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Boeing and JCP name Northern Trust as their global custodian

The Boeing Company has mandated Northern Trust to act as global custodian for its €54 billion defined contribution retirement plan, while equities manager JCP Investment Partners has put the bank in charge of its range of Australian fund products.

Northern Trust will provide Boeing's plan with global custody, valuation and unitisation of assets, as well as regulatory and performance reporting solutions, compliance monitoring, derivatives processing and third-party custom cash fund servicing.

Frederick Waddell, CEO of Northern Trust, said of the Boeing mandate: "We are pleased to be selected as a trusted provider that can support all dimensions and directions of Boeing's investment programme."

"Large, sophisticated retirement plans continue to choose Northern Trust for our unique combination of global scale and highly flexible accounting and reporting solutions that can adapt quickly to changing plan needs. We believe no other provider can offer the commitment to supporting each individual plan's vision better than Northern Trust."

Northern Trust is building upon an existing relationship with JCP, which acts as investment manager to the bank's mutual institutional clients. The bank will now provide global custody, fund administration and associated services for JCP's range of Australian fund products.

Nancy Day, COO of JCP, commented: "JCP is pleased to appoint Northern Trust to service our wholesale funds and recently launched retail funds. The quality and depth of Northern Trust's service offering, with a local team that is supported by innovative data solutions and a global technology platform and operating model, were key contributors in our decision to select Northern Trust."

"We are confident in their ability to provide the strong operational support necessary to facilitate the delivery of high-quality services to our clients."

Northern Trust, which was selected as the global custodian of The Open University of Hong Kong, had a successful Q2, notching up total assets under custody of $7.38 trillion. Custody and administration fees reached $327.5 million, "primarily due to favourable equity markets and new business".

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Whitebox chooses Broadridge suite

Whitebox Advisors has mandated Broadridge Financial Solutions to transform its technology platform into a fully integrated, hedge fund operation.

Broadridge will provide Whitebox with an integrated platform for trading, portfolio management, reference data, reconciliation and data warehouse solutions to manage the multi-billion dollar hedge fund's front-, middle- and back-office operations.

According to Whitebox, this will better enable the hedge fund to respond to new growth opportunities at a quicker pace and increase its focus on core business activities.

Michael McCormick, COO of Whitebox, commented: "Like many funds, we believed that our business was complex and required a very unique set of products and a large amount of customisation."

"What impressed us about the Broadridge product offering was the breadth of the capabilities and their ability to offer it as an integrated solution, freeing us up to focus on generating alpha and work that is truly differentiating, by allowing us to simplify our operating environment and reduce our need to be a system/vendor integrator."

Allfunds to open office in the Nordics

Fund distribution platform Allfunds plans to open a local office in the Nordic region as it pushes ahead with growth plans across Northern Europe.

This includes automated and cost-efficient access to, and custody of, more than 53,000 third-party investment funds from more than 569 fund management companies, through a single distribution agreement.

Nordic banks and institutions including DNB in Norway, OP Financial Group in Finland and Saxo Bank in Denmark have all joined the Allfunds platform recently.

The new office is scheduled to become active during the first half of 2018, reinforcing Allfunds's local commitment to the Nordic markets. Allfunds already has a presence in Luxembourg, Zurich, London, Madrid, Milan, Dubai, Singapore, Santiago de Chile and Bogota.

Juan Alcaraz, CEO of Allfunds, said: "It is in our DNA to become the preferred local-global partner for wealth management solutions and we see no other platform in the region with the same holistic and powerful service proposition".

LCH launches new SwapClear account

Global clearinghouse LCH has introduced a new type of client account within its SwapClear service that allows buy-side clients to deliver collateral directly and retain beneficial titles.

The client account, known as CustodialSeg, promises to increase operational efficiency and eliminate the transit risk arising where a client delivers collateral to the clearinghouse via its clearing member.

LCH noted that segregation at an international central securities depository (ICSD) ensures that such securities collateral remains client specific.

J.P. Morgan is the first clearing member, while Aviva Investors is the first buy-side client, to use this new account type.

BNP Paribas and HSBC have also confirmed their readiness to support the new account structure.

To enable a client to transfer collateral directly from its account to LCH, the client or its custodian must open a segregated account with an ICSD.

Euroclear Bank is the first ICSD to provide this service for the CustodialSeg account.

It is available for eligible SwapClear clients in the UK, Ireland, Scotland and the Netherlands, which are accessing clearing via a SwapClear clearing member.

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Michael Davie, global head of rates at LCH, said: "As we see a growing number of clients onboarding and actively clearing at LCH, there's increased focus on efficient collateral management."

"We're pleased to bring CustodialSeg to market as part of our ongoing efforts to find innovative ways of supporting the buy and sell side."

