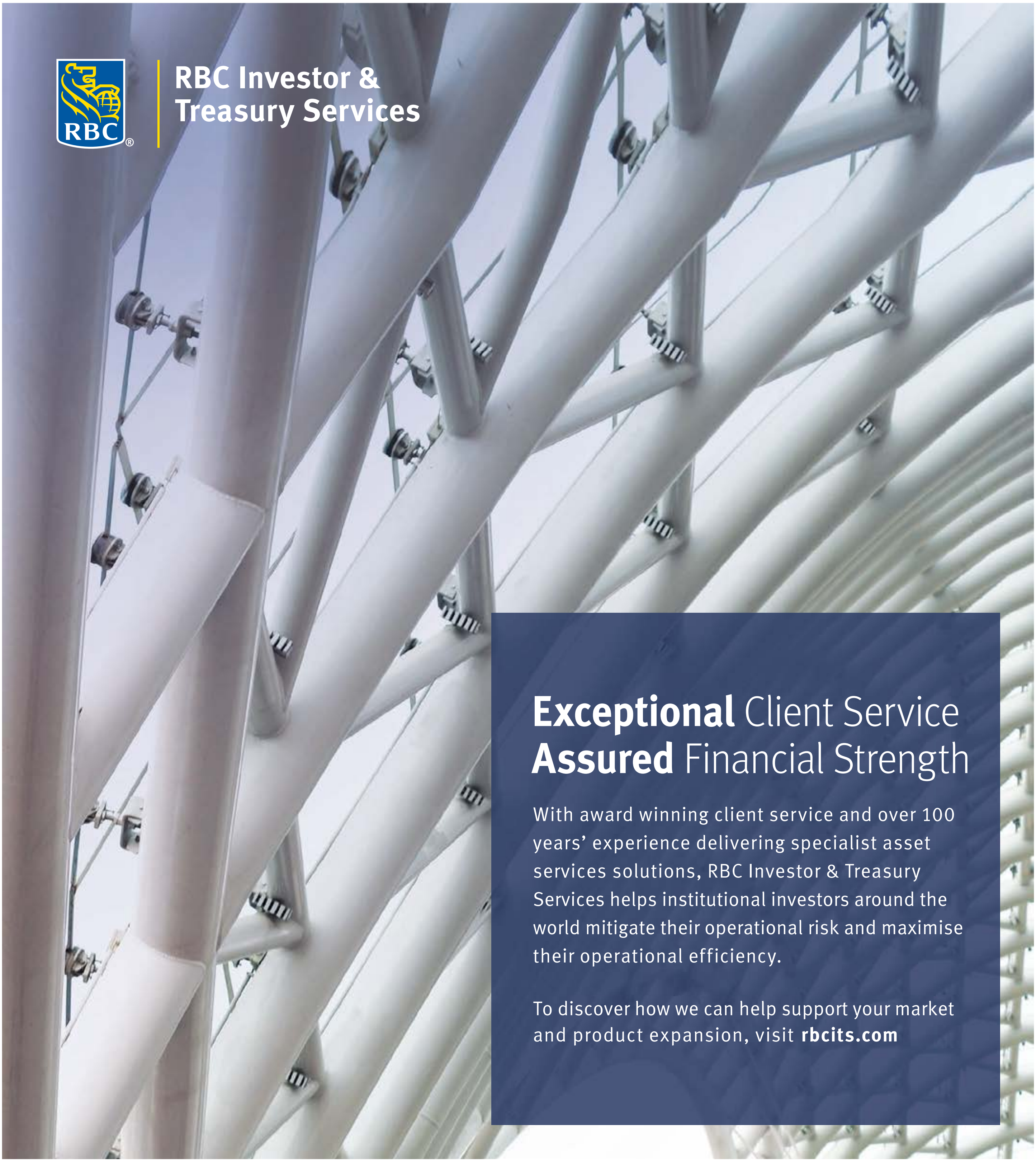
HKMA described the event as an opportunity for asset managers and owners to meet and exchange views directly with the Mainland authorities.

Participants in the exchange included representatives from over 20 leading private and public sector asset managers and owners that have fixed income operations in Hong Kong.

These institutions manage over $9 trillion of assets globally.

The exchange was led by Bu Yongxiang, deputy director general of PBoC Research Bureau (on behalf of Dr Ma Jun, chief economist of PBoC Research Bureau) and Vincent Lee, executive director (external) of the HKMA.

China has the world's third-largest bond market, with outstanding bond value totalling RMB 65 trillion ($9.4 trillion). Mainland authorities have in recent years taken steps to open up the CIBM to international investors.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A HKMA spokesperson said: "As Asia's premier asset management and risk management centre, Hong Kong has always been the gateway for international asset managers and owners to invest in the Mainland and manage the attendant risks."

"Today's exchange is another example where Hong Kong leverages its connections with, and knowledge of, both the Mainland and international markets to bring the two sides closer together."

Nasdaq supports Chilean CSD in post-trade technology overhaul

Depósito Central de Valores (DCV), the Chilean central securities depository (CSD), has selected Nasdaq's CSD solution to provide its post-trade technology infrastructure.

Based on the Nasdaq Financial Framework, the solution will replace DCV's existing core systems and infrastructure.

The solution offers trade and instruction management, settlement, custody, corporate event management and registry services, and coverage of all securities in multiple currencies.

It also provides settlement support with optimisation algorithms, and the potential to provide facilities for securities lending and borrowing accounting, as well as straight-through processing in line with global standards and market practices.

Fernando Yáñez, CEO of DCV, said: "We believe with the implementation of this new system, we will have more opportunities for growth and diversification in our current services, as well as strengthening our day-to-day operations."

Lars Ottersgård, executive vice president and head of market technology at Nasdaq, added: "As a partner with the DCV on transforming their technology to a next-generation platform, the Nasdaq Financial Framework's open nature will support the future growth and demand of their business, as well as requirements from partners and regulators."

MainstreamBPO to expand in Europe and Cayman through Trinity acquisition

MainstreamBPO has entered into an agreement to acquire Trinity Fund Administration in Dublin and the Cayman Islands.

The acquisition is intended to complement MainstreamBPO's existing operations, and to improve its capabilities in the two fund domiciles. It will also allow the group to move into European fund product markets, allowing them to provide services for regulated UCITS and non-UCITS products.

Trinity, which is currently privately owned, provides administration, transfer agency, risk and regulatory reporting and other ancillary services to around 140 funds in various jurisdictions.

It provides services and administration to around $7 billion in assets.

Trinity's 30 staff members will all join MainstreamBPO, and founder and CEO John McCann will join the executive team as CEO of European and Cayman operations.

McCann said: "We are very pleased to become part of the MainstreamBPO group, whose cultural fit is strongly aligned to our own."

"This is a very exciting milestone for Trinity as the combined group will provide numerous opportunities for business expansion and our staff, while allowing us to continue to focus on delivering outstanding committed service and putting the client first."

The acquisition is expected to be completed in July 2017, subject to various regulatory approvals.

Immutability inside

Blockchain solutions are coming to market after a protracted period of hype. AST and NuArca's new service for proxy voting is among the latest

The enigmatic blockchain is easily the posterchild for innovation in asset servicing, but distributed ledger technology is at risk of failing to live up to its own hype, unless someone steps in to mentor and guide it.

Transfer agent, proxy solicitation and governance services provider AST, also known as American Stock Transfer & Trust Company, has teamed up with blockchain specialist NuArca to do just that. Their new blockchain solution is aimed at proxy vote tabulation, which, according to Chris Jutkiewicz, AST's chief technology officer, suffers from "a lag time between when votes are sent and when the management system achieves enough confidence in the results to provide issuers with meaningful analytics".

Blockchain will drive "an efficient vote tabulation process that will be combined with additional advanced analytics to give near real-time insight in order to drive campaigns forward", Jutkiewicz explains.

"AST has overseen thousands of proxy campaigns over the years. We have a huge historical database that, with the new solution, can be used more effectively to structure campaigns and drive our internal operational effectiveness while providing more results-oriented analytics to clients. The blockchain solution will allow us to more quickly and effectively leverage the demographics of particular clients' historical voting patterns, versus near real-time vote results to manage the campaign in progress."

