asset servicing times

The primary source of global asset servicing news and analysis

Issue 183 07 Feb 2018

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North American Fund Administration Association launches

Former State Street senior managing director Chris Meader has launched the first North American Fund Administration Association (NAFAA).

Meader has previously served in roles, such as vice president of J.P. Morgan hedge fund services and senior vice president of Citi hedge fund services, and, most recently, senior managing director at State Street's alternative investment solutions business.

The new association will address the requirements and goals of investors and allocators, generate a useful and progressive dialogue with regulators and enhance and improve both the reputation and understanding of the North American fund administration industry.

NAFAA was set up to act as a voice for the administration industry and aims to support the administration's space, providing a forum where professionals can share and implement ideas for progression.

Meader said: "Collaboration of fund administration service providers in the US is long overdue."

"With the increased use of derivatives in our industry and the introduction of new products such as cryptocurrency funds, there is a clear calling, now more than ever before, for a forum to discuss these key issues and ensure that we, as fund admin providers, evolve our businesses to service this new breed of managers and fund types."

Meader added: "NAFAA aims to identify and institute operational best practices; to enhance the image and understanding of the industry, to advance constructive dialogue with regulators, and to improve the communication and training amongst its members via effective conferences and communications."

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Smartkarma expands to North America

Smartkarma, an Asia-based independent investment researcher, has opened a New York office and launched a new cloud-based platform.

The New York office, which will be headed by Warren Yeh, expands Smartkarma's US operations to support US fund managers looking to the Asian markets.

Smartkarma's cloud-based platform brings together more than 400 insight providers, covering in excess of 2,400 companies across 15 Asia Pacific markets.

The platform also provides instant access to analysts, creating on-demand and instant coverage, as well as a business model that enables asset managers to pay a single subscription for unlimited, personalised access to insight across all providers.

According to Smartkarma, by adopting this model, US managers are responding proactively to evolving regulatory changes with global impact, such as the second Markets in Financial Instruments Directive (MiFID II).

The move to New York comes after Smartkarma recently completed its series B funding round, led by Sequoia Capital.

Commenting on Smartkarma's move to New York, Yeh said: "Smartkarma is an excellent fit for US funds investing into Asia, providing a level of transparency and independent insight that has not been available until now."

Raghav Kapoor, co-founder and CEO of Smartkarma, commented: "The demand for differentiated and unconflicted research is rapidly rising and US markets are no exception. Our insight providers, based in-country, provide US funds with local insight in areas underrepresented in traditional investment bank research, including initial public offering/mergers and acquisition analysis, event-driven special situations as well as small- and mid-cap company research."

StarLeaf creates MiFID II-compliant meeting room systems

StarLeaf has created meeting room systems enabling financial services to comply with the new transaction recording rules of the second Markets in Financial Instruments Directive (MiFID II).

The video conference provider's new system will see all video meetings recorded and all participants logged.

The service offers an auditable trail of every transaction meeting, in compliance with MiFID II rules, which dictate that all forms of communication concerning financial transactions are recorded.

Jonathan Williams, head of StarLeaf's Microsoft business unit, said: "When it comes to video conferences and meeting rooms, organisations are faced with the need to record every meeting and log every participant ... we offer our customers a way to achieve compliance by ensuring that all people joining via a StarLeaf Microsoft Skype meeting room system are accounted for and tracked."

He added: "The StarLeaf range of Microsoft meeting room solutions enables financial service providers to meet the MiFID II regulations while presenting a simple meeting room user interface that requires no training to use and is familiar to every Microsoft user."

Volante and BNY Mellon collaborate for instant payments

Volante Technologies has collaborated with BNY Mellon to create and deploy technology to enable real-time payments (RTP) in the US and internationally.

As part of the initiative, BNY Mellon launched two services, leveraging VolPay Hub technology provided by Volante.

BNY Mellon has also launched a new service, called BNY Mellon Tokenized Payments—now available with Zelle, which, according to BNY Mellon, will accelerate the transition from paper to electronic payments for its clients.

In support of BNY Mellon's initiatives, Volante developed The Clearing House's RTP processor module in collaboration with BNY Mellon to process real-time payments and to allow a transaction to reach its recipient within 15 seconds or less.

BNY Mellon's was the first financial provider to create a real-time payment over The Clearing House's new real-time payments network.

Saket Sharma, chief information officer for BNY Mellon treasury services, said: "We are creating the building blocks for an integrated payments ecosystem both for today's needs and for the next generation. This approach allowed us to be first to market with RTP and will also serve us well over the long term."

He added: "Working closely with trusted and innovative fintech providers such as Volante and our own development resources helps us deliver sustainable value quickly."

Vijay Oddiraju, CEO of Volante Technologies, commented: "Our collaboration with BNY Mellon on first-to-industry payments solutions further establishes our payments innovation capability ... implementing the first RTP processing hub in the US is the perfect example of collaborative teamwork between BNY Mellon and Volante, bringing greater value to BNY Mellon's clients."

Reporting is greatest implementation challenge for clients, says survey

Close to 50 percent of investment managers and consultants think that client reporting is the greatest implementation challenge presented by the second Markets in Financial Instruments Directive (MiFID II), according to a Northern Trust survey. The survey, taken at Northern Trust's annual regulatory and depositary conference, asked around 100 attendees what they believed to be the biggest regulatory demands faced by fund managers, in relation to MiFID II.

Approximately 20 percent said transaction and transparency were the biggest challenge, while 20 percent said reporting inducements and research was of concern.

A further 15 percent cited updating client documentation as a high priority.

In addition to concerns around MiFID II, the survey revealed that 65 percent of attendees expect the upcoming regulatory environment will demand an increasing amount of their time in 2018, compared to 2017.

Robert Angel, head of regulatory solutions at Northern Trust, said: "The level of focus on client reporting was no surprise to us.

The transaction cost calculation disclosures contained within the MiFID II are complex and will require ongoing work, even now post implementation, not only from institutional entities, but also from regulatory bodies as they look to further rationalise the relevant disclosures."

He added: "Whilst it's surprising the effort spent by the industry on regulatory compliance is expected to increase, MiFID II will require ongoing efforts for the duration of 2018."

HANetf selects BNY Mellon as asset servicing provider

BNY Mellon has been appointed by HANetf to provide custody, administration and trustee services for exchange traded fund (ETF) issuers.

HANetf plans to lower the barriers to entry for prospective ETF issuers by providing services including product development, capital markets, sales, marketing and distribution.

HANetf is also launching an Irish-domiciled platform available to new entrants to the ETF market.

Nik Bienkowski, co-CEO at HANetf, said: "Our offering will help any asset manager who may have thought the road to market too costly or time consuming to issue ETFs in Europe under their own efforts. We are delighted to have appointed BNY Mellon; their recognised pedigree and experience in the ETF market significantly enhance our proposition."

Jeff McCarthy, CEO of exchange traded products, at BNY Mellon, added: "The European ETF industry is gaining significant momentum and we are seeing increasing numbers of established asset managers seeking a quick and easy way to get into the ETF space."

"HANetf's timing is good—with our support, they are very well positioned to meet that burgeoning demand."

PRIIPS 'not fit for purpose', says industry associations

The Personal Investment Management and Financial Advice Association (PIMFA) has joined forces with the Investment Association to call for a review of the Packaged Retail and Insurance-based Investment Products (PRIIPs) regulation.

This collaboration comes following industry concerns of potential flaws in the design of key information documents (KIDs), which PIFMA states could result in investors receiving misleading information ahead of transactions.

According to PIFMA, those concerns have now been realised, as calculation methods mandated by the PRIIPs regulation has resulted in product risk and performance data that is "not fit for purpose".

PIFMA states that this incorrect data does nothing to help investors who will rely on KIDs to make informed investment decisions or rely on it when comparing different products.

In addition, PIMFA has asked the UK's Financial Conduct Authority to provide further clarification of its recent suggestion that firms selling or advising on PRIIPs should address potentially misleading information in KIDs by providing additional explanation as part of their communications with clients.

Liz Field, CEO of PIMFA, said: "The fundamental purpose of the PRIIPs regime is undermined if KIDs fail to provide accurate, timely and clear information to investors. In instances where KIDs provide misleading information [...] advisers and distributors should not be expected to 'paper over the

J.P. Morgan extends its asset servicing business

J.P. Morgan is set to extend its asset servicing business, by signing an outsourcing deal with Dutch asset manager, Robeco. Under Robeco's strategic plan for 2017-2021, it is outsourcing part of its operations and administration activities to the American banking behemoth.

J.P. Morgan will provide transfer agency, fund accounting, operations, custody depositary and securities lending for the Rotterdam-based asset manager.

The outsourcing process begins this month and will last up to two years.

J.P. Morgan promises that with its global network, it will provide operations activities to Robeco in multiple locations and time zones.

As part of the transition, about 70 Rotterdam-based employees will lose their positions once the process has been completed.

Gilbert Van Hassel, CEO of Robeco, said: "As a consequence of the global playing field and increasing complexity, asset managers need a specialised operations provider with a global presence."

"Given the impact of this decision on our people, this is not a decision that we have taken lightly and we will implement the outsourcing with the greatest care for the people involved."

Van Hassel added: "However, we believe that outsourcing is a necessary step that will help us continue to deliver excellent service to our clients worldwide."

Ann Doherty, regional sales executive for Europe, the Middle East and Africa, investor services at J.P. Morgan, said: "We are delighted to deepen our strategic partnership with Robeco and support its growth ambitions around the world by providing investment operations, custody and funds services."

cracks' by providing 'additional explanation' to investors."

She added: "The ad hoc correction of documents that are a matter of regulatory requirement should not be undertaken lightly — as well as creating further inconsistencies in the way individual products are presented to investors, such an approach may result in wholly unreasonable liabilities for advisers and distributors."

You can't have your cake and eat it with Brexit

"[The UK] can't have its cake and eat it with Brexit", according to Chris Skinner, chair of the Financial Services Club.

Speaking at this year's annual ISITC Europe meeting in London, Skinner explained that the UK and the financial services industry still had their "fudge", meaning he thought the industry would face "a lot of fudging over the next five years".

Kay Swinburne, Member of the European Parliament for the UK's Conservative Party and vice chair of the Economic and Monetary Affairs Committee, agreed.

She said: "Brexit is the most complex thing in financial services, on paper it looks simple, but put into practise, it will be incredibly difficult. Each and every sector is going to have to reassess what they do."

Michael Cooper, chief technology officer of global banking and financial markets at BT, spoke of Brexit as unprecedented, explaining, "no one has ever left the EU27, many nations regret it [Brexit], but they realise we have to work together".

In the same vein, Swinburne affirmed her faith in Michel Barnier, Europe's chief Brexit negotiator. She said: "He knows what he's doing for financial services, he's aware of how important London is [as a financial hub]."