"The new account structure offers enhanced collateral protection for European clients and simplifies the way they lodge collateral with us."

Barry Hadingham, head of derivatives and counterparty risk at Aviva Investors, said: "Being able to lodge collateral direct with LCH is a positive step as it allows us to manage our collateral delivery more effectively and to ensure our assets remain identifiable as ours, while lodged at the central counterparty."

"We're proud to be the first client to use this new account type and look forward to continuing this work with LCH."

SWIFT to provide gateway for US real-time payments

SWIFT is providing US institutions with a gateway to The Clearing House's (TCH) real-time payments (RTP) system.

US banks will have the opportunity to use a single platform, Alliance Messaging Hub (AMH), for making real-time payments through TCH.

AMH is a platform that can be facilitated for both SWIFT high-value payments and low-value TCH real-time payments.

According to SWIFT, the service will be commercially available from 2018.

Ignacio Blanco, director of strategic relationships at SWIFT, said: "TCH is making great strides in accelerating the speed of transactions, and we are committed to playing our part in helping the financial community to operate as efficiently as possible."

Steve Ledford, senior vice president of product and strategy at TCH, added: "Given its reach and expertise in payments, SWIFT is a great collaborator as we bring a wide-scale real-time payments system to the US market."

"Achieving our vision of broad adoption of real-time payments will only be possible when the majority of US institutions are able to participate, and SWIFT will be instrumental in helping us meet this goal."

CFTC extends position limit relief

The Commodity Futures Trading Commission (CFTC) will not enforce certain position aggregation requirements until 12 August 2019.

Amended CFTC Regulation 150.4 was due to be enforced from 14 August, but the CFTC extended no-action relief to affected market participants following calls to do so from trade groups and the implementation of US President Donald Trump's de-regulation agenda.

Regulation 150.4, which was amended towards the end of 2016, determines which accounts and positions a person must aggregate for the purpose of determining compliance with the applicable position limit levels.

Exemptions do apply and can be sought, but trade groups including the Securities Industry and Financial Markets Association complained that the requirement to file notices on a prospective basis in search of an exemption would impose significant operational challenges and burdens.

As a result, the CFTC extended no-action relief for affected market participants until 12 August 2019.

The delay was originally implemented in February, following Trump's executive order instructing US agencies to cut regulation of financial services.

Specifically, the CFTC will not commence an enforcement action against any person for violating any position aggregation requirement in Regulation 150.4 when they would be otherwise in compliance but for the fact that they did not submit a notice to say they are relying on an exemption. Market participants taking advantage of the no-action relief do have to file a notice within five business days after receiving a request from the CFTC.

NEX launches EMIR solution

NEX Group has launched a new solution designed to enable compliance with revisions to the European Market Infrastructure Regulation (EMIR), due to come into effect on 28 October.

The new solution will support the EMIR regulatory technical standards (RTS) rewrite, undertaken by the European Securities and Markets Authority (ESMA) last year.

EMIR aims to improve the transparency of the OTC derivatives market and reduce associated risks for clients, for example, introducing the mandatory clearing of some asset classes and the attribution of collateral against open positions.

NEX Regulatory Reporting, which currently processes 15 million transactions per day, covers seven million that come under EMIR rules. With the launch of the EMIR RTS Rewrite solution through its Global Reporting Hub, NEX aims to ensure that clients can upload data in multiple formats before the October implementation.

Collin Coleman, head of regulatory reporting at NEX, said: "The revised rules from ESMA significantly increase the level and complexity of reporting and affect both existing reporting institutions as well as those that haven't yet had to report under EMIR."

"With the rewrite looming, we encourage market participants to ensure they have a solutions provider in place now, to prevent a last minute scramble towards the end of the year."

Nasdaq blockchain to roll out at SIX Swiss Exchange

Nasdaq, in association with its technology partner Chain, is to provide distributed ledger technology for SIX Swiss Exchange's OTC structured products business.

As a minimum viable product, the solution will be integrated with several other systems currently managed by SIX Swiss Exchange and will take advantage of the distributed ledger technology capabilities at the core of the Nasdaq Financial Framework technology stack.

According to Nasdaq, the technology for OTC derivatives will help SIX Swiss Exchange gain first-hand experience of initiating a blockchain solution, while also learning how best to leverage it in a post-trade environment.

Nasdaq and SIX Swiss Exchange extended their current technology contract in October 2016.

That agreement includes trading technology for SIX equities, exchange-traded funds, fixed income and fund markets, as well as the SMARTS Surveillance platform, which is now used by 47 marketplaces, most recently the Nigerian Stock Exchange.

Chris Landis, division CEO of SIX Swiss Exchange, said: "We are always keen to explore innovative technologies which could serve as basis for wider commercial offering."

"Working together with Nasdaq reinforces our commitment towards being an exchange at the technology forefront."