"The immutability of transactions on the blockchain will allow for verification of share ownership at record date, timely and accurate reconciliation to voting, and vote analytics. The inherent transparency of blockchain transactions and the speed and ease of transaction recordation will enable greater confidence in vote statistics."

The trick to making blockchain useful in a financial services context is compliance. As Keith Bear, blockchain lead and vice president of global financial markets at IBM, said in an interview recently, regulators such as the European Securities and Markets Authority (ESMA) are putting a lot of effort into creating a dialogue on emerging technologies such as blockchain.

According to Bear: "ESMA's view at the moment is that it's not the technology that needs to be regulated, it's market participants' use of the technology. As we see more products come to market, we will see more regulators play a proactive role alongside the market. There are already examples of this happening with the Guernsey Financial Services Commission and the Japanese Financial Services Agency, which are dealing with developed blockchain solutions at the moment."

"These regulators aren't necessarily taking a leading role but are actively participating because they see the value of what the technology brings in terms of trust and transparency."

Todd Cooper, managing director and co-founder of NuArca, adds: "In this increasingly regulated market, with its very high bars for maintaining compliance, there are a lot of great ideas that might have trouble getting into production, because of the compliance hurdles that are associated with them. This is particularly the case with new firms that are not very familiar with compliance obligations that they may face. They could also end up with technology that cannot handle the throughput that's required, or the cost of operations will be too high."

"With our new blockchain solution, we have anticipated that, in part because AST is fluent in compliance, based on its role in the industry," Cooper says. "There are a lot of organisations that have good proofs of concept, but they are hesitating when it comes to implementation. That's been a big topic at recent conferences. They have some great ideas, they know that they work, but they are far away from putting them into production."

Despite their new blockchain solution for proxy voting not taking off until the start of the 2018 proxy season, AST and NuArca are already considering where the technology can be applied next.

Susan Lawrence, executive vice president and chief marketing and strategy officer at AST, says there are a lot of use cases within AST's business model where blockchain could be very effective. "What we're doing is taking a methodical approach to leveraging blockchain to enhance our existing solution. We're not looking to entirely replace our existing infrastructure with blockchain, but there are obvious transaction-based solutions within our recordkeeping organisation where blockchain will help us to become much more effective."

"The goal isn't the distributed ledger per se, but really enhancing our offering to clients and looking at opportunities to take that infrastructure and leverage the data modelling and transparency to deliver a better solution to our clients." **AST**

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In the right place at the right time

The pressure being exerted on collateral management is increasing. Jason Ang of SmartStream explains how enterprises are adapting

What are the key pressures placed on collateral management today?

The key pressure on collateral management is the gathering, understanding and application of information. As one client described it to me, there is currently a tsunami of regulation around collateral. The onus is on us to catalogue all of the different rules coming from regulators, keeping on top of their respective timelines, and working out how to implement them.

Obtaining industry consensus is the best way to achieve this. The right solution and resources have to be found per enterprise, but one solution never covers all of the requirements for collateral. Achieving a consensus means regulatory functionality can be applied widely, while we work to accommodate the needs of each individual enterprise.

This brings its own pressures. Enterprises need the right collateral management solution in the right place at the right time, which often comes down to collateral optimisation and the processing of assets. However, even the meaning of ‘optimisation’ changes across enterprises. To some it just means placing the right eligible collateral, while others view it as firm-wide optimisation of assets.

There is movement toward enterprise-wide collateral management, but it is not easy to achieve, and again, what that looks like at each enterprise changes. For some, enterprise-wide collateral management focuses on transforming collateral to meet multiple obligations, or raising cash and high-quality liquid assets for initial and variation margin. If an enterprise is holding cash, it will need to generate returns from that cash. A money market fund for that cash brings with it the issue of redemptions, which could clash with same-day settlement requirements.

There are all of these different pieces that put pressure on collateral management today, from regulation to optimisation to liquidity, not forgetting cost and time. What was once a lightly regulated process is now heavily monitored, meaning that enterprises have much to consider and implement, and they need the right partners to do it.

How much education does SmartStream have to provide in its role as partner?

We have to provide knowledge to our clients in the form of insight into how others are managing their collateral, how to implement a solution in their cases, and prepare them for the future. Our clients rely on us because we’re a member of groups such as the International Swaps and Derivatives Association; we consult with legal experts to find out what certain rules mean and how compliance can be achieved, and we have collateral management personnel from the field bringing their hands-on experience to the mix. This way, we can tell clients what’s coming up and show them the functionality that we have created to deal with it. This gives them a lot of peace of mind.

How has SmartStream adapted TLM Collateral Management since its launch?

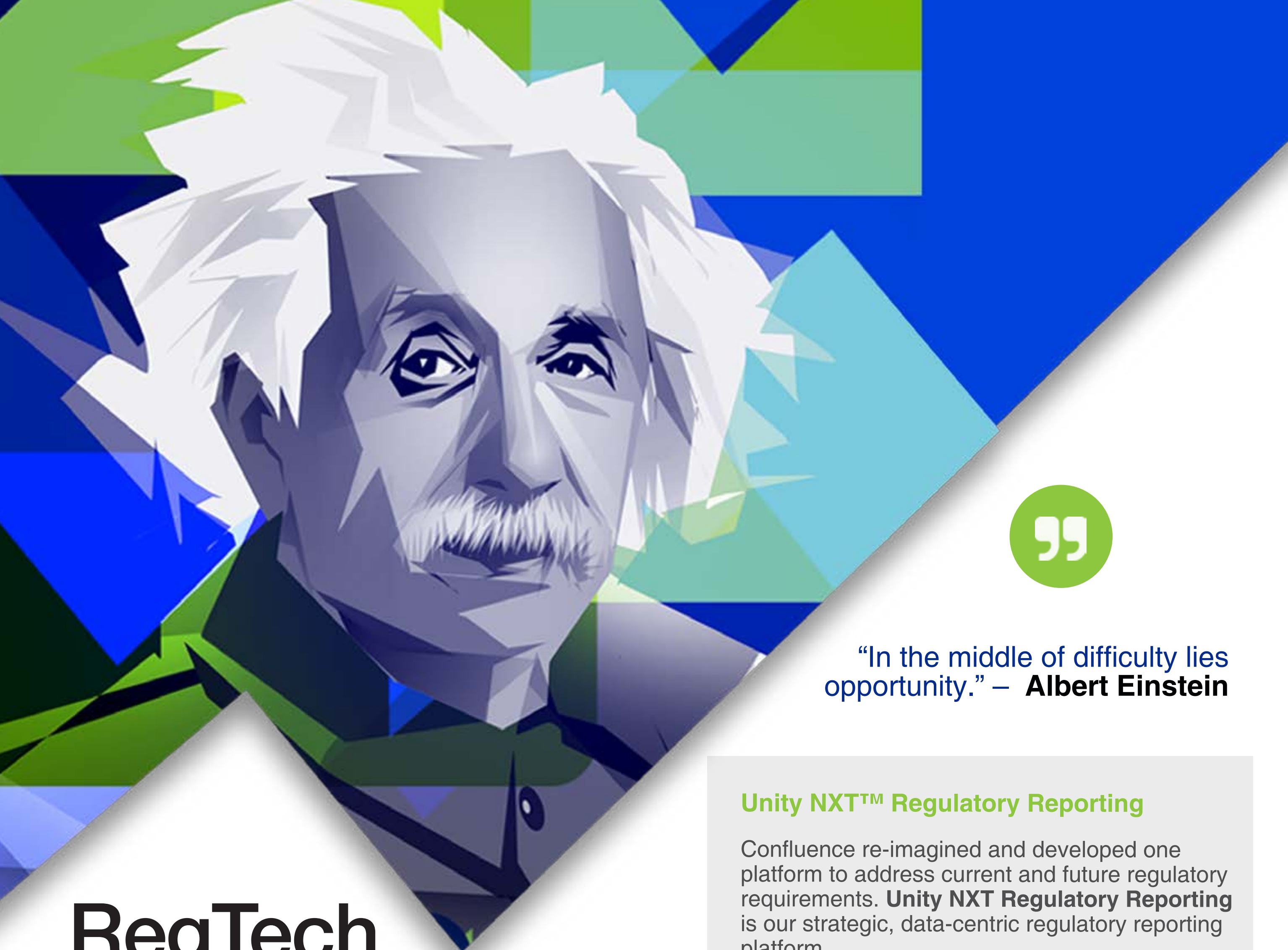
SmartStream’s TLM Collateral Management solution has been around for a long time. It was previously known as Algorithmics Collateral and has undergone a series of acquisitions, ending with SmartStream’s in 2015. We have added a lot of functionality to the solution in that time.