She added that Brexit is the "biggest catalyst for change and because of this, the financial services need to embrace all incumbents" and must see "how they can

leap-frog to the next level rather than staying the same".

She also explained that educating politicians about the financial industry is also imperative.

In terms of asset servicing, Cooper said the industry should "drive forward to innovate" and proposed that the "success or failure of technology will be probably be influenced by Brexit", particularly in the next five years.

Rebecca Healey, lead analyst of financial market structure at Liquidnet, said: "We do need to get a legal agreement about data, how we share it is critical. We [as an industry], have been snowed under with the second Markets in Financial Instruments Directive (MIFID II)—it's distracted us from Brexit."

Swinburne also touched on MiFID II in terms of Brexit, explaining that in the lead up to the UK leaving the EU, the other 26 Member States are "preempting their own [financial service] vulnerabilities in this midst of change".

She said: "MiFID II has been set up to be neutral and has no difference to entity for asset classes competition within firms who happen to be based in certain countries."

Swinburne concluded: "Competition is in the heart of MiFID II. Brits have always pushed for open markets and competition. MiFID II may be very different in terms of competition."

She predicted in the future, MiFID III, when it is established, "may be more protectionist".

Raiffeisen Bank has selected Abacus reporting solution

Raiffeisen Bank International (RBI) has selected BearingPoint's software solution to meet regulatory reporting requirements.

The solution will enable the Austrian commercial and investment bank to manage its daily reports to align with the newly introduced European reporting rules.

RBI cited the second Markets in Financial Instruments Directive, the European Market Infrastructure Regulation, Money Market Statistical Reporting and the Securities Financing Transactions Regulation the main sources of its reporting challenges.

Fariborz Nourani, head of division head office operations at RBI, said: "As an important player in the financial market, we need to meet the whole range of transaction-based reporting requirements."

"With abacus/transactions, we have found a software that can be used for various reporting types. This is time-saving, cost-effective, and will make our work much easier in the future since we have to prepare and deliver the data only once."

Blockchain is evolution not revolution

"There's an evolution taking place" in blockchain and with other industry technologies, according to a panellist at this years annual ISITC Europe meeting in London.

Bob Santangelo, president of international sales at Broadridge Financial Solutions, said that to adapt to this evolution, "every financial institution is looking at a way to create lower cost", explaining that "blockchain and artificial intelligence (AI) are two examples of how people will innovate".

Panellist were unanimous in their opinion that the introduction of blockchain would improve the existing landscape rather than overthrow the established order of the market.

Hugh Richards, head of product at London Stock Exchange, stated: "The model won't be changing but will just be more efficient, in the future. Machinery will still be the same."

Santangelo added: "AI, robotic process automation (RPA) and machine learning essentially shows us how we could do more with less. Cognitive technology could shrink the number of people working in our industry, but there will never be zero people. Evolution will take place, but you will always need people."

Though, Brian Collings, CEO and chairman at Torstone Technology, warned that the pace of change in the industry has been quicker than ever before. He said: "What's now achieved in a space of five years used to take twenty years. I wonder, can we across the industry cope at that speed of change?"

The panel also discussed how Brexit could change the industry and whether the number of people working in the UK would lessen or increase.

Santangelo said that financial services have never been "rightly sized", regardless of Brexit, but stated it needs to be bigger in terms of training the next generation going into financial services. He explained: "Training is key as service providers need to have programmes in place to do that training."

Richards concluded that the industry is not facing a "big shift", or necessarily a loss of jobs, but just a "step change".

Broadridge introduces repo trading tool

Broadridge has introduced a repo electronic trading system, known as repo order quote (ROQ), designed to view liquidity and pricing across multiple electronic marketplaces.

ROQ allows repo traders to see demand and availability for each term, security or basket of general collateral securities.

The system also enables traders to quote and execute on an aggregate basis.

Broadridge promises ROQ provides a competitive advantage by helping repo traders implement their trading strategies more effectively via instant inventory optimisation and revenue analysis tools.

The solution is now in use with a major European bank.

Jerry Friedhoff, head of securities finance and collateral management business at Broadridge, said: "The ROQ solution is a great example of Broadridge bringing real technology-led enhancements to capital markets clients, helping them get ahead of today's challenges and capitalise on tomorrow's opportunities."

Friedhoff added: "ROQ also enables repo desks to automate their trading activities via our unique combination of algorithmic execution and global inventory."

GMEX Technologies launches Fusion

GMEX Technologies has launched GMEX Fusion, an integrated centralised and distributed solution set, in response to changing global market drivers and technical innovation.

The new solution, which combines centralised technology with blockchain technology, has been created to support the latest technology and business challenges impacting the way traditional exchanges are looking to operate, as well as to address the demands from the crypto exchanges and emerging market countries.

It will be used across exchanges, clearing houses, central securities depositories and electronic warehouse receipt operators.

Hirander Misra, CEO of GMEX Group and chairman GMEX Technologies, commented: "We have created Fusion to address the increasing need for centralised and distributed technology to be implemented together."

He added: "We are delivering the latest blockchain technology integrated with advanced exchange trading, clearing, settlement and electronic warehouse receipts solutions to ensure that the current world of centralised systems and new world of distributed enablement can coexist in parallel as part of a unique game-changing hybrid paradigm."

State Street sees asset servicing business growth

Assets under custody and administration (AUCA) at State Street increased by 15 percent in Q4 2017, compared to Q4 2016.

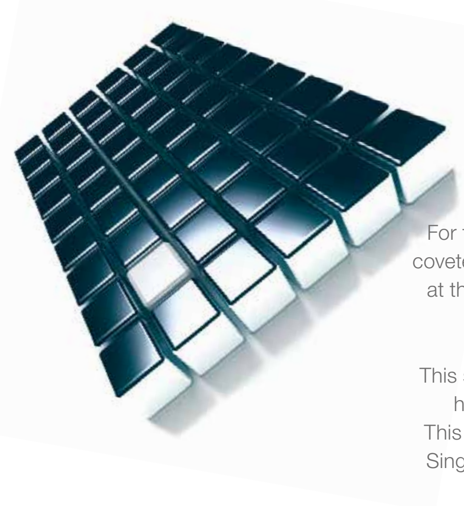
AUCA reached $33.12 trillion in Q4 2017, surpassing Q3 2017's $32.11 trillion and Q4 2016's $28.77 trillion. As for securities finance revenue, State Street earned $147 million in Q4 2017 compared to $136 million during the same period in 2016.

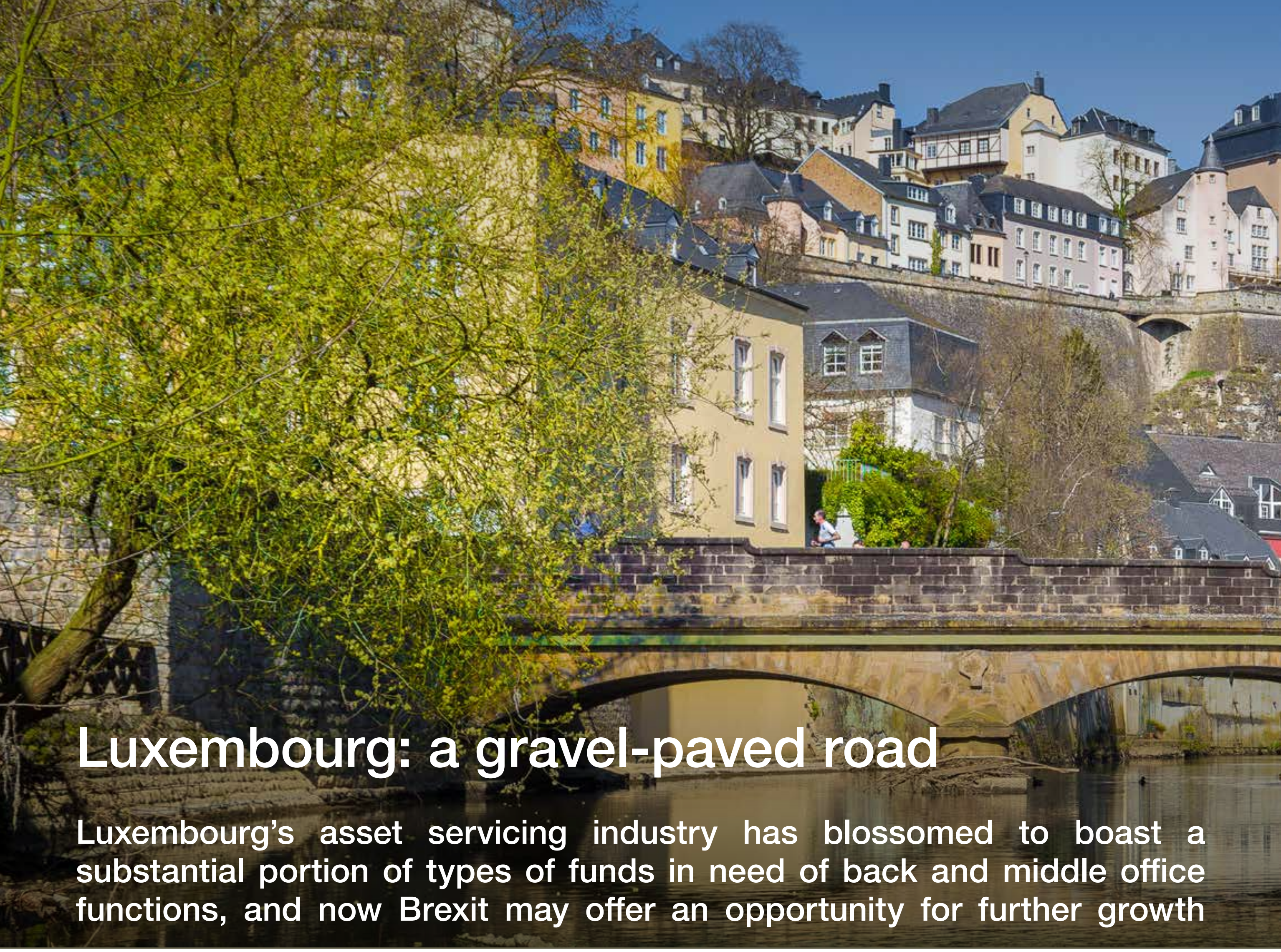
The securities finance revenue of the Boston-based bank increased from Q4 2016 by 8 percent, thanks to a boost at the bank in enhanced custody.

Compared to Q3 last year, securities finance revenue was flat.

Joseph Hooley, chairman and CEO of State Street, said: "Our full-year 2017 results reflect strength across our asset servicing and asset management businesses, with record levels of assets under custody and administration and assets under management, and importantly, achievement of our 2017 financial objectives."

"We also made significant progress with our Beacon programme, achieving benefits for our clients while also realising $150 million in savings."