Lars Ottersgård, executive vice president and head of market technology at Nasdaq, commented: "Nasdaq is a strong believer in the power of emerging technologies to transform financial markets."

He added: "This project with SIX Swiss Exchange, one of our long-term partners, is a prime opportunity to explore and implement blockchain technology in a controlled, highly collaborative environment."

Research by Broadridge and Bain & Company released earlier this year found that more than 80 percent of financial market executives interviewed expect the impact of blockchain to be "transformative" in the coming years, and that the technology will be adopted by most financial institutions by 2020.

Clearstream angling for central role in China's market growth

Clearstream is preparing to support China's Bond Connect initiative in order to offer both direct and indirect access to China's fixed income market.

The Deutsche Börse subsidiary described the inclusion of a selection of mainland China A-shares in benchmark emerging market indices as marking "a new and exciting chapter in the opening of the Chinese market" that would drive a substantial growth in international interest in Chinese equities.

"Mirroring the progress achieved with the Shanghai-Hong Kong Stock Connect in the equity field, the just-launched China Bond Connect represents a major breakthrough in the development of the China bond market. It will start to do for Chinese fixed income what Stock Connect has done for Chinese equities," Clearstream stated.

Deutsche Börse and Clearstream representatives will be present at the Shanghai International Financial Advisory Council at the end of August.

In its monthly report to clients, Clearstream outlined its ambition to use the event to cement Clearstream's role in supplying its international expertise along the securities value chain as the Chinese market continues to open.

Marc Robert-Nicoud, CEO of Clearstream, said: "Clearstream has been a strong supporter of the liberalisation of the Chinese capital markets ever since it opened its Hong Kong office in 1991."

"Our business is all about enabling investors and issuers to link up globally on the back of an efficient and safe infrastructure. We look very favourably on recent developments as they are in the best interest of all stakeholders Clearstream supports liberalisation of Chinese financial market."

The offshore renminbi and comparable bonds market is valued at $100 billion, but the onshore bonds market totals as much as $7 trillion to $8 trillion, with less than two percent held by foreign investors via various quota schemes, according to Clearstream.

LCH and Euronext secure 10-year deal on MiFID II derivatives

Euronext is set to sign a derivatives clearing agreement with LCH SA, the French arm of the LCH Group, in Q4, ensuring a continuity of clearing services after Brexit and once the second Markets in Financial Instruments Directive II (MiFID II) is finalised.

The deal will allow for clearing services for listed financial and commodity derivatives for the next 10 years.

According to LCH, the new agreement will improve value proposition for customers and reduce clearing fees, while also providing continuity of service and economic returns for LCH SA.

LCH SA and Euronext also committed to reducing clearing fees by between 5 percent and 15 percent from January 2019, depending on each specific product and service.

The European stock exchange currently has a 2.3 percent stake in the LCH Group. The exchange will swap this in Q4 for an 11.1 percent minority stake in LCH SA, “to allow Euronext to align its shareholdings with its commercial interests in the clearinghouse”.

Suneel Bakhshi, CEO of LCH Group, said: “We are delighted to be able to offer continuity of services for clearing members and clients while also delivering best in class service and robust risk management across a range of cash and derivatives markets, in line with our open access principles.”

Christophe Hemon, CEO of LCH SA, added: “We are delighted to have reached agreement to continue providing clearing services to Euronext and its customers. Euronext’s transfer of its shareholding in LCH Group to LCH SA will also further deepen our long-standing relationship.”

Nordea opts for Commcise IM solution

Nordea Asset Management has chosen the CommciseBUY investment management tool to help it comply with the second Markets in Financial Instruments Directive’s (MiFID II) commission and research requirements.

According to Nordea, which has more than €191 billion in assets under management, selection of the software was based on its end-to-end commission management and research evaluation processing capabilities.

The investment management solution will support Nordea’s transition to MiFID II research payment account compliance, in preparation for the January 2018 deadline.

Amrish Ganatra, CEO of Commcise, stated: “We are delighted to welcome Nordea as a client and to have become a key partner in their commission management and research evaluation process.”

“This project, delivered on time and within budget, is providing a single end-to-end, cloud-based solution, with all the functionality required, in a secure, cost-effective manner.”

Linedata extends outsourcing into Asia

Linedata has acquired Quality Risk Management & Operations (QRMO), a provider of outsourced middle-office, shadow accounting and risk monitoring services in Asia.

The acquisition of the 30-strong Hong Kong-based risk management and operations outsourcing firm is intended to expand Linedata’s presence across Asia. QRMO will also benefit from Linedata’s range of technology solutions.

The agreement follows the addition of Gravitas, a US-based provider of middle-office and technology services, to Linedata at the beginning of this year.