The solution is on to its fifth version now. On top of its regulatory functionality, we have worked to open up the solution to public application programming interfaces. We want TLM Collateral Management to be able to interact with systems not just within the organisations that we call clients, but also those that stand outside. As a result, we have added the ability to interact with the other companies. We have an AcadiaSoft adaptor for messaging and initial margin, and we have created adaptors to LCH so that there is connectivity.

We have quite a lot of partnerships that will be coming to fruition very soon, because we want to be able to work with outside partners as well as internal partners at organisations we are already in. This last point is important because we are also finding that collateral is looked at from different points of view across groups within a single organisation, so there is a need to have all of the information available for the different stakeholders. **AST**

There is movement toward enterprise-wide collateral management, but it is not easy to achieve, and what that looks like at each enterprise changes

Jason Ang, Programme manager, SmartStream



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TIME FOR T2S

As the pan-European settlement harmonisation project comes to its conclusion, the industry is waiting to see what the banks will bring to the party

The fifth and final wave of Target2-Securities (T2S) is almost upon us, with the Baltic central securities depositories (CSDs) of Estonia, Latvia and Lithuania gearing up to migrate to the pan-European settlement system alongside Spain's Iberclear.

For many, however, the fourth wave, completed between 3 and 5 February, was the real biggie, as Clearstream Banking in Germany made its migration, reportedly doubling volumes on the platform to 500,000 transactions per day. With Luxembourg's LuxCSD also joining in wave four alongside the Slovakian, Slovenian, Hungarian and Austrian CSDs, Clearstream claims that the wave brought volumes on the platform up to 80 percent of the expected final total, while Yves Mersch, a member of the executive board of the European Central Bank (ECB), put this figure at closer to 90 percent.

Transitioning the 17 European markets to a harmonised settlement platform has been a project 10 years in the making, and by most accounts, it's been a successful one, albeit not yet quite complete. Speaking at the Government Borrowers Forum in Luxembourg in May, Mersch said: "T2S has integrated the securities settlement business, bringing the economies of scale it needs."

Looking to the future, Mersch welcomed the proposal for international central securities depositories to move Eurobonds to T2S, and the addition of the Danish krone to the platform, scheduled for October next year. Mersch also suggested that some CSDs outside of the EU have expressed interest in joining T2S. According to Mersch, the platform has significantly reduced the cost of CSD settlement. He said: "Our initial cost estimations showed that the average fee per domestic CSD settlement in the euro area was €0.73, while cross-border transactions were up to 10 times more expensive. The launch of T2S has brought the transaction fee per instruction down to €0.15."

However, despite his general positivity, Mersch added: "T2S is built on a full-cost recovery principle and we continue to monitor the cost recovery prospects. Consequently, in the first half of 2016 a review of the T2S operating costs was launched."

He continued: "Despite the positive market trend, we cannot rule out that the price list will need to be adjusted after 2019 and/or the cost recovery period extended."

Changing flavours

From the point of view institutions, the fourth wave marked a certain milestone, with the go-live of significant volumes potentially acting as the defining signal of the platform's success. For some, it was the point at which they really started to consider how they could best benefit from it.

Julien Kasparian, head of UK sales and relationship management, banks and broker-dealers at BNP Paribas, says: "Most financial intermediaries waited for at least wave four before assessing possible optimisations. For some of them, wave five is also a big leap."

He adds: "The short sequencing of all T2S migration waves and complex adaptations for each of them has often led to delaying more strategic moves."

With regards to expansion and further development of the T2S platform itself, Tony Freeman, executive director of government and industry relations at the Depository Trust & Clearing Corporation (DTCC), foresees a period of relative calm and reflection following the fifth wave.

"In the next phase, the ECB will likely be focusing on getting the markets accustomed to the change, ensuring smooth running, and making sure that the platform is operating to the fullest possible extent," he says. "According to the ECB data, the platform has helped achieve impressive improvements in terms of cost cutting and settlement efficiency."

Freeman says: "The primary goal of the project was to create a more streamlined, harmonised and competitive post-trade market environment in Europe. There are very clear signs of that starting to happen as a result of T2S."

Previously, custodian banks would have had a different sub-custodian in each of the 17 T2S markets. The new set-up, however, has meant a move towards an agent bank model, with one bank performing settlement services across some or all of the 17 markets. According to Freeman, this new model is leading to a more competitive and streamlined market—exactly what the ECB had in mind.

T2S has proven popular among the global custodians, Freeman says, giving them more flexibility and allowing them to offer a more harmonised service in Europe.

"Fragmentation of the European market made it challenging for global custodian banks to operate here," he says, adding: "T2S will provide them with a platform on which to build a bigger European business by standardising the settlement process."

Sweet enough?

One blip that has emerged in the T2S landscape is the fact, while settlement volumes may look healthy, cross-border activity makes up little of the total.

According to Kasparian, in January's volumes cross-CSD transactions accounted for just 0.14 percent of transactions. And this did not pick up following the grand wave-four migration—in March, cross-CSD transactions still accounted for 0.36 percent.

In its monthly earnings report for April, Clearstream cited legal barriers that make it complex to hold securities cross-border, suggesting that this leads to high transaction costs and uncertainty among investors.

Marc Robert-Nicoud, CEO of Clearstream, said: "The harmonisation objective requires both infrastructure development and a change in market behaviour. T2S migration has not yet translated in market participants changing their model to take full advantage of the T2S benefits."

He went on: "When contributing to market safety and efficiency, market harmonisation should be welcome by all market participants."

Clearstream is continuing with the development of T2S solutions in order to best deliver on the ambitions of the project, Robert-Nicoud said, adding: "We see these efforts as critical to ensure that the market gets the benefits of the investments made over the last years."

Kasparian calls the lack of cross-border activity "a deliberate choice of market participants".

He says: "We [BNP Paribas] believe that cross-border settlement in T2S is efficient, and current volumes of cross-CSD settlement do not prevent reaping the full benefits of T2S."

However, he notes that, at least with regards to cash, BNP Paribas research suggests T2S does allow for very efficient optimisation of liquidity across markets, specifically through the use of central bank money and cross-border auto-collateralisation, "which allows eligible securities to be held in one market to fund transactions settled in others".

On the other hand, Freeman suggests that this is simply a case of patience. He points out that T2S is not yet complete as a fully-operational pan-European platform and, although wave five is a comparatively small one, the market will be following it closely.

To expect cross-CSD activity to have already become the norm is "unrealistic", he says.

"These changes are highly complex. Existing service providers and new service providers will have to work together to successfully implement the new model. This will not be simple."

"However, we expect to see the breakdown of the regional siloed model over the next year or so, which will likely lead to a prominent, and rapid, growth in cross-CSD activity."

While the final wave of migration may be just around the corner, the changes the platform will bring about are by no means coming to an end. With the potential for new markets, currencies and solutions for shares, bonds and exchange-traded funds trading on the platform, the possibilities are extensive. But, having taken 10 years to get this far, the ECB is in no hurry to make any more major changes. As Freeman says: "This isn't a race, and the ECB is known to be a very methodical organisation that focuses on the long term goals."