Luxembourg: a gravel-paved road

Luxembourg's asset servicing industry has blossomed to boast a substantial portion of types of funds in need of back and middle office functions, and now Brexit may offer an opportunity for further growth

Jenna Lomax reports

Luxembourg well and truly holds its own in the crowded EU marketplace. Compared to its heavyweight neighbours, such as Germany and France, the small nation (just 35 miles wide), is certainly mighty—especially when it comes to the physical presence of asset servicing providers, which grew significantly in 2017 alone. In a report released on by the Association of the Luxembourg Fund Industry (ALFI) on 1 February, assets under management grew 12 percent from the end of November last year, with an increase of €458 billion over the last 12 months. Since last January, ALFI reported that 73 percent of the growth in assets under management was from new money being invested into Luxembourg (predominantly UCITS) funds.

Like many smaller financially markets around the globe, Luxembourg has adapted by cornering the market in a niche area of financial services where it can compete on the global stage on its own terms.

Today, Luxembourg has found itself as the beneficiary of several opportunities, created from a combination of internal self-improvement and external geopolitical and economic developments, that may soon mean the country could be punching well above its weight.

In the past year, Luxembourg has welcomed many major firms, who wanted to set up a presence there, such as Northern Trust and Liberty Speciality Markets, which were just two entities to move partly away from the UK by into relocating their EU hubs to Luxembourg City.

As of November 2017, ALFI reported that Luxembourg held over 4,000 separate funds. So it's no wonder then that Luxembourg is the second biggest investment funds market after the US, representing 9.3 percent of the investment funds market worldwide. More specifically, in the asset servicing sphere, the total automation rate of processed orders of cross-border funds received in Luxembourg and Ireland reached 86.6 percent in Q2 2017, according to a report by Swift and the European Fund and Asset Management Association (EFAMA).

David Suetens, country head of Luxembourg for State Street, states: "Luxembourg is different versus the local German or French fund market since it specialises in cross-border fund distribution. Funds domiciled in Luxembourg are registered for distribution in more than 70 countries."

To add to this success, ALFI found that Luxembourg-domiciled funds held the record amount of €4 trillion assets under management as of September 2017. But what does the future hold, in terms of asset servicing? And can Luxembourg capitalise on displaced market participants that may be wooed away from London by Brexit?

The European Council received eight applications last year from cities vying to host the European Banking Authority (EBA) once the UK leaves the EU. Luxembourg, as well as Paris, Prague, Vienna and Warsaw, all lodged bids for the EBA ahead of the European Council's deadline on 31 July 2017. And although Paris won, the fact Luxembourg was taken as a serious contender, speaks volumes.

Despite the stiff competition, through ambitious moves like this, Luxembourg has the chance to be the cement its status as the world's gateway into Europe but it is competing with several other major markets for that honour, most notably Germany and Ireland, which withhold a massive physical asset servicing space of their own.

UCITS: king of the road

Luxembourg's asset servicing hurdles revolve around the fact that its primary offering, UCITS funds, are fiercely controlled by stringent regulations that mean they are a consistently underrepresented market demographic, despite having some of the richest lending asset portfolios. EFAMA reported that by September 2017 Luxembourg attracted 36 percent of UCITS inflow in Europe versus 9 percent for France and 4 percent for Germany.

ALFI reported that at the end of September 2017, 4,110 investment funds were domiciled in Luxembourg, 1,880 of them were UCITS. By the end of Q2 2017, UCITS funds across Europe registered net inflows of €174 billion, according to EFAMA.

Luxembourg's financial service teams don't seem to fear the complications surrounding UCITS too much. As Don D'Eramo, managing director of securities finance at RBC Investor & Treasury Services, explains: "Within strict risk parameters, Luxembourg still utilises additional products to maximise returns to end investors."

A strong engine: the centre of everything

In the first month of 2018, Apex Group acquired M.M.Warburg & Co's asset management and servicing business in Luxembourg. At the end of 2017, BNP Paribas Asset Management completed a full end-to-end fund transaction test in using blockchain technology, developed by a three-way collaboration between Fundsquare, InTech and KPMG's Luxembourg team.

While Intertrust, a Dutch fund manager, announced it has been approved to provide alternative investment fund management (AIFM) services from Luxembourg. Intertrust Luxembourg can offer a suite of integrated fund services covering AIFM, central administration and depository services.

Paul Lawrence, global head of fund services at Intertrust, says: "The AIFM Directive (AIFMD) prompted a transformational shift in the EU alternative funds landscape by introducing EU passporting, compulsory regulation and significant reporting requirements."

In November, LendInvest Capital selected CoInvestor as the platform for UK advisors to invest in its £130 million Luxembourg-domiciled real estate opportunity fund.

CoInvestor's online platform was setup to help streamline access for investors looking to participate in a diverse pool of real estate-backed loans, which have been underwritten by LendInvest. LendInvest's fund was the first in Luxembourg to be available on CoInvestor.

In October 2017, HSBC Securities Services (HSS) was selected as a depositary and administrator by EFG Asset Management (EFGAM), overseeing its New Capital Fund Lux, adding to its presence on the ground for Luxembourg's asset servicing landscape.

Commenting on HSBC's selection, Claudio Camplani, director and chairman of EFGAM, says: "HSBC's continued support will allow us to expand our business in Luxembourg whilst leveraging a consistent and effective operating model, ultimately allowing us to offer a greater quality of service to our clients."

Earlier in 2017, Northern Trust also made headway in Luxembourg as it acquired the fund administration servicing units of UBS Asset Management in Luxembourg and Switzerland.

The deal, first announced in February, positioned the wealth management provider in to the top 10 asset servicing providers of Luxembourg.

Northern Trust has operated in Luxembourg for more than 10 years, being a stronghold for asset servicing since 2004. Northern Trust also appointed a new head of continental Europe, David Wicks, in 2017, in a move that it said would "further establish its commitment to the region".

Nicolas Mackel, CEO of Luxembourg for Finance, mirrored in his confirmation of Wick's appointment, the importance of Luxembourg as a European base for asset servicing.

He says: "We are delighted that Northern Trust, one of the world's biggest financial services companies, has chosen Luxembourg as a base to expand within the European Union."

"Its decision is further recognition of the cross-border expertise and crucial strategic position of Luxembourg for non-EU financial services companies."

Deloitte also established a joint EMEA Financial Services Asset Servicing Centre of Excellence based in Luxembourg and Ireland.

Brexit: opportunity avenue?

The UK is expected to leave the EU in March 2019, notwithstanding, any transitional agreements by UK Prime Minister Theresa May and the EU. Until then, the rest of the world await the outcome of current negotiations.

At Sibos 2017, an audience poll predicted that Frankfurt could be set to displace London as a global financial centre after Brexit.

Over 45 percent of audience members said they think Frankfurt will be the next big financial centre. Could this possible shift to the German financial hub affect Luxembourg's financial future?

During a Brexit panel at ISITC Europe, panellist Kay Swinburne, Member of the European Parliament for the UK's Conservative Party and vice chair of the Economic and Monetary Affairs Committee, said, in the lead up to the UK leaving the EU, the other 26 Member States are "preempting their own [financial service] vulnerabilities in this midst of change".

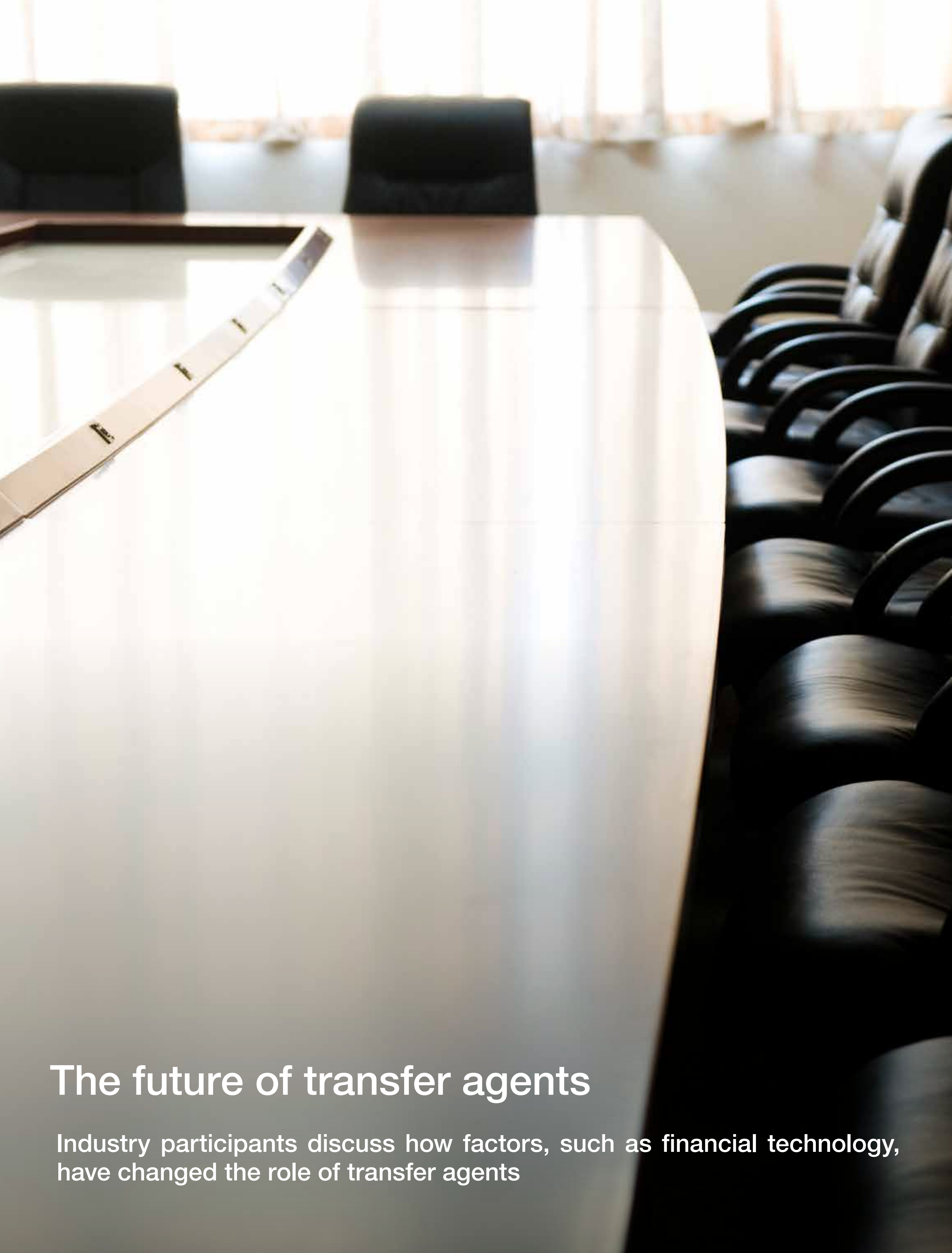
One of those 26 member states is Luxembourg. But, for the moment at least, Luxembourg seems untouched, still achieving asset growth.