Anvaraly Jiva, CEO of Linedata, said: “For more than a decade, QRMO has transformed the operational performance of asset managers across Asia. Integrating these services with our technologies strengthens the value of our offerings to the global financial services community.”

Albert Chiu, president and founder of QRMO, added: “We are looking forward to joining Linedata’s global, growing business as it continues to develop and expand its solutions for the asset management community.”

CACEIS reports AuC increase

French asset servicing firm CACEIS has reported that its assets under custody increased by 13.7 percent in Q2 2017.

Its assets under administration also increased by 12.3 percent in the same time period.

These increases follow a flurry of mandate wins in the last quarter, including an agreement with Orca Capita for CACEIS to provide cash equity clearing and settlement services to the brokerage company.

The agreement with Orca Capital, which is based in Munich, also included assistance with securities lending, derivatives execution and clearing.

In June, the French Pharmacists’ Pension Fund (CAVP) also chose CACEIS to act as depository, custodian and valuation agent for a range of funds and financial investments.

Elsewhere, Thélem Assurances, an insurance company, selected CACEIS to provide custody services for its asset management activities.

Thélem Assurances awarded the mandate to CACEIS after deciding to simplify its custodian relationships, according to CFO Benoit Jullien.

Helix offers repo to Thomson Reuters

Helix Financial Systems has partnered with Thomson Reuters to offer customers the resources required for growing managed accounts revenue.

HelixREPO is an integrated trading, sales, and operational system for the fixed-income repo finance market. It will now be available to the North American Wealth Management customers of Thomson Reuters.

Todd Berlent, president of Helix Financial Systems, said: “Through this important partnership, Helix’s trading applications are providing Thomson Reuters Beta clients the ability to tap into a fully integrated, hosted, and affordable front-to-back office repo and securities lending solution, which enables buy-side firms to manage the full lifecycle of

North American pension plans enjoy big returns

The RBC Investor & Treasury Services (I&TS) All Plan Universe pension plan tracker reported positive returns for the fifth consecutive quarter in Q2 2017, while Northern Trust's Universe tracker reported positive pension plan returns for the seventh quarter on the trot.

The RBC I&TS All Plan Universe, which tracks the performance and asset allocation of more than $650 billion in assets under management across Canadian defined benefit pension plans, reported an overall increase of 1.4 percent during Q2.

James Rausch, head of client coverage for Canada at RBC I&TS, said: "Canadian pension fund managers have continued to prudently manage portfolio allocations, remaining underweight in Canadian equities compared to domestic fixed income and global equities and generating yet another positive overall return for the quarter."

US institutional pension plan sponsors, meanwhile, notched up total investment returns of 3 percent in Q2 2017, according to the the Northern Trust Universe tracker.

This marked the seventh consecutive quarter of positive investment performance for the 300 large US institutional investment plans tracked.

Mark Bovier, North America regional head of investment risk and analytical services at Northern Trust, said: "All plan sponsor segments saw solid performance in the second quarter, and asset allocation played a different role for each type of plan."

He added: "What worked for public funds was a relatively large allocation to non-US equities—16 percent for the median plan, compared to approximately 11 percent for corporate ERISA and foundations and endowments."

their securities finance transactions, including the management of collateral, counterparty and interest-rate risk."

Thomson Reuters Wealth Management signed up Helix alongside two other service providers, FolioDynamix and Vestmark. It now boasts 150 wealth management service providers on its platform.

US Court of Appeals for DC Circuit orders OCC capital plan review

The US Court of Appeals for the DC Circuit has called on the US Securities and Exchange Commission (SEC) to reconsider its acceptance of OCC's amended capital plan.

The DC Circuit ordered the SEC to reevaluate OCC's plan due to a lack of effective oversight when originally evaluating its appropriateness in 2015 and 2016.

According to the DC Circuit, the SEC allowed the clearinghouse's capital plan, which has been in place since September 2015 and essentially allows OCC shareholder stock exchanges, including Nasdaq OMX Group and Chicago Board Options Exchange, to swap capital for dividends and refunds, to proceed without demanding adequate evidence and details on certain aspects of the terms.

Contentious features include an OCC pledge to include independent financial advice when setting dividend levels in order to ensure they are reasonable for the cost and risk associated.

The DC Circuit noted that the SEC failed to verify the appropriateness of OCC's selection of this independent advice.

DC Circuit Chief Judge Merrick Garland stated in the court's opinion: "The order's shortcomings are apparent in its discussion of whether the plan pays dividends to shareholder exchanges at a reasonable rate."

"That is a central issue: if the dividend rate represents an unnecessary windfall for shareholders, as petitioners argue, then the plan may run afoul of the Exchange Act's prohibitions by unnecessarily or inappropriately burdening competition, harming the interests of investors and the public, or unfairly discriminating against non-shareholders and clearing members."