As it stands, Mersch, at least, appears to be happy with the platform's progress. At the Luxembourg forum, he said: "T2S has not only harmonised the settlement of securities across Europe and brought forward post-trade harmonisation ... it has also optimised their liquidity and collateral management, which many regard as being the greatest benefit." **AST**


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in between

Bringing blockchain forward

Building an effective ecosystem around blockchain technology will take time, but Luxembourg is the best place to start, says Maxime Aerts of Fundsquare

Realising blockchain's potential for the cross-border asset management industry will require wide-ranging cooperation. Luxembourg's formula for success is its unrivalled ecosystem of expertise and public-private cooperation. Thus, a distributed ledger technology project based in the Grand Duchy is well placed to unlock the full range of benefits.

Digital transformation in the asset management industry could lead to enormous efficiency gains. This will be a long-term project, with the first step being the creation of systems that attract and win the trust of fund businesses, regulators and service providers.

Once this is accomplished, there will likely be broader willingness to invest time and resources into perfecting these processes.

Leveraging the Luxembourg ecosystem

Luxembourg's unique ecosystem of experienced professionals are the reason it has become the world's number one cross-border fund domicile. As well as having first-class specialist service providers, consultants, IT companies and lawyers, the Luxembourg fund industry is supported by a proactive public sector.

The work of the government, civil service and the regulators is central to the country's success.

This collaborative approach is at the heart of the Luxembourg-based FundsDLT project being led by fund industry services firm Fundsquare, KPMG Luxembourg and InTech.

This effort has the support of multiple local players from a variety of business areas. They are helping to define a roadmap, observe progress, make suggestions and assist with testing.

Buy-in and progress

At Fundsquare, we have learned from the experience of other blockchain projects of the need for an agile approach and a clear development plan. Too many efforts to explore this technology have become bogged down as relatively minor differences of view, and have blocked progress. This is why FundsDLT is not a consortium, but a focused working group with broad industry support.

A team of experts has been using this support network over the past 18 months to get to grips with unlocking the potential of distributed ledger technology (DLT). DLT is the blockchain-based technology that powers crypto-currencies. A project roadmap and early prototypes are now in place, with the working group balancing speed with the need to maintain a unified effort. Luxembourg is the ideal place to form a minimum viable innovation ecosystem from which an efficient, widely-used solution can emerge.

Potential savings

Blockchain promises to unlock many cost savings while opening new opportunities. Each fund business conducting its own—often duplicate—know-your-client and anti-money laundering checks is the key inefficiency of the pre-trade phase. FundsDLT will enable digital identities to be integrated, with background checks performed more quickly, more cheaply and with greater accuracy. When it comes to streamlining trading, asset 'tokenisation' on a distributed ledger will automate processes. Cash, securities and other instruments can be mimicked on the blockchain, with incontrovertible proof of ownership.

The post-trade environment is particularly ripe for reform. Whether it is ownership listing and transactions or keeping track of cash and liquidity, costs are inflated by counterparty risk, a lack of

standardisation and too much manual processing. The same goes for maintaining reference databases. This is the type of information that can be recorded on FundsDLT, a single source of accurate, efficiently processed data that can facilitate clearing and settlement. The use of smart contracts would automate existing processes while reducing associated risks in these areas, as well as with resource-intensive asset servicing tasks.

The ecosystem at work

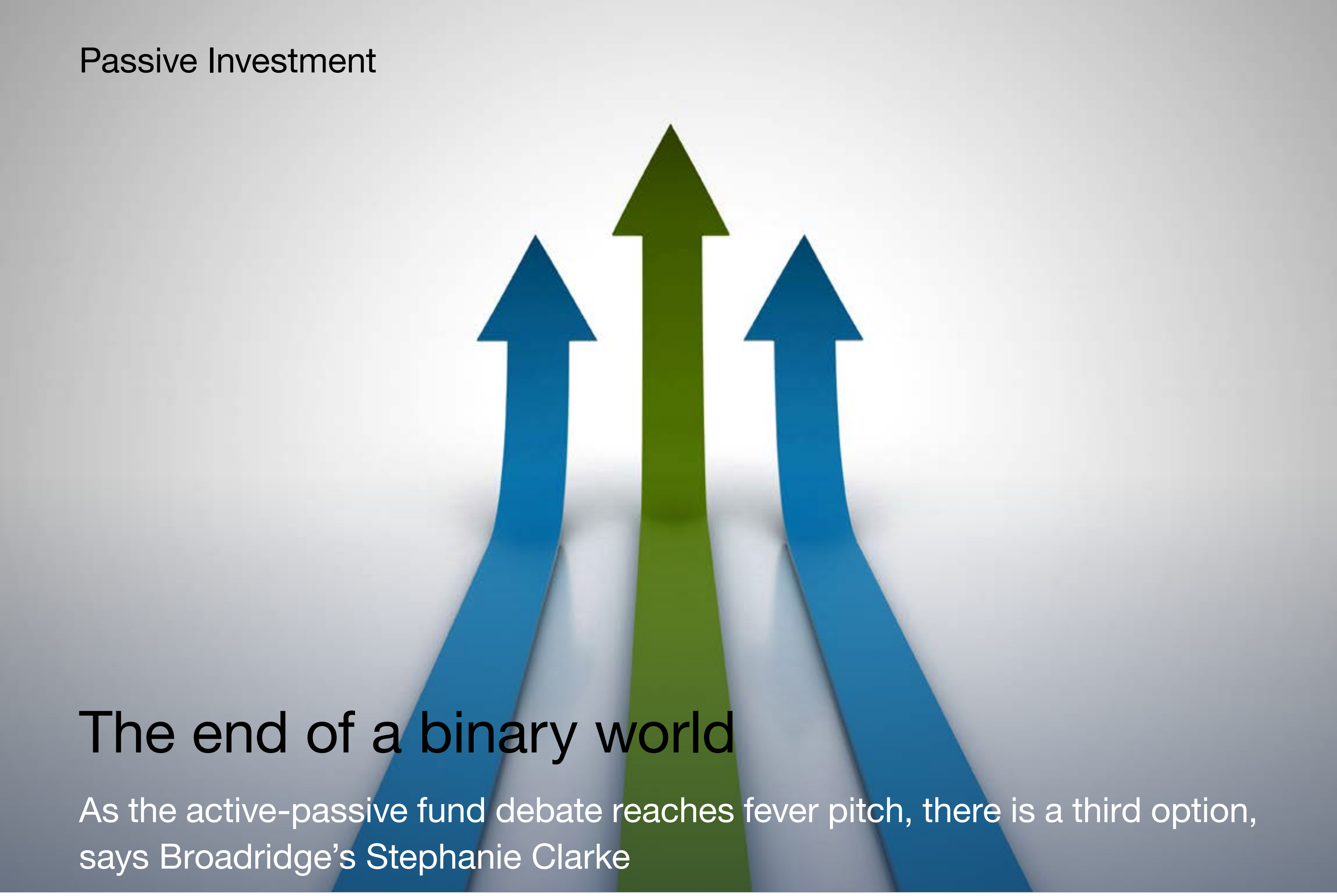
In all these areas, it is not so much the technology that is the challenge. The most complicated task is ensuring the support of players across the ecosystem, bringing users together to agree on standards, as well as receiving buy-in from national and international regulators.

Luxembourg insists on strong regulatory and governance standards. Within that constraint, however, public actors work to help companies do business whenever possible. It is this approach that saw the country adopt, and become an expert in, regulations such as UCITS and the Alternative Investment Fund Managers Directive. Another example is how the Luxembourg regulator was one of the first to recognise the use of virtual currencies. Thus, the work of FundsDLT is being encouraged by the whole community. There is also the technical expertise to support this work, as the Luxembourg workforce boasts a high concentration of blockchain specialists.

Most business revolutions take time. About a decade elapsed before the Model T Ford became a true mass-market product. It took a similar period before social media had a profound effect on our societies. Blockchain has the potential to bring consistent benefits to the fund administration industry. This will be a long-term revolution if the right governance approach is chosen and followed from the beginning. Luxembourg is set to make an important contribution, because nowhere has a better support network. **AST**

> *The most complicated task is ensuring the support of players across the ecosystem, bringing users together to agree on standards*

Maxime Aerts, COO, Fundsquare



The end of a binary world

As the active-passive fund debate reaches fever pitch, there is a third option, says Broadridge's Stephanie Clarke

Despite the seemingly unrelenting growth in the global exchange-traded fund (ETF) market, active investing will continue to play an important role. Demand for quality active product is particularly prevalent in the cross-border market. But is the choice between active and passive really such a binary one?