As D'Eramo explains: "Traditional assets such as equities and government bonds are growing, [but also], the industry is showing greater demand to borrow exchange-traded funds, corporate bonds, and emerging market assets and Luxembourg beneficial owners bring a growing supply of such assets."

ALFI has said that, based on their long-lasting experience in cross-border fund distribution, the many specialised service providers of the Luxembourg investment fund industry are serving an increasing number of investment funds domiciled outside Luxembourg.

It stated: "For several years now, Luxembourg's financial centre is recognised and used as a center of excellence for fund administration and distribution by fund promoters from all around the world."

"Given that the overall environment of historically low interest rates should continue to have a positive impact on stock exchanges and probably motivate investors to make use of private banking services in their quest for returns, we expect the assets under management and thus the assets under administration and custody to further grow." AST



The future of transfer agents

Industry participants discuss how factors, such as financial technology, have changed the role of transfer agents

How are the transfer agency needs of asset managers changing? Are providers keeping up?

Geert Pick: Technology is the consistent theme during client conversations. This dialogue can vary depending on individual priorities, but improving efficiency and risk mitigation continue to be the constant.

However, a growing expectation for transfer agencies to help asset managers drive long-term and sustainable growth outside of the back office.

Transfer agents are, in many ways, the fountain of knowledge due to the vast amount of data we hold. If packaged correctly, data has significant potential in helping asset managers define their fund sales strategy. Additionally, distribution methods will continue to evolve and seamless digital models of buying and selling into funds will increase.

Asset manager expectations for transfer agents to meet this demand and ensure investor experience is seamless are growing. The quicker the transfer agency can perform the appropriate due diligence on the investor, the quicker the investors investment can be realised.

Laurent Majchrzak: Transfer agents are facing a number of new demands that reflect the changing needs of their clients. Two major factors shaping those needs are regulations and servicing efficiency.

In terms of regulatory developments, there is the strengthening of anti-money laundering (AML) and know-your-customer (KYC) requirements for investors, recent fiscal identification initiatives like the Foreign Account Tax Compliance Act (FATCA) and the Automatic Exchange of Information (AEOI), and the part of the second Markets in Financial Instruments Directive (MiFID II) that requires asset managers to ensure that products sold direct or via distributors are sold only to a suitable profile of investor. Such new regulatory burdens are resource intensive for asset managers and so create a need for regulatory support, which the transfer agent fulfils.

Many feel these regulatory developments are behind us but there remain aftershocks, which will continue to impact the distribution space for years to come.

In regard to demands for servicing efficiency, there are many anticipated developments which aim to modernise current distribution practices. With MiFID II's ban on inducements, the emergence of financial technology and the opportunities the digital world offers, many asset managers believe the future is in direct distribution. There are many initiatives to meet those expectations, from players like CACEIS looking to fully automate the entry into a business relationship and order placement, to the plethora of competing marketplace initiatives aiming to create a multi-transfer agent super-platform interfaced with all players to rationalise the AML/KYC part.

Tim Leeming: Asset managers are impacted by three main factors with downstream impact on their transfer agencies: technology, market forces and demographics.

Distributed ledger technology (DLT), legacy systems that are costly to maintain and change, old business models that are not nimble, internal resistance to change, inability for existing solutions to scale, automation, artificial intelligence (AI), robotics are all significant pressures on asset managers requiring them to rethink their business model, some drastically, in order to stay relevant in the industry.

The last decade brought about extremely volatile markets and challenging environments under which asset managers had to operate under. Active management was under siege. Calls for low cost products like exchange-traded funds (ETFs) and passives emerged from a more cost conscious, aggressive and probably less loyal investors. Combine these forces with the more aggressive regulatory regimes and asset managers found themselves having to introduce a new line-up of funds requiring changes to their downstream operations including the transfer agencies.

In addition, changing demographics with millennials entering the workforce and becoming investors, requiring their employers with state of the art technology in the workplace, flexible schedules including working remotely, while requiring the fund industry to adapt to a more digital and mobile offering, are forcing more changes on asset managers and their transfer agencies.

David Moffat: Just as transfer agency requirements changed a decade ago, from operational processing to a greater focus on distribution service and support, asset management requirements are extending in a number of directions. Many larger managers are increasingly looking for a connected, global transfer agency model; allowing them to seamlessly distribute funds from multiple domiciles and, often, using different servicing agents.

The focus is now centred on the distributor and designing a service model around their domicile and local market needs, rather than the domicile of the funds or the servicing agent.

Beyond this, many asset managers are looking to transfer agents to absorb data from a multitude of diverse distributors and industry sources and to serve this information back in a digestible format, ideally in near real time.

Outsourced providers are reasonably well equipped and, more importantly, motivated to help transform operating environments. They are also well positioned to help to deliver a range of customer engagement, operational, risk and compliance, and data and analytics capabilities that help asset managers differentiate and grow.

Standardising service models and increasing automation across jurisdictions is required to manage volume variability, limit expenses and mitigate risk effectively.

How has the rise in financial technology, such as AI, affected the role of transfer agents?

Pick: If a transfer agency still wants to be around in 10 years' time, it will need continual investment into its technology to continue being of value to the asset management industry. The traditional transfer agency of today has the potential to become the engine room of the funds industry and be at the heart of each transaction or transfer, similar to the way PayPal facilitates cash movements. It is vital that transfer agencies reinvent themselves as a distribution facilitator rather than the back office. As they do, AI will become part of that value chain. Interaction with investors and/or clients concerning account queries is the start and will inevitably branch out into the complexities of determining fund sales opportunities by leveraging data, digital and social media channels.

Technology is changing behaviours, expectations and practices globally. Blockchain and DLT technologies are other potential areas to revolutionise how a transfer agency operates today. However, DLT should be seen as a solution to a specific problem rather than leading the charge. For example, AML checks could be facilitated by DLT as it has the potential to accelerate the process. But, strong governance must be established following industry-wide agreement.

Majchrzak: In the past, there was much optimism about the financial technology and there have been a few positive impacts on our industry. However today, despite the many research and development (R&D) initiatives on alternative platforms and processes, the reality has seen little impact by technology on distribution. The digital space provides promising opportunities for improving the relationship, but there have been few impressive developments in the transfer agency domain.

AI certainly offers promising avenues to increase the efficiency of entering into a relationship with an investor, processing queries, interpreting problems and automating responses, and R&D is underway to reduce the need for human intervention. This is particularly important in jurisdictions like Luxembourg, where account opening regulations are particularly human resource intensive.

Nevertheless, despite the digital order platforms on offer retail clients still send kilometres of faxed orders. Other interesting avenues are automated identity photo comparisons and robotic software that can search documentation uploaded by a client and automatically fill out forms. Such projects don't necessarily use the latest technology but can be used at large scale by the industry.

Despite blockchain's reputation as industry disruptor, no project has yet been undertaken that aims to cover anything other than the most simple aspects of transfer agency, such as KYC.

We are an extraordinarily long way from it being able to provide an alternative to the full sophistication of legacy transfer agency systems and the complexity they handle.

Leeming: The recent surge of financial technology in financial services can be attributed to a number of variables beyond AI, such as blockchain, big data and robotics.

Regardless of how the industry feels about blockchain, it certainly is proving to be a source of debate on the ultimate impact but, at the same time, it is driving asset managers to engage with financial technology now in the form of developing what-if scenarios within private and semi-private incubator and innovation structures. Clearly, no one wants to feel they are left behind regardless of their longer-term conviction about the impact of blockchain and DLT.

In terms of AI, we feel it will play an increased role within transfer agencies relating to investors self-servicing, investment choice navigation and what-if scenarios. Many firms are already investing in this field, especially on their front-end, client facing applications with the aim of targeting the younger investor generations.

Big data analytics will play an increased role within transfer agencies, elevating their role as a contributor in data mining and trend analysis leading to more effective client servicing and focused marketing campaigns.

Beyond the data held by transfer agencies, asset managers will have to make effective use of all the data they hold on various internal platforms before they can duplicate what the likes of Amazon and Google are doing with their data.

Finally, robotics is really not something new to the transfer agency. Legacy business models have relied on mass upload and auto-key programmes for many years. However, robotics introduced today have a far reaching impact on transfer agency processes given the intelligence that can be provided by the new robots.

We are seeing activity in this space but still within limits. We believe this is an area that will witness increased focus in the coming years.

Moffat: Transfer agents are increasingly exploring, testing and implementing fintech initiative, such as robotic process automation (RPA)—the computerising of recurrent low value-added processes, which replicate the work of a human, but on a bigger and quicker scale.

Transfer agents have been prompted to roll out RPA projects, focused on key processes of their business, to see where they can create efficiencies and reduce costs, including on labour, as regulatory change and data management/protection drive additional expenses.

This type of implementation will also give employees the opportunity to build skills around technology, modifying and refocusing the transfer agent workforce rather than necessarily reducing it.

Blockchain/distributed ledger systems (DLS) technology has only had a very limited impact on transfer agent services as yet. The technology promises much in theory but is proving hard to progress in a market which is not fully digitised and still operating under regulations designed over ten years ago.

The most promising DLS models for now appear to be centred on the shared elements of the service model, such as AML/KYC and digital passports.

What kind of benefits would greater automation bring?

Pick: Manual processes are costly, time consuming and increase the risk of operational errors. If the industry is to realise any of the operational benefits of new technology then it must remove manual processing. Greater automation is the key to providing the most cost effective, accurate and lower risk solution to clients. Various technologies will play an interesting role in facilitating this change. It's difficult today to envisage the implementation of blockchain technology across the global asset management industry, but it is up to the transfer agency sphere to collectively develop and build an infrastructure that works for everyone.

Majchrzak: Asset servicing is an industry where the human element still plays a significant role in areas such as account opening, account keeping, transaction processing and receipt of transactions, investor reporting and responses to all types of query calculation of trailer fees. Some of these areas have already benefited from automation compared to 10-15 years ago when the automation rate was relatively low. However, there remains a long way to go. Human resources are costly and we can reduce them, but we must be modest about those goals and separate fantasy from reality.

Technology is expensive, and despite blockchain being presented as "virtually free", no one has put forward a balanced business model to demonstrate this for the entire value chain of the complex world of distribution. Distribution is not a standardised area where one-size- fits-all is remotely possible unless regulations or supra-national industry associations make it so—it is inherently complex.

If the industry managed to automate ninety percent of the processing chain that would mean it could focus on client service which would be ideal for asset servicers, asset managers and investors. However, until it can be shown that the huge technology investment would significantly bring down the cost of production compared to the current model, proof of concepts will remain at the proof of concept stage.

Leeming: The obvious benefits of automation within the transfer agency processes are the reduction in costly manual intervention, reduction in human errors and consequent reduction in claim settlements, penalties and regulatory fines.