Petitioners Miami International Securities Exchange, KCG Holdings and Susquehanna International Group argued that the plan overcompensated shareholder exchanges, which unjustifiably burdens competition.

They unsuccessfully tried to get the DC Circuit to block the plan before implementation began last year.

The petitioners further contended that the plan harms investors and the public by transforming OCC from a public utility to a profit-seeking monopoly, and by increasing the fees charged to OCC's customers.

On this point, the DC Circuit added that "only four of nine [OCC] directors representing clearing members voted in favour of the plan, making it less than clear that the process struck an appropriate balance between the interests of shareholders and clearing members".

Chief Judge Garland summarised the DC Circuit's concerns, explaining: "First, the order fails to support its conclusion that the plan's capital target is reasonable."

"Second, the SEC was also too quick to accept OCC's claims that the plan would not increase fees for customers."

"Third, the order fails to give any explanation at all for rejecting one of petitioners' objections."

He added: "Finally, the order gives short shrift to petitioners' objection that OCC, by failing to notify non-shareholder exchanges earlier in its development of the plan, violated its own bylaws."

OCC confirmed that it would provide commissioners and SEC staff with any information it needed to evaluate its capital plan in light of the decision by the DC Circuit to remand it to the agency for further review.

Craig Donohue, OCC executive chair and CEO, commented: "While we are disappointed in the court's decision to remand, we are pleased by its ruling that the SEC's order approving the capital plan remains in effect."

"OCC's capital plan is a vital component of our goal of providing world-class service to market participants and helping to ensure the resiliency of a systemically important financial market utility."

Donohue added: "We intend to submit underlying data and any other information the SEC may request as it further evaluates the capital plan in consideration of the statements made by the DC Circuit in its opinion. We remain confident that the SEC will once again approve the capital plan."

The DC Circuit, with the agreement of the petitioners, has not ordered the capital plan to be unwound, only that the SEC apply a more appropriate level of security to its terms before moving forward.

The plan enables OCC to comply with regulatory requirements that ensure a systemically important clearing agency, such as OCC, retains sufficient liquid net assets funded by equity to cover potential general business losses, and also has a plan for raising additional equity if its equity falls close to or below the required amount.

This requirement is in the SEC's Standards for Covered Clearing Agencies, which are in furtherance of Section 17A of the Securities Exchange Act.

First MiFID II position limits are set

The European Securities and Markets Authority (ESMA) has published its first three opinions on position limits for commodity derivatives under the second Markets in Financial Instruments Directive (MiFID II).

Proposed position limits on rapeseed, corn and milling wheat set in France are consistent with the objectives established in MiFID II and with the methodology developed for setting those limits, according to ESMA.

Limits will apply to the net position that a person can hold in commodity derivative contracts from 3 January 2018.

National authorities must set position limits for commodity derivatives and notify ESMA of the specific position limits they plan to introduce for liquid contracts.

ESMA has also published responses to its consultation on trading obligations for derivatives under the Markets in Financial Instruments Regulation.

More than 30 responses were filed, including from the Alternative Investment Management Association, IHS Markit and Amundi.

SimCorp sees extension of Danish mandate for Dimension

Danish asset manager C WorldWide Asset Management Fondsmæglerselskab has extended its SimCorp Dimension licence agreement to include the Data Warehouse Manager and the SimCorp Coric client communications tool.

The asset manager, formerly known as Carnegie Asset Management, has selected the SimCorp solution in a bid to improve its client reporting capabilities, meeting increasing investor demand for transparency.

The end-to-end communications suite allows for digital client reporting, and is designed to accommodate increasingly frequent and complex requests for data from investors.

Integrating with the Data Warehouse Manager, which serves as a central repository for reporting and analytics, Coric also allows for a single source of data, making it easier to extract information in a standardised and usable format for reporting.

C WorldWide Asset Management has around DKK 110 billion (€14.79 billion) in assets under management. Charlotte Wisbech Skov, head of portfolio administration at the firm, commented: "Client reporting is an important communication tool for C WorldWide Asset Management."

"With SimCorp Coric, we will now have a reporting solution that can be integrated together with SimCorp Dimension, our broader front-to-back investment management platform."

Rewriting the regtech roadmap

Domenic Ionadi of Confluence explores the ways in which regtech is creating new relationships between global service providers and technology firms, as all go in the search of new revenue sources

On a recent flight home after a client meeting, I found myself thinking about what is really motivating global financial services companies in their decision making around technology and regulatory compliance.

In the highly competitive third-party administrator space, I think one of the primary motivators is the fear of revenue loss (really, it's a motivator for every sector).

This in turn spurs the desire to increase revenue opportunities and create new avenues to offset the potential loss.