Mapping the investment landscape

Global flows into passively-managed products totalled €270 billion in Q1 2017, further perpetuating the great drive from traditionally managed active funds to passively managed funds.

Passive funds give investors access to market beta at lower cost than their actively managed counterparts. Passive came about by allowing investors to track key stock market indices such as the FTSE100 or S&P500, but has developed into much more evolved and complex product offerings. Demand for passive products has grown considerably and with fund assets under management (AUM) now totalling over €7 trillion globally, passive now accounts for a quarter of all fund AUM.

Data from Broadridge's Global Market Intelligence business, which covers over 80,000 ETF and mutual funds around the world, highlights how North America has shown particular propensity to adopt passive investments. Looking at the past decade in North America paints a striking picture; the average annual inflow into passive funds stood at an annualised organic growth rate of an incredible 13 percent. On the surface, the North American active picture is healthy too, with a near doubling of active fund assets in the past decade.

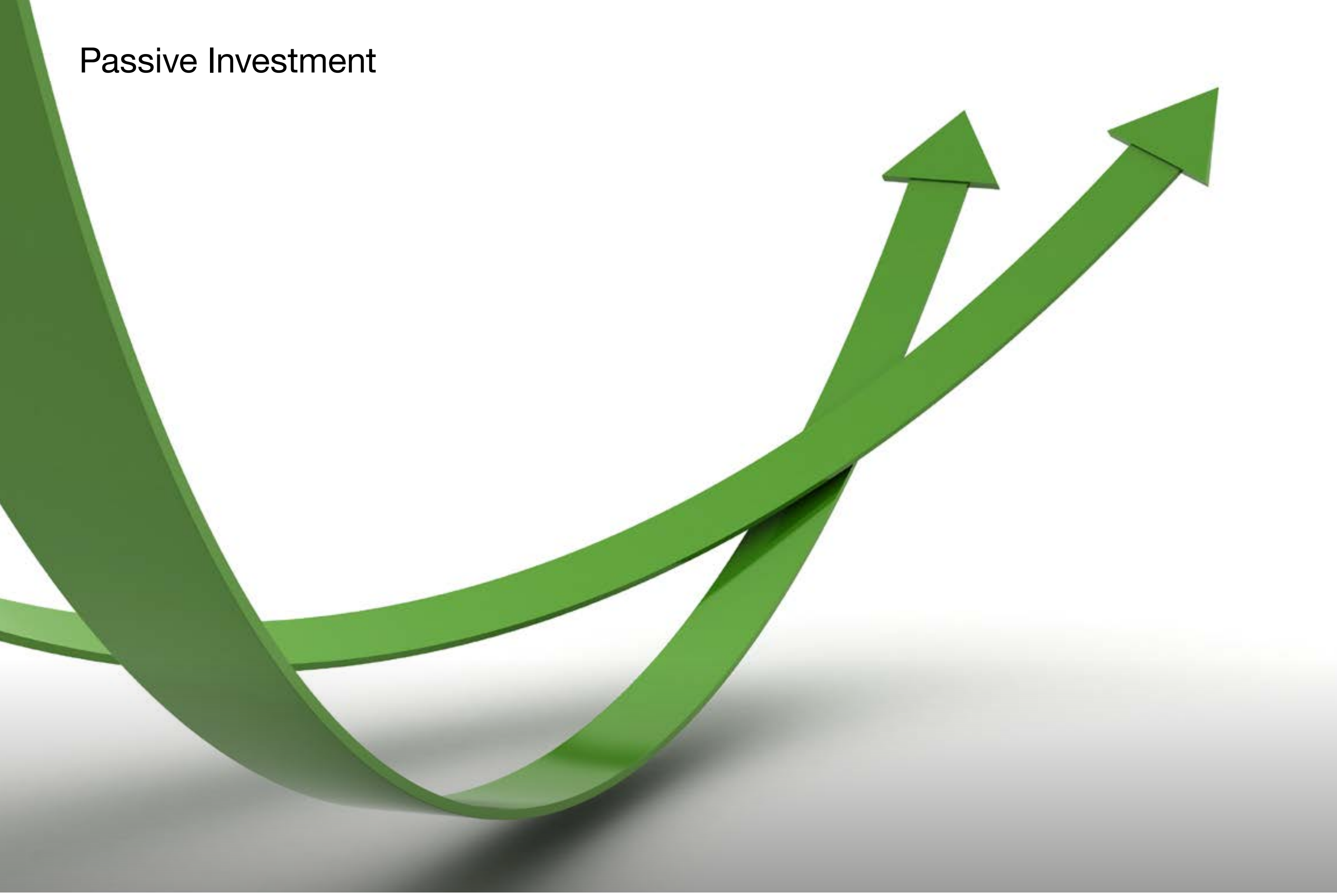
However, this is solely attributed to market growth, with annualised organic growth stagnant, that is, there was an average of zero inflow over the decade. Standing at AUM of €5 trillion, passive now accounts for a third of the North American funds market. The world's largest fund is a passive fund, with Vanguard Total Stock Market Index Fund taking the crown with AUM totalling a whopping €442 billion.

North America is the world's most mature fund market, and so, unsurprisingly, we find different dynamics in the less mature fund markets. Let's take Asia for example. Springing from a low base, with assets representing 8 percent of the global total, growth here has been seen across the active and passive spectrum. As these markets develop, the wealth of individuals has increased and many investors have made their first foray into fund investments. Managers managing money in Asia have seen organic growth rates of 7 percent every year in the past decade. The attractive growth rates hide the complexity of understanding the diversity, culture, investment appetite and regulations in these divergent markets.

Cross-border funds: Fuelling active investment

But the real story of late, beyond the active versus passive debate, has been the rise in cross-border fund volume. In the 10 years to 2016, cross-border AUM funds more than doubled, surging from €1.4 trillion to €3.7 trillion. Underlying this expansion, index tracking ETFs and mutual funds have driven organic growth at an average of 19 percent over the same period, more than three times the rate of growth in actively managed mutual funds.

Despite this, performance in actively-managed cross-border funds remains promising. Net new money into this market in the past decade totals almost €1 trillion. There are now over 100 actively-managed cross-border funds with an AUM in excess of €5 billion—highlighting managers' success in promoting actively managed strategies. The story behind this story is having a story.



Take the notable outlier, Nordea 1 Stable Return Fund. This fund invests in a diversified multi-asset portfolio and saw net inflows amounting to over €10 billion in 2016 alone. But, in buying a 'stable' 'return' fund, the story the investors bought into is clear. Active managers need a good performance and track record, but investors need to relate to, and buy into, the story the product tells them. As the world's loose monetary policy comes to an end, there will be an inevitable rotation in investment product appetite. This is a key time for active managers to convince investors of their skill to navigate the choppy geopolitical waters.