Transfer agencies as a cost model should be moving towards exception processing with all key jobs automated and highlighting the exceptions, which can be actioned as standalone activities. This allows transfer agency professionals to concentrate on the true value add processes and enables managers to build inherent scalability into the process against an existing fixed cost base making any new future business or activity more profitable.

There are many other benefits that will result in further reducing transfer agency expenses. Automation means lower headcount hence lower turnover rates, reduced training and re-training expenses. Automation will inherently introduce efficiencies, which in turn generate their own cost savings. Taking automation yet another step further, with the reduced burden to deal with repetitive tasks, transfer agency professionals could extend their services to cross-selling within the call centre as well as data mining its own databases for investor trends thus benefiting portfolio managers with forecasting behaviours associated with time of year, market fluctuations, geo-political factors and the like.

Moffat: Discussions around the benefits of automation typically look at the reduction in costs; however there are several, arguably more important, positive outcomes. Automation relieves employees of the more tedious and repetitive tasks and processes, allowing them to focus on higher-value activities and optimising human resources.

Automation allows for efficiency to spread across several departments, with simple processes automated quickly; relieving pressure on IT teams and allowing them to focus their resources and efforts on the most strategic initiatives.

Compliance departments are another obvious beneficiary, with automation leaving a clear record/audit trail of completed transaction(s) and activities, elevating accountability and transparency. Increased consistency, productivity and speed are also significant advantages here. The same process is executed every time with 100 percent accuracy and no down time, with automated solutions running 24/7.

Are these changes happening fast enough?

Pick: Transfer agencies need to ensure the speed of change is happening at the right pace and cadence. RBC Investor & Treasury Service is working across the entire value chain with our clients,

The obvious benefits of automation within the transfer agency processes are the reduction in costly manual intervention, reduction in human errors

Tim Leeming, chief administrative officer and business development manager, Riva Financial Systems regulatory authorities and other partners to address and deliver solutions to changes affecting the industry and our stakeholders.

The expectations in meeting these evolving needs have already seen some transfer agencies question their long-term commitment in certain jurisdictions. Transfer agents need to resume investing in technology. As an industry, regardless of other priorities, we must continue to anticipate what the industry will look like a decade from now in order to meet the demands of our clients. Transfer agents will continue to play a significant role in the asset management sector, but only if the industry accepts that the twenty-first century requires collaboration and an innovative spirit to continuously add value and help our clients achieve success.

Majchrzak: Whether they are fast enough, I am not certain, but they are nevertheless fast, especially if we look at the pace of work concerning modernisation over the past three years compared to the past 10 or 15 years. We clearly see a huge acceleration in the pace of progress. It is important to question whether this is actually going too fast, whether we are rapidly climbing up a blockchain ladder that can only be used on 20 percent of the current distribution model because the complexity is not taken into account. If that is the case, then we're actually going too fast.

Leeming: The transfer agency business is not renowned for its pace of change, but we feel that given the changes impacting them and the pressures in the financial services space as a whole together with more millennials entering the workforce, we are more likely to see a greater acceptance of these new technologies and a clearer understanding of the relevance to the younger investor profile. We also feel that the pace of change in the sector is likely to be very rapid and increasingly so, so that keeping ahead of the game or at the cutting edge will become a necessity to survival.

The good news is that we're already observing more and more transfer agency professionals play an increasing influential role in industry committees, technology proof of concept and new platform incubators. There is also a wide recognition in the industry that silo-based changes to part of the food chain (like with distributors, clearing organisations, settlement banks and custodians) will not achieve the overall efficiencies and cost reductions expected from these changes. This is a classic view of the weakest (or most inefficient) part of the chain will bring down (or slow down) the entire chain.

Moffat: Regulation is often perceived as a hindrance to innovation despite being largely motivated by the best of intentions. MiFID II now requires asset managers to pay much more attention to which type of clients are buying their funds, for what purpose and in combination with which other products – all of which will genuinely assist managers in designing and adapting product design and distribution models. The General Data Protection Regulation (GDPR) will force firms to dedicate time and resources to getting their data into a useable and readily manageable state, something they most likely wouldn't do organically.

We recognise companies operating outside of the financial services industry are miles ahead in terms of execution and customer adoption; with expectations set much higher as a result. This reality means we have a genuine opportunity to develop our direct-to-consumer (D2C) offerings, to match (or ideally surpass) the expectations of retail customers.

The industry is, however, unlikely to change overnight. Adoption takes time, even if the pace of change is perceived to be moving faster than it may have done previously.

Transfer agents need to embrace the opportunity to be up to date and 'in the know', assessing the impact and practical applications of technologies and ensuring they adapt accordingly.

How has regulation affected transfer agencies? Does this differ by jurisdiction?

Pick: The challenges introduced by the regulatory evolution have two sides. The first is the cost associated with compliance, which squeeze the margins for managers and transfer agencies. The other side is that the rules introduce additional responsibilities to the various players in the distribution chain. For example, MiFID II is not only cost transparency or tight rules on retrocession fees. But it creates additional oversight responsibilities for managers, who

Transfer agents need to embrace the opportunity to be up to date and 'in the know', assessing the impact and practical applications of technologies and ensuring they adapt accordingly

David Moffat, chief client officer, DST ensure the real investor base is coherent with the one targeted by their products.

Transfer agents can play an important role to establish processes that support fund managers in fulfilling their obligations and managing new responsibilities.

For example, under MiFID II, transfer agencies can develop additional KYC services to help fund managers more precisely categorise the investors. This will help monitor how their investor base matches their target investor universe. Transfer agents have achieved great results in automation enhancements, especially in areas such as transaction processing, reconciliations and reporting.

However, the combination of regulatory change, product innovation and new technology is creating an unprecedented challenge. Transfer agents have the opportunity to tackle that challenge by leveraging the financial technology and regulation technology wave, understand how blockchain and other new technologies can simplify their processes and develop a new generation of high quality services.

Majchrzak: If we look back over the past 10 years, we often see regulations being uniform in spirit and always very different in transposition in local markets. For example, AML/KYC processes have little in common across Italy, Luxembourg and France despite being subject to the same regulations. I believe everyone would like to have greater harmonisation, with the same market practices on every market concerned by the same regulation.

If we look at Luxembourg, there is a very high level of regulatory complexity for transfer agents to deal with on behalf of their clients to meet all the requirements in terms of FATCA, AEOI, changes to the AML/KYC regulations, setting up the UCITS Key Investor Information Document, in combination with PRIIPs and MiFID, so with ever increasing restrictions and responsibilities, there is more processing involved and therefore higher charges.

Regulation starts with good intentions to protect investors but in most cases has triggered a huge increase in the burden for the distribution processes. The next step for regulation should be standardisation, where transposition of laws into practice is the same in every country concerned. For the moment, this remains a myth.

Leeming: For the past several years, the industry has experienced a continuous stream of regulatory changes, for example, GDPR, common reporting standards, MIFID II and many others impacting asset managers and transfer agents.

In most cases the regulations have common themes, such as knowledge of the customer and intermediaries and data protection, so whilst there may be slight jurisdictional nuances the general principles are the same.

The larger global asset managers operating multiple transfer agency systems have the additional burden, challenge and risk of implementing multiple projects for the same or similar topics. These legacy systems rely on different teams with different skill sets. Same changes are duplicated across systems, take time, requiring extensive testing and end up increasing cost and risks. As a result, we feel that over the next few years this increased regulatory activity will cause these larger organisations to consider a more strategic global transfer agency solution with a stronger business case for rationalising both the spend and risk regarding these common-themed regulatory changes.

Moffat: New and evolving regulation requires access to data if it is to meet disclosure and reporting standards. Transfer agents are able to help aggregate an array of data types to report and evaluate risks and exposures. Collaboration with the regulators ensures transfer agents are able to take a leading role in helping to shape and interpret regulatory changes; designing new or amending existing processes and technologies (in partnership with asset managers) to implement operational changes. Transfer agents must work collaboratively with asset managers if they are to achieve greater openness and transparency from a regulatory standpoint.

What other challenges are transfer agents up against?

Pick: In the coming years, there will be a change to the role of transfer agents and technology will be central to this. However,

Transfer agents will need to ensure to strike this balance. They need to stay relevant and provide distinctive value

Geert Pick, managing director, global head of product management, RBC I&TS

equal to technology is the strong decider that the appointed transfer agency has a strong balance sheet and is regulated by the relevant authorities. Investors will expect their asset managers to appoint transfer agencies that can demonstrate strong due diligence throughout the investment lifecycle. Just as depositary has certain obligations to protect the underlying investor, so too does a transfer agency, whether that's ensuring appropriate checks are performed on investors through to regulatory obligations in protecting investor subscriptions should anything untoward take place.

Transfer agents will need to ensure to strike this balance. They need to stay relevant and provide distinctive value. It is essential that they take advantage of the potential that technology can and will remain critical in the funds process so long as they understand their new place in the value chain. They will have to adapt if they are to take on this role. They will need to be secure, auditable and seamless for the asset and fund managers as well as the end investor.

Majchrzak: Some distributors/promoters believe that technology will allow the transfer agent to be cut out completely, so instead of mandating a transfer agent to perform operational services like today, a platform would perform the same services without the need to pay a transfer agent. Whilst it is not unthinkable that technology could tick all the boxes to enable this, complexity remains the major challenge, which is badly understood by blockchain enthusiasts, but will protect the place of the transfer agent in the distribution market. Again, no player has yet come forward to demonstrate that they can bear the initial costs of creating a platform that doesn't just cover a tiny portion of distribution's low hanging fruit.

The challenge remains for the transfer agent to create added-value activity in addition to the traditional activities, such as calculation of trailer fees and support for fund registration that have been available for several years. The big opportunity for the transfer agent is to leverage the massive amounts of data it holds regarding investor behaviour, fund performance and market fluctuations.

Using big data and sophisticated analytical tools, we can provide services that help clients understand precisely how internal and external events affect investment inflows, from marketing campaigns to stock crashes, modelling distribution and its sensitivity to events, especially in terms of prediction. These are all challenges for the transfer agent in the years ahead, and areas where CACEIS is making significant progress.

Leeming: The trend towards outsourcing transfer agencies to third party providers is likely to experience a healthy debate over the next few years. Past business cases for cost reductions towards more efficient third-party providers utilising best of breed, best practices and lower cost centers are likely to be challenged by the more automated solutions, more digital platforms and the likely impact of DLT. With third-party providers unable to replace their legacy systems in a timely manner, many asset managers will look for their technology and operation groups to identify standalone, state-of-art vendor solutions for internal implementations. On the other hand, a new generation of third party providers could emerge with fully digitised solutions causing these managers to switch providers. Different jurisdictions will see different trends at different times based on their local perspectives. For example, the trend towards omnibus accounts in the US has resulted in many organisations having a significantly lower number of shareholder accounts making the case for insourcing a much smaller transfer agency operation a more attractive proposition.