According to a recent PwC news release that discussed the need for global financial services companies to adopt financial technology, more than four in five financial services companies plan to increase fintech partnerships in the next three to five years, while 88 percent are concerned that they will lose revenue to standalone fintech companies, and that almost a quarter of their revenue is at risk.

The report also proposed that, as a result of this, there is a move for technology companies and financial services companies to increasingly work together in a symbiotic relationship.

By doing so, technology companies receive greater access to asset management clients and opportunities, and global financial services administrators can utilise fintech to finally overcome legacy technological and customer communication issues. Ultimately, this allows both organisations, or even multiple organisations, to work together to increase revenue opportunities for all. This relationship was spelled out in even greater detail in the PwC report, Redrawing the Lines: FinTech's Growing Influence on Financial Services.

Global third-party administrators and asset managers are looking to fintech to help outsource some of their research and development and technology responsibilities so that they can bring their full enterprise solutions to production faster and provide new and expanded service offerings to their clients.

Working with the right fintech partner, they can do this more quickly, less painfully and without the need to hire increased staff to maintain and manage the technology.

A good example of this type of partnership occurring now is within a subset of fintech known as regtech. Regtech focuses on technologies that ease compliance with regulatory requirements through data-centricity, speed and agility.

Currently in the US, with the US Securities and Exchange Commission modernisation rules moving ahead, asset management firms are making key decisions around whether to insource or outsource the functions required to support the new Form N-PORT and Form N-CEN, as well as the Regulation S-X changes.

In this landscape, administrators that differentiate themselves in key areas such as those outlined below, will discover increased opportunity for organic revenue streams:

- **Technology platforms:** By providing portal and user experience consistency, powered by best-of-breed technology, global third-party administrators can offer a more controlled, secure and efficient process to their clients. This in turn allows them to reduce overall costs internally, while increasing the potential volume of funds and services they can take on.

- **Additional service offerings:** Ancillary and separate offerings around reporting and data augmentation (to name a few) allow a full end-to-end service model that includes every aspect of the day-to-day operations and obligations of firms. Full service offerings position administrators as trusted partners who can solve additional, adjacent problems to alleviate back-office strain.

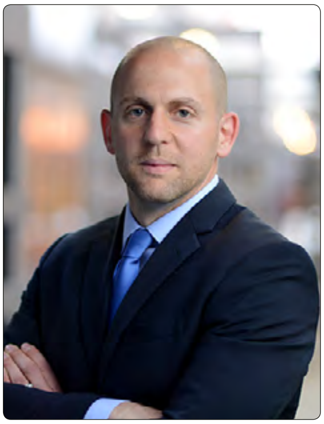
- **Data package availability:** As the need for more and more data continues to be the new normal, firms are looking to their service providers as a source, and this provides additional service opportunities. Providing this valuable resource to clients provides new service offerings for data consumption and use downstream.

Third-party administrators are moving toward monetising the services to support SEC modernisation, and there are key opportunities for them to increase revenue streams through a mix of services and best-of-breed third-party technology. By incorporating regtech into their enterprise-wide technology strategy, they can help to offset the costs of maintaining the regulatory schema, filing and the rapidly changing requirements from regulators such as the SEC. By 'outsourcing' those functions to regtech providers, they reduce costs while also increasing revenue opportunities and gains from the enhanced services and technology offerings. Firms that avoid change and continue to provide traditional services with traditional man-power will fall behind.

The disruptive forces of fintech and regtech in the financial services industry is becoming a critical component of a global, enterprise platform strategy and are being adopted by administrators and asset managers alike, with plenty of room for partnership.

Firms that embrace this disruption just might find it to be the key differentiator that increases revenue and provides the win to expand their existing services and client base. AST

By incorporating regtech into their enterprise-wide technology strategy, firms can help to offset the costs of maintaining the regulatory schema



Domenic Ionadi, Strategic global account manager, Confluence

Prevention is better than cure

Jay Patani of software company ITRS looks at how financial institutions of all shapes and sizes can reduce reputational risk in their trading systems

It took just 30 minutes for Knight Capital to lose a staggering $440 million because of glitches in newly-deployed code. The catastrophe in 2012 became the infamous poster child of the perilous reputational consequences of poorly monitored trading infrastructure. Since then, creating safeguards to monitor and anticipate problems in complex IT systems has become essential.

So how can the various stakeholders in electronic trading become more proactive in minimising technological risk and protecting their reputation? Part of the answer lies in better real-time monitoring.

Reputation is intangible. A reputation can be tarnished when a bank fails to meet its expected obligations to its stakeholders: its customers, the regulators and the public at large. On an executive level, acts that sabotage reputation include financial mismanagement and breaching codes of governance. On a lower level, poor customer service and inappropriate behaviour may pose a risk.