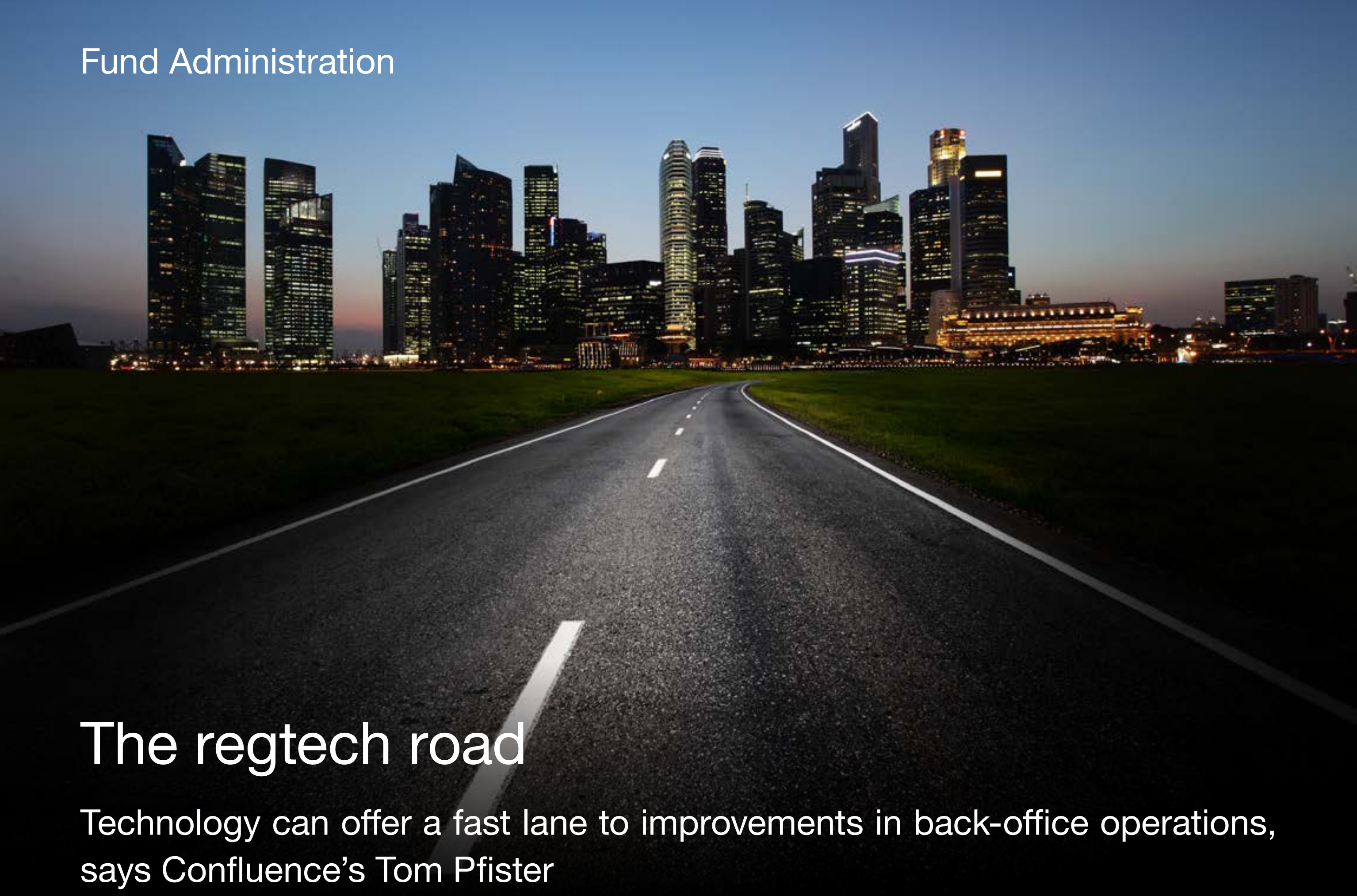
Smart beta: A third way

Perhaps the choice between active and passive is not so binary. The emergence of smart beta, often seen as a hybrid approach between active and passive, is growing in popularity. Exploiting non-market capitalisation indices, devising new quantitative techniques, deploying robots, artificial intelligence and supercomputers, finding unique factors such as value, volatility, or momentum—these are all ways managers have sought to adapt to this middle ground. Priced between the alpha and beta strategies and technology driven, this is something that many managers pin their hope on as the model of the future. Managers are investing in technology and new types of human capital in a bid to find the sweet spot in this emerging investment market.

Passive investment is here to stay. Active investment faces significant challenges. But, will the third way win through? With some investors believing smart beta funds will have a tendency to underperform during periods of market stress, last demonstrated during the 2007 and 2008 financial crisis, smart beta may need a full market cycle before investors become true believers. **AST**

> ***The emergence of smart beta, often seen as a hybrid approach between active and passive, is growing in popularity***

Stephanie Clarke, Senior vice president for global market intelligence, mutual fund and retirement solutions, Broadridge



The regtech road

Technology can offer a fast lane to improvements in back-office operations, says Confluence's Tom Pfister

If, like most of us, you have been extensively reading about regulatory technology these past several months, you'll know how this new breed of solutions are revolutionising the way asset servicers and their regulators approach innovative technology.

Thanks to regtech solutions, asset managers can now achieve their long-sought after goals, using technology to streamline their processes and drive down cost. With regtech, the merits of disruptive technologies like the cloud, advanced data analytics and even artificial intelligence are being embraced to holistically and strategically manage regulatory reporting obligations.

And, although it is still in its infancy, the regtech movement has already come a long way. From the launch of Project Innovate by the UK's Financial Conduct Authority (FCA) in 2014, to the latest amendment of the US Securities and Exchange Commission (SEC) modernisation rules, the innovative concepts behind regtech have caught the eye of regulators around the world, with Reuters projecting the global industry to grow to $120 billion by 2020.

All the elements are here to say that the story of regtech is a success story.

But, despite all the great milestones and results we can see, the innovative culture stemming out of regtech has also made the industry realise that it hasn't been as innovative and daring as it could have been across the utilisation of back-office technology.

Areas of fintech, such as transaction processing, have been highly automated for some time, and strides have been made to automate derivative processing as of late. Contrast that to other areas and it is clear that the innovative reshuffle has yet to happen everywhere.

When looking to business processes, it is obvious that the technology designed for regulatory reporting purposes is far superior to the technology that surrounds the financial reporting space, which is still very much lagging.

The fast evolution of the regtech space today has created awareness among the market that there is room for improvement when it comes to the technology and business processes in areas other than regulatory technology.

But, to be able to adopt innovative solutions that have a real impact on the back office, we need a culture change. Exception-based processing does exist and is available to a certain extent, but the main challenge is for your teams to use it thoroughly, without relying on additional human intervention. In the fund administration space, for example, people like to check every data point manually in order to validate its accuracy. Eyeball and ruler checking has been the norm for years. We've all been there, holding printed documents up to a light to check for differences.

Yet, as executives have been trying for years to reduce the operational costs associated with financial statements and other fund reports, they are just now realising that the costliest component of these processes is the review process.

The real question is: how do you change the culture within your organisation so that you don't license this technology and put these business processes in place for nothing, because your fund administration staff habitually goes back to offline review to check the output themselves? How do you eliminate human intervention in your process? How do you get people to think differently, the same way they think when adopting regtech solutions?

Changing the culture might be the most difficult part of making this significant and effective change to the business process. A full adoption will see the benefits of these tremendous changes—changes that innovated the fund accounting world in the 1990s and now have the same potential to affect fund administration.

While the industry has already taken steps to offshore operations to reduce costs, these are just the first few. Innovation affords greater opportunities to reduce costs through optimising efficiency, especially to streamline review cycles taking place both on and offshore.

In the US, we often talk about generational change and how millennials are revolutionising the workplace by bringing a new way of thinking along with new technologies and business intelligence tools into their daily work. But with the bulk of back-office operations on another continent, there has been no obvious incentive for change or disruption, as people are simply applying the processes and methodology we put in place years ago, when operations were originally offshored. Innovation, however, is challenging that status quo, as the technology that allows for exception-based processing begins to permeate the industry globally.

But even then, until a culture shift takes place that puts trust in technology in lieu of rulers and eyeball review, the industry will be slow in reaping the rewards of innovation.

Change is needed, and the time is now if we want to capitalise on the great achievements and positive disruption the regtech space has brought to us.