Moffat: The size of global and/or pan-European managers is expanding rapidly. Their extensive resources have allowed them to enlarge their geographical footprints organically and/or through mergers and acquisitions. Transfer agents focusing on expansion will need to be well positioned, both geographically and with defined service models, if they are to support the launch of new product structures, aid distribution across multiple jurisdictions, and tailor to local preferences.

Transfer agents need to increase their investment across a multitude of departments if they are to support regulatory requirements and industry standards. This is particularly crucial when it comes to IT and compliance departments who will need to support regulatory changes, and who will ultimately be subject to more complex audits and demands for more comprehensive documentary evidence. A commitment to increasing capital investment is essential for transfer agency providers across all the major regions. AST

The big opportunity for the transfer agent is to leverage the massive amounts of data it holds regarding investor behaviour, fund performance and market fluctuations

Laurent Majchrzak, group product manager, Caceis

The race is on

Although MiFID II came into play on 3 January this year, now is not the time to relax as the job is only half done, says Peter Moss of SmartStream

It's been a very busy few months for many people in the financial industry. Many long hours have been burned in the months leading up to Christmas and the New Year and many people had their holidays disrupted. The normal annual change freeze went completely out of the window.

But, on the 3 January, day one for the second Markets in Financial Instruments Directive (MiFID II) and the Markets in Financial Instruments Regulation (MiFIR), there were no major disasters, no systemic failures and, I think, many heaved a massive sigh of relief. The market continued to operate. All of the effort that had been poured into making MiFID II real had paid off. Volumes were light, but then this was the first week of January, so perhaps no surprise.

Everything was certainly not perfect. Some things have been deferred for six months, for example enforcement of the requirement to have LEIs for every client or participant in a market transaction. Some data are still not available, for example the double volume cap data that will be published by The European Securities and Markets Authority (ESMA). And, many things were changing right up until the last minute, with announcements from ESMA literally on the Friday before Christmas. In fact, I think it is fair to say that it was impossible for everyone to get everything perfect.

We are now in a transition period. The foundations have been laid, the fundamentals are in place and focus can now be given to all of the details that are not quite working. It's a slightly open-ended transition period at the moment, with limited clarity on when the regulators will start to hold the market to account, but as things settle down and the final pieces fall into place, it is only a matter of time before the scrutiny is applied and the regulatory enforcement actions start to flow. Now is NOT the time to relax, the job is only half done.

So what is everyone now doing? What should you focus on?

Remediation is the most important place to start! In every organisation there will be many things that are not working as they should. Massive amounts of new data are required in order to ensure that MiFID II functions effectively, some of this data may be missing, wrong or simply being interpreted incorrectly. Many new processes are being tested for the very first time and will need bedding down, many will need further automation, and some may need a complete re-write. Across the markets there are still many things that ESMA and the NCAs need to get right. The key is to work through all of this as quickly as possible and stay focused on the regulatory changes as they are announced. You do not want to be last!

Optimisation is probably also essential. Given the hard deadline, some corners will have been cut, some technology will have been thrown together at the last minute, data will have been sourced in inefficient ways. Now is the time to step back, review what you have built over the last 12 months and decide whether what you have is robust, resilient to failure, sustainable and cost effective. What you have built, now needs to operate for the foreseeable future and may need to be applied in other jurisdictions. Did you throw together something that is a tactical fix or did you build something that your organisation can comfortably rely on for the next 20 years?

A control framework is required. MiFID RTS 22, Article 15 (see p25) is very clear about the need to be able to verify that you are reporting correctly to the regulators and transparently to the market. Very few firms have focused on this aspect of MiFID II so far—the effort has been much more on putting the basic mechanisms in place. But, now is the time to look at control frameworks in a serious way. How will you independently verify that your business is reporting accurately? Do you have an independent data source? Do you have the reconciliation processes in place to make sure that what you did is what you reported? You do not want to be in a position where the regulator is the first to know that you are reporting incorrectly.

New deadlines will also need to be monitored carefully. For example, in September, it will no longer be your choice whether you opt to be a systematic internaliser (SI), the regulator will tell you based on the volumes of trades that you are doing. If you trade high volumes in certain instruments are you ready to apply the SI transparency rules? Another example, if you are outside of the EU, but invest

heavily or trade heavily with the EU, are you clear about how the MiFID regulation applies to you? This will get clarified over time and you need to monitor the regulations to see how you will be impacted.

The SmartStream Reference Data Utility (RDU) assists financial institutions in meeting these challenges, through the provision of accurate, complete and timely datasets for regulatory reporting. Specifically, in relation to MiFID II/MiFIR, the SmartStream RDU offers a fully integrated reference data set to support pre-trade price transparency, post-trade reporting and transaction reporting. It sources data from ESMA, the Association of National Numbering Agencies, Global Legal Entity Identifier Foundation, the National Competent Authorities and trading authorities, as well as enrichment feeds. A financial utility, which is solely dedicated to processing reference data, it can help organisations reduce complexity within their businesses, cut the costs of regulatory compliance, and help provide the rock-solid data foundation that regulatory reporting needs.

My key message is that now is not the time to relax. In many ways, the 3 January was the starting line for a race that will run and run. Now the race is on, you don't need to be first in this race, but you definitely do not want to be the last.

Extract from MiFID II – (RTS22 – Article 15)

1. The methods and arrangements by which transaction reports are generated and submitted by trading venues and investment firms shall include:…

(d) mechanisms for identifying errors and omissions within transaction reports;

(e) mechanisms to avoid the reporting of duplicate transaction reports, including where an investment firm relies on a trading venue to report the details

(g) mechanisms to avoid reporting of any transaction where there is no obligation to report under Article 26(1)

3. Investment firms shall have arrangements in place to ensure that transaction reports are complete and accurate. Those arrangements shall include testing of reporting process and regular reconciliation of front-office trading records against data samples provided to them by competent authorities to that effect

My key message is that now is not the time to relax. In many ways, the 3 January was the starting line for a race that will run and run. Now the race is on, you don't need to be first in this race, but you definitely do not want to be the last

Peter Moss, CEO, SmartStream Reference Data Utility

Island of opportunities

In order to stand out from competitors, Malta has resorted to innovative regulation, says to Joseph Camilleri of BOV Fund Services

What are the main challenges facing Malta as a financial services centre?

Malta faces a number of challenges in the current financial industry, and over-regulation is one of them.

The implementation of additional measures to meet the levels set by the European directives, has put pressure on a number of local and foreign financial institutions based in Malta to comply.

The impact of the above has mainly affected small- to medium-sized funds and fund managers who incur higher regulatory costs as a result.

Jurisdictional competition is another challenge we face. Over the years, Malta has managed to compete with the likes of Ireland and Luxembourg in attracting fund setups to the island.

New jurisdictions positioning themselves as fund/fund management domiciles are entering the fray within the EU, however, this adds increased competition in attracting new business to Malta along with the already present competition from off-shore fund domiciles.

Ironically, a factor many would not classify a challenge that is the case for Malta is the economy's full employment scenario.

Malta's booming economy has resulted in an all-time low unemployment, which is being addressed by the importation of labour requirements from overseas, a reality that has already kicked in.

Finally, I would say the depositary solutions in Malta are somewhat limited, notably within the Alternative Investment Fund Managers Directive (AIFMD) space, although new players are joining the rest, with new depositary licenses currently in the pipeline to be issued by the Malta Financial Services Authority (MFSA).

What is Malta doing to compete and keep pace with other fund domiciles?

In order to stand out from competition, Malta has resorted to innovative regulation. Earlier this year, the MFSA issued supplementary rules for funds trading in crypto currencies, a first in the EU.

This would enable fund managers to set up crypto currency fund strategies, within the Professional Investor Fund Regime framework (a fund structure unique to Malta).

To date, we are already seeing high demand for crypto currency funds with numerous fund applicants ready to seek official MFSA approval to launch.

Whilst certain similarities to the Reserved Alternative Investment Fund vehicle in Luxembourg exist, the Notified Alternative Investment Fund vehicle is another fund vehicle unique to Malta.

A fast track solution for fund managers wanting to launch their funds via notification to the local regulator, this fund vehicle is not approved or regulated but benefits from the EU passport and must abide by the full requirements as imposed by the AIFMD.

The presence of Management Company platforms (ManCo) on the island also helps Malta compete with other fund domiciles.

These ManCo platforms offer a range of services to "out of scope" alternative investment fund managers in the EU, particularly in the UK, as well as to those funds falling within the UCITS space.

What regulations are the main focus in Malta's fund services environment? And what challenges are they posing?

AIFMD was one of the main focuses in Malta's fund environment in the recent past.

This has posed challenges to service providers, most notably fund administrators, in that fund managers captured by the regulation necessitated enhanced reporting.

As for regulatory challenges, there are a few being faced in the local fund services industry, most notably:

- Foreign Account Tax Compliance Act (FATCA) and common reporting standards reporting, which are tax compliance acts for both the US and the EU respectively. Funds are required to provide information on all investing shareholders

- The General Data Protection Regulation (GDPR), which is an up and coming regulation to be enforced. Its purpose is to safeguard and increase any given data subject's rights. This is an EU wide regulation applicable to individuals only and is meant to build upon the Data Protection Act

- Central Bank of Malta Reporting requirements. These are obligatory reporting obligations of any given fund's balance of payments to the Maltese Central Bank

In order to address these challenges and the growing extent of regulation, it is imperative to plan well ahead of the implementation of such regulations.

What type of funds/clients are you expecting to see the biggest growth from this year?

The private equity space has been gaining momentum over the past year and we expect private equity funds to remain a popular choice in the coming year.

So long as access to leverage is still relatively cheap in the Eurozone and interest rates do not increase substantially, then private equity will remain a popular strategy.

The crypto currency fad seems to have also spilled over into the fund industry. We have already been experiencing increased demand for cryptocurrency funds, notably long/short arbitrage strategies.

These will most definitely kick off now that the Maltese regulators have most recently approved and implemented cryptocurrency regulations into the existing professional investor fund regime framework.

Small- to medium-sized hedge funds should continue to contribute to the growth of the Maltese fund industry given our jurisdiction's unique Professional Investor Fund regime, which caters for small to medium-sized hedge fund that are not captured by the onerous provisions of the AIFMD.

Fund investments in hard to value assets such as immovable property and real estate have also been on the rise over the last few quarters, and we expect such fund setups to continue to grow in 2018, on the back of increased demand from fund promoters from central European countries, notably the Czech Republic and Slovakia amongst others, in the private equity and real estate space.

What will BOV Fund Services be working on over the next 12 months?

The next 12 months for BOV Fund Services sees a mix of preparation for new regulation as well as internal revamps to operational systems.