However, these are largely reputational risks stemming from human error or misconduct. But in an increasingly automated environment, technology is also a key driver of reputational losses. The high-octane world of financial trading is a prime example of technology's paradoxical effects. On the one hand, algorithms and machines can eliminate labour and make processes, such as executing trading strategies both faster and more efficient. On the other hand, when things go wrong, they go wrong in catastrophic proportions.

While the electronification of trading has created a more robust audit trail than ever before, banks' inability to keep up with and process this information often leads to disasters.

Investment banks

Investment banks provide execution services to traders including algorithmic trading, order routing and direct market across different venues as well as, sometimes, in-house (such as in a dark pool).

The complexity of a bank's IT operations—made up of myriad applications, servers and users—poses a monitoring challenge. In addition, banks also have increasing regulatory obligations, with a growing pressure to stamp out illegal or abnormal activity and to provide more granular reporting.

In 2013, the EU imposed a $2.3 billion fine on six global banking giants for rigging the London Interbank Offered Rate (LIBOR) rates. In most of these cases, an adequate real-time trade surveillance system would have provided early notifications of illegal activities and could have minimised damage.

By analysing a combination of network data flowing through multiple systems and real-time log data from applications, banks have complete real-time visibility of trading activities.

This data can be visualised or stored for compliance purposes. By having a single pane of glass across different systems, banks can bring illegal activity out of the shadows more quickly and into the hands of compliance professionals, and not the newspaper headlines.

Furthermore, they can mine this data for market intelligence on how and what their clients are trading, and use these insights to drive their strategies to achieve, and maintain, a competitive edge.

Exchanges

Similar to large investment banks, global stock exchanges have a highly-distributed trading and market data infrastructure. With increasing trading volumes and high-speed trading, exchanges are under pressure to optimise operational performance and to meet customer and regulatory expectations.

Exchanges must offer rapid access to liquidity and process millions of trades per second at up-to-date prices. In order to maintain this, they must monitor their complex infrastructure in real time and correlate all order events as they encounter gateways, middleware matching engines and market data streams. Tracking trades requires pulling information from different sources across the trading infrastructure and using high-performance analytics to calculate latencies between the various checkpoints in the lifecycle of each trade. This information can further be sliced and diced to see how execution performance varies across different times of the day, different clients and different symbols.

Poor performance with stock exchanges trickles down to the rest of the financial system, including the broker-dealers, market makers and the end investors. Equally, the effects of having good technology will be felt and recognised by the wider financial community.

To a certain degree, fines, losses and reputational damage are unavoidable and unexpected. Firms need to act quickly to remedy and minimise damage when catastrophes occur. However, prevention is always better than cure and this is where technology comes in. Better technology leads to better decision making and minimising avoidable errors. It not only mitigates risk but is also a competitive advantage, giving financial institutions better visibility into what is going on in their business and how to use it to their gain. AST

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Jay Patani, Tech evangelist, ITRS


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Network manager

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A leading provider of global capital market analytics is looking for a mid-level network manager with approximately five years of experience in both securities and cash correspondent bank monitoring for its London office. Significant travel is required to be undertaken.

Prime finance sales trader

Nomura

London

The prime brokerage business is a major revenue contributor to the global equity business. This is a sales role within the group that covers customer and firm financing, with specific exposure to institutional asset managers, investment banks, hedge funds, custodial banks and agent lenders.

Senior product manager

HornbyChapman

London

A major global custodian is looking for a senior product manager to manage its wealth proposition and assume responsibility for its investment solutions platform, which focuses on wealth management and adviser firms.

Liquidity manager

Alexander Ash

London

The candidate will be responsible for further development and implementation of the liquidity management and funds transfer pricing framework in relation to the bank's portfolio of businesses.

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Movers and shakers at the CFTC, the SEC and more

Brian Quintenz was sworn in as a commissioner of the US Commodity Futures Trading Commission (CFTC) earlier this month.

Quintenz will serve as commissioner until April 2020. The Senate confirmed him on 3 August.

The new commissioner founded and served as the managing principal and chief investment officer of Saeculum Capital Management, a registered commodity pool operator that specialised in risk management and technical analysis investment strategies.

He started out at Hill-Townsend Capital, where he performed valuation analysis on regional and global banks, projected future earnings estimates, and implemented proprietary hedging strategies.

"I'm deeply honored to be sworn in as a commissioner of the CFTC," said Quintenz after his swearing in. "I have tremendous respect for this agency and the people who work here. I look forward to working to fulfill the agency's mission to foster open, transparent, competitive, and financially sound markets."

Commissioner Sharon Bowen announced in June that she will step down from her role at the CFTC soon, despite having two years on her term still to run.

The CFTC should consist of five commissioners appointed by the US president, but Donald Trump's stay in the White House has been dogged by a slower-than-usual confirmation process, with many of the top jobs at the country's agencies left unfilled.