So where can regtech take us? Regtech offers a fast lane to an advancement of a new model of back-office operations. **AST**

> ***Until a culture shift takes place that puts trust in technology in lieu of rulers and eyeball review, the industry will be slow in reaping the rewards of innovation***

Tom Pfister, Global head of regulatory reporting solutions, Confluence


Think Malta,
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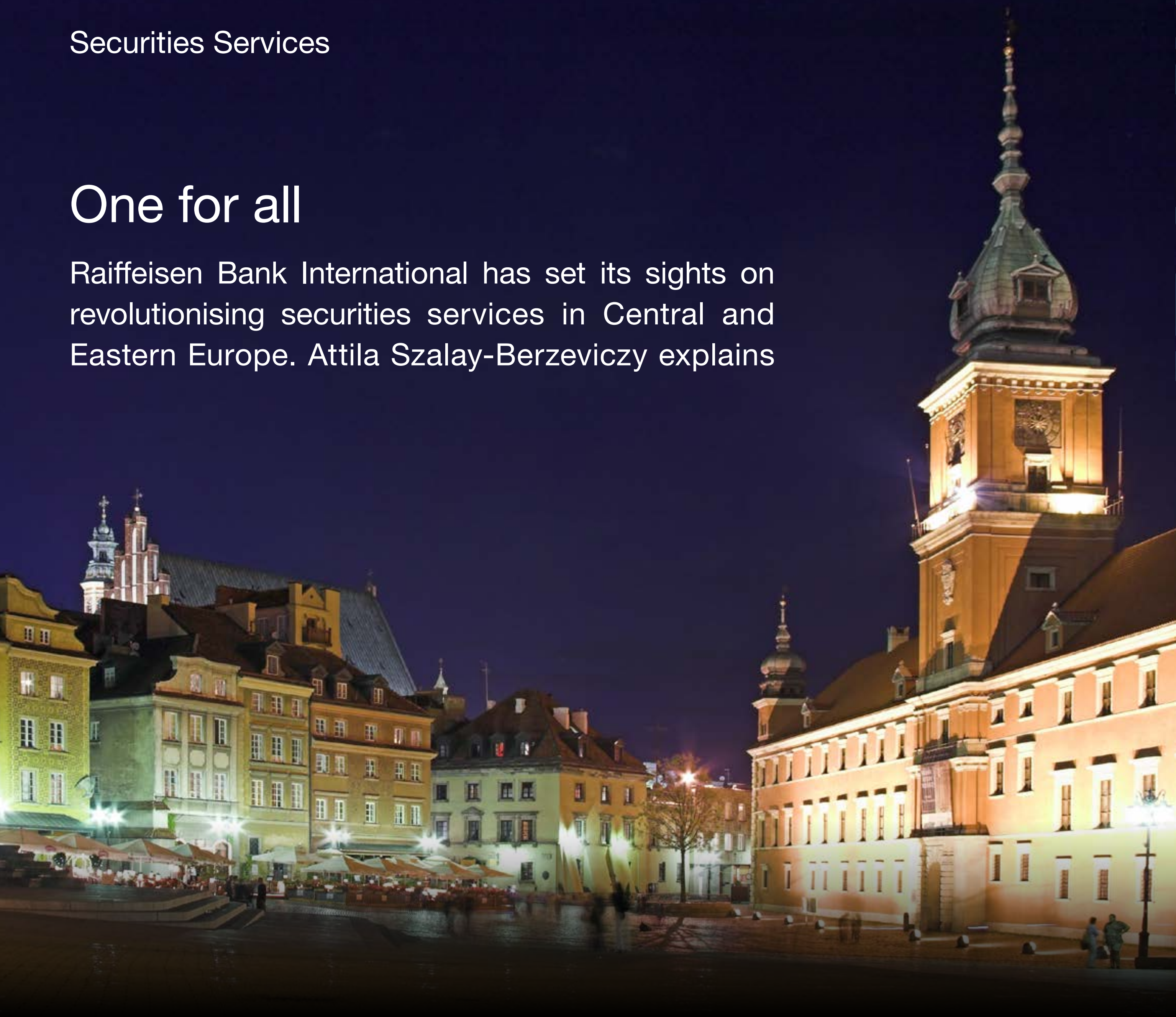
Fund Services

One for all

Raiffeisen Bank International has set its sights on revolutionising securities services in Central and Eastern Europe. Attila Szalay-Berzeviczy explains



What is the theory behind the new RBI Operations Centre?

Through the Operations Centre, Raiffeisen Bank International (RBI) presents a revolutionary approach to securities services in Central and Eastern Europe (CEE).

Investors from across the globe are in search for above-average growth like that seen in CEE, where the combination of a European-style legal framework and the vast possibilities of transition economies is regarded as highly attractive. Many countries in the region already belong to the EU, and they still show decent growth rates.

Eager for reform, legislators across CEE have tremendously improved the conditions for portfolio investors. And more is to come, as demonstrated by the determination of the various regulating bodies and authorities in this region.

Such an impressive achievement has prompted the group securities services team at Raiffeisen Bank International to come up with an absolutely new service approach in CEE. The Operations Centre targets clients that are active in a number of markets in the region and want to substantially reduce their network complexity, administration cost and risk.

Some big banks have reduced their presence in CEE recently. What about Raiffeisen Bank International?

There is no doubt that we consider the region as our home market, and our figures are clearly underlining this commitment. In almost all our markets we see a very positive economic development, and we want to make use of this development for selective growth.

Does this dedication also hold true for the securities services business of Raiffeisen Bank International?

More than ever. Group securities services has been categorised as a group product by our management board, and this ensures the prioritisation required to run and develop our business across our whole network of banks. After all, we are currently offering securities

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RBI's Operations Centre at a glance

- One contract for 10 markets (and more to come)
- One counterparty risk
- One IT system
- One dedicated service team per client
- One fully standardised service approach across the entire region

services in 18 markets in the region, with assets under custody amounting to some €160 billion. Unlike some other banks in the region, we have no intention of reducing this exceptional coverage. Rather, to the contrary, we are always looking for opportunities to add additional markets—most recently Kazakhstan, where we went live in 2014. Further expansion of our reach in the Commonwealth of Independent States region is planned for the upcoming years.

How much room for innovation does your business leave, considering it is getting more and more standardised?

It is exactly the standardisation that permits us to be extremely innovative. Look at our most recent development, the RBI Operations Centre, for example. We are the first international bank to directly link up to central securities depositories (CSDs) in the CEE region from a centralised entry point. Altogether, we offer our clients direct access to 10 CSDs through RBI as a one-stop shop.

How does the Operations Centre differ from the classic securities services model?

The beauty of this new concept is its simplicity. Users only have to sign one single legal agreement with Vienna-based RBI to cover up 10 markets with direct market access without any further intermediation.

It is sufficient to have one contract instead of 10, one service-level agreement instead of 10, and so on.

Will this approach reduce the risk for users?

In fact, we have boiled down the counterparty risk for an entire region to one Austrian bank. This reduces the resources our clients have to dedicate to covering so many markets to an unprecedented level.

Add to this the simplification of due diligence process, as we have concentrated nearly all operational services into one spot in Vienna. Global custodians, whose procedures are getting more and more sophisticated, have to go through the hassle just once.

After you have concentrated the Operations Centre in Vienna, what is left at the locations across the CEE region?

Our local offices continue to play a crucial role. They guarantee our level of expertise on their domestic markets and they keep the connections on the ground. We are very proud of our team, which consists of key industry figures with excellent networks in their respective countries. They are part of all local market working groups, which gives us a leading role in defining and developing the capital market infrastructure in the region.

Now that the Operations Centre has been in place for over a year, what major findings have you seen?

The response from clients' side was overwhelming. Everyone who does business in fragmented geographies such as CEE is forced to maintain substantial resources that deal with the different legislations, tax systems, currencies, languages and infrastructures. Our Operations Centre was the answer to the questions that caused the most headaches among our clients. Thus, it is not a surprise that we have been able to attract numerous new mandates from prestigious global custodians and broker-dealers.

Are you planning to extend the Operations Centre further?

Absolutely. At the moment, we are in the final phase of opening the Russian market for direct access, as soon as this becomes legally possible. Having the Russian CSD on board will mean we have made it to perfection. We are also already evaluating if and when it makes sense to include further markets in the region, such as Serbia, Bosnia and Herzegovina, Macedonia and Montenegro, in the Operations Centre.

Looking into the future, how sustainable is the Operations Centre?

RBI continues to invest heavily in the group securities services product line. This refers to both people and technology. Having sufficient resources for analysing the specific needs of our clients gives us the possibility to tailor our services individually and come up with competitive packages. Under the strong governance of the central team based in Vienna, the Operations Centre is being managed as a group product. This set-up is the key for a perfectly tuned product for our clients, who expect us to deliver services at global standards in every single market.