The GDPR is due to be enforced in Q1 of this year, keeping our compliance department busy in ensuring we are compliant and ready to meet such requirements.

A new online KYC platform is also being considered by our compliance department to facilitate the collation of due diligence documentation as well as enhancing the customer service relationship via a centralised network.

Within our finance department, a revamp of the core systems for the issuance of net asset values and shareholder registers are planned to take place.

Finally, active business development in core markets and peripheral ones are to continue and expand, given the marked increase in business that has been registered over the past 18 months, which does not seem to be abating.

The next 12 months for BOV Fund Services sees a mix of preparation for new regulation as well as internal revamps to operational systems

Joseph Camilleri, executive head of business development and corporate services, BOV Fund Services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Rolling out regulation

With 2018 being a busy year for regulation in the financial services industry Jon Trinder and Matt Gibbs of Linedata discuss what firms should be working on around MiFID II, as well as the roll out of GDPR in May

How prepared do you think the financial services industry was for the 3 January second Markets in Financial Instruments Directive (MiFID II) deadline?

Matt Gibbs: Purely from a result perspective, the majority of asset managers produced the appropriate reports, had research commission unbundled and best execution policies in place. However, in order to facilitate this, a number of workarounds and limitations on business had to be implemented. The majority of these may be removed as solutions are identified/implemented but it does demonstrate that there is still work to be done and the industry was not 100 percent prepared.

Although the compliance deadline has passed, what do you think firms should be focusing on in the coming months?

Gibbs: Removing workarounds and imposed business limitations must be top of the list as will readiness for regulatory technical standard (RTS) 28 reporting as that deadline approaches. RTS 28 comes into effect in April and requires firms to report their top 5 trading venues for any of the 22 asset classes identified by The European Securities and Markets Authority (ESMA). Once clients and type of activity are identified, an appropriate template must be completed and include a commentary on the statistics.

This must be both human and machine readable formats and published on a website that can be accessed by the public.

What challenges do you expect to see over the next 12 months around MiFID II?

Gibbs: Further clarity on the reporting data sets are expected and must be implemented as the industry standardises some remaining grey areas. It is also expected that the fixed income and foreign exchange markets will evolve to respond to the regulatory changes.

For non-equity- like instruments there remains a lot to be decided when it comes to the manner in which executions are located.

The traditional request-for-quote process will come under further scrutiny in regards to best execution when comparing it to the equity-like order book methodology.

Further clarity on the reporting data sets are expected and must be implemented as the industry standardises some remaining grey areas

Matt Gibbs, product manager, Linedata

The introduction of systematic internalisers (SIs) will again add an additional complication to this already selective process.

With 2018 being a busy year in terms of regulation, how will the rollout of GDPR affect the financial services industry?

Jon Trinder: The General Data Protection Regulation (GDPR) is another far reaching piece of legislation that has to be implemented in 2018, on top of the MiFID II, Packaged Retail and Insurance-based Investment Products (PRIIPs), the extension of the Senior Managers Regime, etc.

These data protection regulations not only impact at the product level, for example, what data can be gathered from customers, but they also regulate employee data. Companies will really need to think about what data they are collecting, why it's being collected, ensuring they have the consent to do so. In an increasingly outsourced, cloud orientated world, firms may need to reconsider their arrangements if any data is being transferred outside the EU, to ensure the same level of protection as if the data is held in the EU.

What challenges will GDPR bring to the financial services industry? And what are the consequences for not meeting GDPR requirements?

Trinder: Financial services will need to rethink their product development to incorporate data protection by design. The regulation aims to give individuals back the ownership of their data, giving them the right to access it and the right to be forgotten by companies.

Firms should have carried out a full data inventory by now and should be in the final stages of implementing their response plans.

But with all the spinning plates that firms have at the moment, there is a real danger that one of them is going to be picking up the porcelain. The consequences of non-compliance under GDPR can be fairly punitive, up to €20 million, or 4 percent of global turnover, whichever is the greater.

So very significant indeed and the burden of proof lies with the firm to prove compliance. It can be tricky to prove you don't have something sometimes.

The regulation aims to give individuals back the ownership of their data, giving them the right to access it and the right to be forgotten by companies

Jon Trinder, product manager, Linedata

We've only just begun

Chris Meader, founder of the North American Fund Administration Association, discusses his new start-up association, which aims to provide a forum for administrators to understand the risks, concerns and the opportunities the industry is facing

Jenna Lomax reports

After launching at the beginning of this year, has the North American Fund Administration Association had a good reception in its first month?

I've reached out to a number of people in the industry and there is significant interest in this association. There are a lot of people who want to learn more, so I have been having meetings and discussions to share information with as many people as I can in an effort to drive the interest—it's something that's long overdue.

Ultimately, from my perspective, going globally initially may be too aggressive. We'll start with North America where regulation of fund administrators as well as associations focused on fund administration do not exist. Down the road, I could see this having chapters in other jurisdictions.

What was the initial aim for setting up the new association?

The initial aim is to provide a forum for administrators to get together and discuss opportunities and challenges that are happening in the industry. Trying to put some standards for services forward is one of our main goals. In other jurisdictions, and even in the UK, there is some regulation around fund administrators, even if it's just a capital requirement, or insurance requirement. But in the US, there's really no requirement.

Anyone can put a nameplate outside their door and call themselves a fund administrator, as long as they can get clients to hire them.

The lack of requirements can lead to some firms doing things which are recognised as high-risk and could lead to fraud. Some may be taking manager marks, they may not have sufficient controls or processes regarding cash transfers or allowing managers to control bank accounts.

The firms that support associations like these know we can't allow things like that to happen because it creates risk of fraudulent activity by the managers. So that's another big aim. To be able (as an industry) to come up with some standards, procedures and policies that members agree to abide by and those firms that aren't willing to abide by those standards will no longer be able to be a member of the association.

What goals have you set for 2018? Where would you like the association to be at the end of the year?

The main goal initially is driving the membership. So in Q1, I will be focused on spreading the word—trying to get as many people interested and signed up as I can.

Ultimately we would like to be able to start setting up committees, such as a valuation practices committee, perhaps a derivatives best practice committee, a regulatory services committee as well as a media and communications committee, where the members will send representatives from their teams to join these committees, then those committees will form those best practices.

It will be ongoing, but the main goal is to get those committees established and have the communications open with the ultimate goal to get standards drafted and discussed and agreed by the members of the committee.

What will the association lobby against?

We understand there is a need for things such as manager marks in some instances, especially in the private equity space. We want to make sure there is a clear standard, when manager marks are taken and to show where they can and cannot be used.

When they are used we'll identify the type of backup and support that should be gathered and make sure there's a clear processes in place and justification for why the marks are used.

We also want to ensure other controls are in place such as ensuring that managers don't have control over the bank accounts used for subscriptions and redemptions. This will avoid scenarios where the managers could take the money and run.

What are your views on regulation in the financial services industry?

Regulations are necessary. We don't want regulations to be onerous. But we also understand that in order to avoid fraudulent activities, there needs to be some standards set forth. This is where we are seeing this very opportunity. We don't want regulations to be put in place without the consent of the industry. We're trying to get ahead of that. The association will be the voice of the industry in North America, we can give our opinion and feedback, and we can provide input from the industry directly on any potential regulation that may come along.

From a US perspective, how much have you been affected by MiFID II?

Most of our potential members are global organisations and because of this they have been impacted by second Markets in Financial Instruments Directive (MiFID II). The US funds, are not impacted, but the majority of our clients do have offshore funds servicing European investors, so they are impacted by it.

While MiFID II is not a US regulation, it would still be something discussed by the organisation, making sure people are comfortable around what's happening in terms of MiFID II giving members a platform to explain how they are dealing with it.

What are the biggest challenges the industry will face this year?

One of the biggest is cryptocurrencies, defining how they are going to be serviced, identifying how the valuations are going to be done. By some accounts, there's already about 150 of them identified and the expectations are that they may double or triple in number this year. As these fund types are taking off with so much growth, it is important that administrators understand the risks, concerns and the opportunities for fraud around those funds as well, and then having the correct controls in place to ensure those frauds and risks can be mitigated. AST

The main goal is to get those committees established and have the communications open with the ultimate goal to get standards drafted and discussed and agreed by the members of the committee

Chris Meader, founder, North American Fund Administration Association

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MiFID II : the first 30 days

After many years in the making, MiFID II has now become part of the regulatory furniture in Europe. However, the regulation's first 30 days revealed lingering concerns around the scope of the changes

Jenna Lomax reports

The implementation of the second Markets in Financial Instruments Directive (MiFID II) has largely been successful. Some were more prepared than others for the change when MiFID II was implemented on 3 January, armed with a host of new functionality and systems to help meet the new regulatory obligations.

There were challenges, and, at first, some firms and banks struggled, whether it was getting to grips with the unprecedented extent of the change, or by hiccups brought about by the European Markets and Securities Authority's (ESMA's) delay in publishing double volume cap (DVC) data.

Steve Grob, director of Fidessa, a British software firm says: "[ESMA] has difficulty in calculating something as seemingly simple as the dark pool caps."

However, now is no time to take the foot off the pedal, with a slew of other regulations, such as the General Data Protection Regulation (GDPR), the Fundamental Review of the Trading Book (FTRB) and Central Securities Depository Regulation (CSDR), just to name a few, coming down the pipe.

And if that didn't seem bad enough, recently at the ISITC Europe forum, member of the European parliament and vice chair of the Economic and Monetary Affairs Committee, Kay Swinburne, warned of the third coming — MiFID III.

Week one

Although it may seem like the bulk of the effort associated with making MiFID II compliance a reality is done, the work had really only just begun. A number of kinks in the framework and delays to key aspects of the ruleset mean that resources will be dedicated to fixing certain short-term tactical solutions well into 2018. Just a few days after MiFID II went live, the Personal Investment Management and Financial Advice Association (PIMFA) compared MiFID II's drafting, finalisation and implementation to a Hollywood blockbuster.

"Seven years in the making, with a budget of over $2 billion and running in compliance costs, the monster movie that is MiFID II is finally on general release," PIMFA explains. "At the time of writing, the script is not yet complete, many areas of the new law and regulations remain opaque and greater understanding is needed before firms and their overburdened compliance officers can fully get to grips with exactly what they have to achieve."

But that was at the start of January, and a lot has already happened since then.

Week two

Although EU markets on the surface appeared to bed down MiFID II into their systems without much concern, market studies highlighted issues with publications of data released in MiFID II's second week of implementation, which caused a few teething problems.

Greenwich Associates in London stated that MiFID II's rules on payments for investment research were predicted to have already shrunk the market for European equity research by an annual $300 million, as of 9 January. The market intelligence firm found that more than 35 Europe-based study participants reduced this year's research and advisory budgets by 20 percent year-over-year.