Russ Benham, who serves as senior counsel for the Senate committee on agriculture, nutrition and forestry, was confirmed as a commissioner at the same time as Quintenz.

Dawn Stump, another aide to the Senate committee on agriculture, nutrition and forestry, has been put forward for confirmation. Stump previously worked at NYSE Euronext.

Richard Linnegan has joined OneVue as COO of fund services.

Linnegan will lead the fund services operations team from the company's Melbourne office.

He will focus on enhancing service delivery to existing clients and will further expand OneVue's fund administration business.

Linnegan joins OneVue from Goldman Sachs where he was executive director of asset management for more than 18 years.

In that time, Linnegan oversaw a variety of changes at the bank, including Goldman Sachs's buy-out of Australian firm JBWere, as well as the recent management buyout of the Australian equity and fixed income business now known as Yarra Capital Management.

Before his time at Goldman Sachs, Linnegan spent 10 years in the London office of Fleming Asset Management where he was senior manager.

Richard Harris Smith, executive general manager of fund services at OneVue, said: "Richard Linnegan brings a wealth of operational and registry knowledge and a fantastic track record in supporting business growth, while maintaining excellent service performance for existing clients. His global operational risk and controls experience adds further capability to an already strong team."

Linnegan stated: "OneVue has a very exciting future in terms of growth and contributing to a culture of providing excellent service to its clients, it is something I am passionate about."

TriOptima COO Mireille Dyrberg is leaving her role in September.

She joined the OTC derivatives markets solution provider in 2008 as CEO of TriOptima in Europe, the Middle East and Africa.

As COO, Dyrberg is responsible for infrastructure functions, including legal, marketing, industry relations, human resources, administration, finance and accounting.

She previously worked at Dresdner Kleinwort.

Organisation CEO Stuart Connolly and Yutaka Imanishi, CEO of the Asia Pacific region, remain in their roles at TriOptima.

RBC Investor & Treasury Services (I&TS) has bolstered its Europe and Asia Pacific governance and regulatory solutions team with the appointment of Wendy Phillis as managing director.

Phillis will lead the governance and regulatory solutions team from RBC I&TS's London office.

She joins from ICAP, where she was chief risk and compliance officer for nearly three years.

In that time, Phillis established the markets operator's global risk management strategy.

Phillis previously spent 16 years at State Street where she was senior managing director in charge of risk and compliance.

Andrea Horton, global head of governance and regulatory solutions at RBC I&TS, said "Wendy Phillis's experience and deep industry knowledge will be of significant value as we navigate and manage the evolving regulatory landscape."

"[Her] expertise will also be of critical importance in ensuring our services continue to support our clients' needs against the backdrop of regulatory change."

The appointment of Phillis comes shortly after RBC I&TS's recruitment of Michelle Hall as director of UK business management. Hall is responsible for delivering business plans, status reporting and analysis of metrics to ensure internal governance and controls for the RBC I&TS UK business.

The US Securities and Exchange Commission's (SEC) director of the division of investment management, David Grim, is leaving the agency after 22 years of service.

According to SEC, Grim leaves a legacy of regulatory policy reforms and legal guidance that shaped the division to what it is today.

Grim also helped the regulator to adopt a modernised, comprehensive data reporting regime to improve access and quality of information for themselves, as well as their clients.

Grim, who joined SEC in 1995, began as a staff attorney in the division's office of investment company regulation.

In 2007, he became assistant chief counsel and went on to become deputy director in 2013. Two years later he was appointed director.

The SEC did not disclose Grim's next destination or whether his replacement has been found.

Jay Clayton, chairman of the SEC, said: "America's investors have been well-served by David Grim's dedication, commitment and expertise."

Grim commented: "I have been a proud member of the staff of the division of investment management for 22 years, and it has been a privilege to serve the investing public as the division's director."

Euroclear Bank has appointed Stéphane Bernard as CEO of its Poland branch.

Based in Krakow, Bernard will report to Valerie Urbain, CEO of Euroclear Bank.

Bernard will combine the role with his duties as managing director of asset servicing and transaction operations at the bank. He is also a member of the board of directors of the Euroclear Settlement of Euronext-zone Securities central securities depositories Euroclear Belgium, France and Netherlands.

Bernard replaces Geert Desmedt, who has been CEO since the formation of the Poland office in 2012. Desmedt is taking up new responsibilities in Euroclear's risk management division in Brussels.

Urbain said: "I would like to congratulate Stéphane Bernard on this new and exciting role. Our Poland branch office is a key operational hub for the Euroclear group and Bernard's experience is perfectly aligned with our ambitions to grow this office organically."

Bernard added: "I look forward to working with the teams to ensure that we continue to serve our clients from around the globe in the best way possible." AST

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