Looking at our project in hindsight, I am ever more convinced that it was the right thing to do to undertake this enormous effort, which involved many teams inside RBI, ranging from IT via product development to operations. Seeing our clients so satisfied is the best proof that we are on the right track. **AST**

> ***Having sufficient resources for analysing the specific needs of our clients gives us the possibility to tailor services individually and come up with competitive packages***

Attila Szalay-Berzeviczy, Head of group securities services, Raiffeisen Bank International

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A global financial services bank requires a MiFID II project manager and business analyst in regulatory change to lead MiFID II implementation activities across all front-office asset classes

Director of Wholesale Risk Modelling

Selby Jennings

New York

A global investment bank is seeking to add a director to their risk modelling team. This firm is seeing rapid growth after being one of the few banks with positive revenue streams across all major lines of business this past year

Vice President of Liquidity Risk Reporting/Modelling

Selby Jennings

New York

A leading global European investment bank is looking to add a motivated and driven individual to its liquidity risk reporting team. The role's scope of responsibilities include overseeing the liquidity reporting initiatives and implementing a controls framework for data quality oversight

Structural and Operational Risk Analyst

Bruin

London

A leading investment management firm is looking for an analyst to join its dynamic structural and operational risk team in London. The successful candidate will be responsible for understanding the operational set-up under which the fund managers are implementing their strategies

60 seconds with: Kristina Tarkhanyan

Kristina Tarkhanyan is seeking new opportunities in the relationship and product management space

What was your last role?

As someone who is passionate about and inspired by my interactions with people and by helping them towards successful outcomes, it will come as no surprise that my last role was in relationship management. I have 10 years of relationship management experience in the securities industry. I previously worked in Deutsche Bank's investor services team in London, where I worked closely with existing clients and prospects and supported them on various securities products. These included UK custody market products and another tailor-made custody product, which provided clients with access to multiple other securities markets via a single window. Not only did the role enable me to work with clients and help them towards successful outcomes for their specific challenges, it also allowed me to serve them as leading migration manager to the European Central Bank's Target2-Securities (T2S) settlement platform for eurozone securities.

What would you consider to be your best characteristic?

My ability to always welcome challenges and to see obstacles as opportunities in disguise. To give you an example, in addition to my custody duties, I was asked to take on certain Russian ruble cash clearing activities. This presented obvious challenges, including that cash was a separate field to custody and something I had to take on in addition to my then responsibilities. But I saw an opportunity to provide our clients with a single manager both for custody and ruble cash clearing. And, after negotiating this offering internally with stakeholders, I was able to provide this service to clients.

What qualifications do you hold?

I am a practitioner and educated to degree level in the fields of international communications, financial markets, including custody and depository activities, and brokers-dealers and securities management activities, business psychology and linguistics.

What do you enjoy most about securities finance and investor services custody?

There are many things, but there are three which I enjoy most of all. Firstly, I enjoy building and strengthening relations with investor services clients and counterparts, both domestic and international. Secondly, I enjoy the constant challenge in finding solutions and compromises between two panoramas—the rapidly-changing market and regulatory requirements on the one hand and investors' demands on the other—one example of this is the requirement of the Russian securities regulations for international central securities depositories (ICSDs) to open foreign nominee accounts only with the Russian CSD and not a local custodian. Since direct links between ICSDs and the local market CSDs were particularly challenging to set up, we created the account operator scheme and acted as the ICSD's operator for its direct foreign nominee holder account at the Russian CSD. Another example is the migration of a global custodian to T2S using an investor CSD model.

Thirdly, I enjoy the limitlessness of custody's horizons, even though the field is considered to be relatively niche, rapid change including infrastructure, regulatory and technology mean there is still a lot of potential and discoveries to be made within securities services.

Which area of the business do you want to get back into?

Given my strengths and my solutions-oriented approach to clients' challenges, I would like to get back into relationship and product management.

What could you bring to an organisation?

I can bring a brilliant mindset that predetermines my responsiveness and my interpretations of situations as opportunities. I have a strong leadership style and encouraging enthusiasm with good sense of humour. Previous clients have described me as a focused professional, results-driven and able to quickly adjust to changing requirements. They have also said I have great knowledge, experience and interest in market rules and regulations with a direct impact on legal and operational aspects. I have worked in partnership with them on joint initiatives to find solutions for the even the most sophisticated clients despite any challenging environments. In addition to my positive attitude towards challenges and my creative problem solving, I am also a great team player. Former colleagues have said that I bring positive energy and authenticity to my work and relationships, that I tackle difficult tasks with efficiency, I am very client-centric, and have a strong sense of responsibility. I have in-depth understanding of securities services, with the technical knowledge to match. Last but by no means least, I can bring outstanding client relationship skills, loyalty, thoughtfulness and diligence.

What sets you apart from the competition?

Besides the ability to see opportunities in obstacles, the ability to convert possible failures into desirable accomplishments is one of the things that sets me apart from the competition. I am passionate, energised, fully dedicated and keen to support clients and colleagues in daily work. This plays to my strengths as someone who is solutions-oriented and creative, with an ability to achieve unique solutions for clients, and with a positive attitude to life. In addition, I am a team player who shares and mentors, and I am capable of building a very efficient rapport with peers and senior management. **AST**

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New hires at SimCorp, NEX Group, Julius Baer, Wolters Kluwer and Intertrust

Investment management solution provider SimCorp has appointed Oliver Johnson as its new managing director for the Asia Pacific (APAC) region.

Based in Singapore, Johnson will be responsible for management, operations, sales and distribution, and for improving client relationships and driving business growth for SimCorp's solution throughout APAC.

He will report to Jochen Müller, executive vice president for Europe, the Middle East and Africa and APAC.

Johnson joins from eFront Singapore, where he spent 12 years working in London, Dubai, Australia and Singapore. Most recently, he was managing director for APAC operations.

Müller said: "[Johnson's] wealth of experience in the industry will help us maintain our high quality of client service and attract new clients as we continue to invest in the region as part of our Vision 2020 goal."

NEX Group has appointed Anna Ewing to its board as a non-executive director, and to the company's risk committee.

Ewing most recently worked for Nasdaq, where she held several senior executive roles, including chief information officer.

She also serves on the boards of the New York Hall of Science and the Nasdaq Entrepreneurial Center.

Charles Gregson, chair of NEX Group, commented: "On behalf of the board I am delighted to welcome Anna Ewing to NEX. She brings significant technology and operations experience to NEX, which I am confident will support our development and growth as a financial technology company. I look forward to working with Ewing on the board."

Julius Baer International has appointed John Dodds as head of compliance for the UK and Ireland.

A chartered accountant, Dodds joins from the wealth management business at Rothschild, where he was compliance officer and money laundering reporting officer, a position he held for almost five years.

In his new role, Dodds will report to Eleanor Malcolm, chief risk officer at Julius Baer.

Malcolm said: "John Dodds's previous roles have given him a wide range of experience in international private banking and wealth management. Compliance is a key function in any financial services company and we are pleased to welcome someone of [his] calibre to the team as we continue to develop Julius Baer in the UK and Ireland."

Wolters Kluwer has hired Rajat Somany for the newly created role of global head of strategy, product and platform management for its finance, risk and reporting business.

Somany, who is based in London, will have global responsibility for all aspects of strategy, product management and platform profitability.

He reports to Clive Pedder, executive vice president and general manager of Wolters Kluwer's Finance's risk and reporting business.

Somany said: "Regulators are demanding greater integration across business processes at banks and faster reactions to changing regulation."

Intertrust in Jersey has made a spate of promotions, including elevating Sherin Sugeeswaran to the role of associate director in the fund services team.

Having worked in the team since 2009, Sugeeswaran is now responsible for managing staff and for client relationship management, including fund valuation and setting up new funds.

Hers is one of five promotions in the firm. Ellen Chislett has become associate director in the capital markets team, taking on responsibility for business development and financial reporting for structures in Jersey, Luxembourg, Ireland and the Cayman Islands.

Frances Allen has become an associate director in corporate services, and Laura Butler and Will Jardine have taken up the same position in the performance and reward management team. **AST**

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