In the same week, ESMA delayed the publication of the data on the DVC mechanism for January to avoid creating what it described as a "an unlevel playing field". According to ESMA, the quality of the data did not allow for a sufficiently meaningful and comprehensive publication of DVC calculations.

Meanwhile, Moody's, the global capital markets analyst, warns that MiFID II will be "credit negative" for the industry and would "intensify fee competition", with a shift "to passive funds".

Marina Cremonese, vice president and senior analyst at Moody's, says that MiFID II will mean a credit negative for Europe's asset management industry as it will accentuate the move to cheaper passive funds, intensify competition and drive sector consolidation.

Cremonese says: "The introduction of MiFID II will put pressure on asset managers' profits by lowering their effective fee rate and increasing their costs."

"Cost saving initiatives, new investment solutions and mergers and acquisitions will likely offset some of the negative effects, limiting their credit impact."

Week three

As time has progressed, more issues and hurdles became apparent. Christian Voigt, senior regulatory adviser at Fidessa, comments: "Understanding the intricacies of MiFID II is rather like peeling an onion—you peel enough layers and you're bound to shed some tears."

Similarly, Paul Young, head of exchange-traded funds (ETF) capital markets for Europe, the Middle East, and Africa at State Street Global Advisors, conceded that he had seen uncertainty among traders.

"While the expectation is that the extra transparency and more visible, volumes and price required by the new rules will provide greater confidence to ETFs, investors in the long run, have seen some uncertainty among traders as to how these volumes and prices can be captured and consumed," he explains.

"There has been some fragmentation on terms of potential reporting venues which if anything has driven exchange order book volumes to dip slightly on the traditional regulated exchanges."

"A greater amount of off exchange volume is now visible via multilateral trading facilities (MTFs) and traders both on the buy-side and sell side are trying to figure out how to consume this data to help support their activities."

Young advises that, as traditional data dissemination models adapt to this, the industry might help itself by "taking steps towards a consolidated tape, which will be greatly welcome by investors and trading desks and will be supportive of further growth of the European ETF industry".

Sarj Panesar, head of business development for asset managers at Societe Generale, says that he had already seen some changes, with regard to transaction reporting, change in venue of execution and reporting on new data, in particular.

He notes: "This, as we have seen with Solvency II and packaged retail and insurance-based investment products (PRIIPs), will only increase the data delivery requirements over the upcoming months and years."

"With regards to the services that we provide and SGSS's obligations we have not had any major issues reported but we remain vigilant to ensure that we comply with the requirements. From a client perspective we have had a few queries from our clients asking for clarity in terms of the finer points of the regulation."

Alex Foster, head of insurance, finance and payments sectors and post trade services at BT, states: "MiFID II affects a large set of financial firms, not just the bulge bracket banks, although the sheer weight of what needs to be complied with is perhaps swayed in the bulge brackets favour, with more people and resources required to implement the changes as regards new technology, infrastructure and compliance teams."

Week four

Nadine Crepin, head of product risk framework at BNP Paribas Securities Services, said: "Even though the directive is now live, some obligations will not be enforceable until January 2019, such as the ex-post reporting for costs and charges. We therefore remain in 'project mode' to some extent, although of course lighter than over the three previous years." She adds: "Identifying the real impact on the market and on organisations will take time, as the directive has not been transposed in each European economic areas (EEA) country yet."

Brian Collings, CEO and chairman at Torstone Technology, says of MiFID II: "It's hard to assess the success of it, however, based on our experience, individual firms have managed well. There were some challenges with the consolidation of such large amounts of information, industry-wide, but the fact that these are being resolved in January means it's just a small blip."

He adds: "In data terms, you now have to have a legal entity identifier (LEI) in order to trade but that rule has been delayed for a further six months. [ESMA] said, as long as you are in the process of getting an LEI, you can still trade. Many entities still require LEIs, however, given the scope and complexity of the regulation, it's understandable that this has happened."

Mack Gill, COO and board member at Torstone Technology, says: "We were very close to our clients and liaised with them constantly during the handover period. MiFID II applies to the whole industry, impacting the front office especially, with the new rules on research unbundling, which is changing the business models of both the sell-side and the buy-side. The full impact of that rule change will take time to materialise."

He added: "Operationally, we support a large proportion of the UK broker market and the implementation process for this segment of the market has been smooth. I think everyone in the industry was pleasantly surprised; however, there had been a significant amount of preparation to ensure that this was the case. That being said, there were some last minute challenges such as buy-side institutions that had issues managing the correct data components for trading and transaction reporting."

He also explains that in the broker community, "our clients were given a MiFID II specific module, on top of the Inferno platform; this helped them to fulfill all of their transaction reporting obligations. Overall, we're very pleased with the rollout".

When asked if MiFID II had distracted from any other regulations, Collings explained: "GDPR will be with us very shortly, in May. It is also worth mentioning the Fundamental Review of the Trading Book (FRTB), which affects sell-side institutions such as banks and brokers.

That has now been delayed for another two years; however, this is not as a result of MiFID II. It was just that many of the big banks required extra time to prepare for implementation.

As Panesar puts it: "The MIFiD II journey has just begun and this will be an evolution as the industry becomes normalised to these requirements." AST

MiFID II breakdown

The second Markets in Financial Instruments Directive (MiFID II) regulates firms that provide any services to clients linked to financial instruments and venues where these instruments are traded.

Since its initial approval from the European Parliament in April 2014, firms have been preparing for the implementation of the initiative, but over that time debate did not seem to stop—it was an ongoing controversial issue.

For asset servicing, MiFID II regulates firms that provide any services to clients linked to financial instruments and venues where these instruments are traded.

Many in the industry suggest it has been the biggest challenge of the year while others have barely noticed any change at all.

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Comings and goings at RBC I&TS, Comyno, Broadridge and more

RBC Investor & Treasury Services (I&TS) has appointed Erik Morgan as managing director and head of global due diligence.

In his new role, Morgan will be based in London and will report jointly to Andrea Horton, global head of governance and regulatory solutions, and Joanna Meager, global head of client operations.

Morgan joins RBC I&TS from J.P. Morgan where he was most recently executive director of wholesale client onboarding, and helped to establish the firm's quality assurance programme and reengineered the know-your-client (KYC) due diligence practices and procedures.

Prior to that, Morgan was head of KYC and head of global remediation for Europe, the Middle East and Africa at HSBC.

Morgan has also held similar roles at other investment banks including Barclays, Goldman Sachs and Societe Generale.

Horton said: "Erik Morgan's wealth of experience in this area will benefit RBC I&TS greatly in our efforts to enhance all client due diligence activities across the business, and develop client-centric solutions."

Comyno, the software and business consultancy, has appointed PwC´s Philipp Rothermich as senior consultant of regulation and strategy.

Rothermich will be responsible for the implementation of regulatory requirements both in Comyno's software and for its customers within its consulting mandates.

As a senior consultant at PwC, he was responsible for national and international regulatory projects.

Prior to PwC, Rothermich worked as an analyst at Merrill Lynch for the European delta one and financing department, where he gained experience in the securities lending and repo market.

Markus Buttner, CEO at Comyno, said of Rothermich's appointment: "Philipp Rothermich´s appointment underlines the growth strategy of Comyno in 2018 to fulfill increasing customer requirements."

Frank Becker, head of business development, commented: "Rothermich fits perfectly in our team, even stronger as before we´ll combine financial markets technologies with regulatory environment and advice for our customers."

Industry Appointments

Broadridge has appointed Andrew Nerone and Bob Henry as managing directors of professional services for Broadridge Consulting.

Nerone and Henry will be based in New York and report directly to Erik DiGiacomo, vice president of professional services.

The duo will provide additional focus across finance, regulatory, risk management and technology initiatives in the pursuit of transforming clients' businesses.

Nerone has previously worked at PwC, Deloitte and Ernst and Young.

DiGiacomo said: "This is an exciting time for professional services. Demand for our services continues to grow as our clients become more aware of our wide array of service offerings and the value we bring to their businesses."

He added: "The collective expertise and skill sets that Andrew Nerone and Bob Henry bring to the table rounds out our professional services business and gives us a stronger footing with our clients across the globe."

SS&C Technologies, a global financial services software provider, has appointed Rishi Khanna as managing director for SS&C GlobeOp.

Khanna will oversee the alternative assets technology business and be responsible for overseeing the product organisations that deliver SS&C's cloud-based alternative asset solutions, including TNR Solution, Total Return, and AdvisorWare.

He will focus on building the next generation products that aim to provide clients with innovative solutions that drive efficiency and improved performance.

Khanna will report to Rahul Kanwar, SS&C Technologies executive vice president.

Previously, Khanna served as co-founder and president of Novus, a portfolio intelligence platform for institutional asset allocators and investment managers.

Before that, Khanna was responsible for the development of the technology and product platforms for Gerson Lehrman Group.

"I am excited to join the global management team at SS&C where I look forward to pushing and supporting its leading alternative asset management business forward," said Khanna.

"Having recently served as co-founder of my own technology company, I am eager to bring the skills that I have gained, and the expertise I have developed, to continue SS&C's progression as the largest provider of technology and fund administration services."

Kanwar added: "Rishi Khanna has a proven track record of developing product platforms for an array of alternative asset management firms."

"He is an experienced operator, entrepreneur, and product strategist and will be responsible for delivering our alternative asset customers with market leading innovation."

J.P. Morgan has appointed Teresa Heitsenrether to its corporate and investment bank team.

As part of the new role, Heitsenrether will report to Daniel Pinto, CEO of the corporate and investment bank team.

Based in the New York office, Heitsenrether will also continue her role as head of custody and fund services.

Heitsenrether has worked at J.P. Morgan for more than 10 years. She has previously served as global head of prime brokerage for EMEA and held roles in the firm's London office.

In an internal memo, Pinto said: "Teresa has proven herself time and time again during her career at J.P. Morgan, helping to build and grow multiple businesses including prime finance and custody and fund services into the leading businesses they are today."

Accuity has appointed Sean Norris as head of Sales for EMEA and Asia Pacific (APAC) and Bharath Vellore as managing director of APAC.

In his new role, Norris will be responsible for client acquisition and retention across EMEA and APAC.

Norris has worked at Accuity since 2007 across various roles in Singapore, United Arab Emirates and London.

Norris will replace Jeremy Bowen, who has moved to Accuity's sister company FlightGlobal, as vice president of global head of sales.

Vellore, who has worked at Accuity since 2011 as newly appointed managing director, will continue to drive regional business strategies identifying new markets for growth while monitoring regional and global regulation.

In addition, Vellore has worked at Dow Jones in Mumbai as an account manager.

Hugh Jones, president and CEO of Accuity, said: "I congratulate Sean Norris and Bharath Vellore as they take up their new roles."

"Their ascent within Accuity is a testament to our commitment to supporting and developing our people around the world and serving our global customer community." AST

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